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OFFICIAL REPORT

OF

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HOUSE OF COMMONS

THIRD SESSION—EIGHTEENTH PARLIAMENT

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CANADA

House of Commons Debates

OFFICIAL REPORT

Tuesday, May 31, 1938

The house met at three o'clock.

REPORTS OF COMMITTEES

Second report of the standing committee on standing orders.—Mr. Jacobs.

Seventh report of the standing committee on railways, canals and telegraph lines.—Sir Eugene Fiset (for Mr. Vien).

CENTRAL FINANCE CORPORATION

MOTION TO RELIEVE COMPANY OF REPAYMENT OF PARLIAMENTARY FEES, AND AMENDMENTS THERETO

Mr. W. R. MACDONALD (Brantford City): Mr. Speaker, on Friday last I gave notice of a motion in regard to the Central Finance Corporation, which paid certain fees on its application for an increase of capital last year, which increase was not granted. I now move, seconded by the hon. member for Halifax (Mr. Isnor):

That the Central Finance Corporation, having paid a fee of $1,400 on the introduction of a bill for increase of capital in the session of 1937, be not required to pay the fees chargeable on increase of capital, on the reintroduction of the same bill during the present session, notwithstanding standing order No. 93, paragraphs (3) and (4) of the standing orders of the House of Commons, and the amendment thereto of Mr. Dunning that this question be referred to the standing committee on standing orders.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion?

Mr. DUNNING: The amendment.

Mr. SPEAKER: Carried.

Mr. STEVENS: What amendment was carried, Mr. Speaker? The Minister of Finance (Mr. Dunning) suggested the words "the amendment." I ask what amendment.

Mr. DUNNING: The amendment to the motion of the hon. member for Brantford City.

Mr. STEVENS: No amendment was made.

Mr. DUNNING: Yes, I made an amendment, when the matter was last before the house, that the subject matter of the resolution be referred to the committee on standing orders, that being the proper procedure under the rules.

Mr. STEVENS: I submit, Mr. Speaker, that it is not in proper form. The motion reads: "notwithstanding standing order 93," and so on. If the minister has now made an amendment to refer the matter to the committee on standing orders, I have nothing further to say.

Mr. DUNNING: I made it on a previous occasion.

Mr. STEVENS: It should be made again to-day.

Mr. MACDONALD (Brantford City): The motion I made includes the amendment, and the latter part of the motion sets that forth.

Motion agreed to.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 132, for the relief of Kathleen Barnsley Prichard Hartney.—Mr. Jacobs.

Bill No. 133, for the relief of Thomas Russell.—Mr. Emmerson.

Bill No. 134, for the relief of Marie Marguerite Agnès Marcelle Dupont Ross.—Mr. Jacobs.

Bill No. 135, for the relief of Wilfred Augustus Cottle Stead.—Mr. Lennard.

Bill No. 136, for the relief of Celia Caplan Tucker.—Mr. Heaps.

CANADIAN NATIONAL RAILWAYS

REPORTED TRANSFERENCE OF WHEEL SHOPS FROM TORONTO TO LONDON, ONTARIO

On the orders of the day.

Mr. H. G. CLARKE (Rosedale): It has come to my attention that the transfer of the wheel shops of the Canadian National Railways at Spadina avenue, Toronto, to London, will put a lot of men out of work in

Toronto. I am therefore directing these questions to the Minister of Transport (Mr. Howe):

1. Will the minister make a statement giving any information on this matter?
2. Will the minister prevail on the Canadian National Railway authorities to abstain from transferring this work from Toronto?
3. Could the minister give any reason for this proposed change?
4. Are a number of men being laid off at the East Toronto yards on account of this transfer?
5. What provision is being made for the men who are being laid off?

Hon. C. D. HOWE (Minister of Transport): My hon. friend gave me notice of this question a few moments ago. I have no information whatever on the subject, and in the ordinary course of events it is not a matter which would come to my attention. However, I shall be glad to direct the attention of the management of the railway to the inquiry of my hon. friend in this matter.

VALIDITY OF ALBERTA STATUTES

QUESTION OF DISALLOWANCE OF LEGISLATION INCLUDING ACT TO COME INTO FORCE JUNE 1

On the orders of the day:

Right Hon. R. B. BENNETT (Leader of the Opposition): In view of the discussion that took place last evening it occurred to me this morning that this is the 31st of May and that to-morrow a certain statute which was enacted by the legislature of the province of Alberta will, unless disallowed, come into force. Inasmuch as great injury would follow to those who accept the statute if it were subsequently disallowed, I should like to ask the minister whether or not it is proposed to take immediate action to disallow such legislation, on the theory that if it were done, then 'twere well it were done quickly.

Right Hon. ERNEST LAPOINTE (Minister of Justice): Six of the statutes which were enacted by the legislature of Alberta at its recent session are actually being considered by the department, and a recommendation will be prepared in due time, because there have been petitions for their disallowance. I might add that petitions are still coming in in very large numbers. The six statutes are the following: the Debt Adjustment Act, 1937, Amendment Act, 1938; the Limitation of Actions, 1935, which has been amended at the session of 1938; the Home Owners' Security Act; the 1938 Securities Tax Act; the Banking Corporations Temporary Additional Taxation Act; the Debt Proceedings Suspension Act, and the Tax Recovery Act, 1938. Requests for disallowance of these six statutes have been sent to the governor in council. Only one of them would come within the question that my right hon. friend has asked, namely, the 1938 Securities Tax Act, which compels every owner of a mortgage to pay a tax of two per cent on the principal of the mortgage on June 1 and to file a statement on the same day. There are penalties imposed—I think it is ten dollars a day—for failure to file the statement, and then an additional tax of five per cent of the tax of two per cent for every day of failure. This is really the only one in respect of which there is the urgency mentioned by my right hon. friend. I might say however that the question is a very difficult one, and there has not been any decision as yet.

Mr. MITCHELL: Will the Minister of Justice say whether there have been any petitions for the non-disallowance of these acts?

Mr. LAPOINTE (Quebec East): Yes. There have been a few letters and resolutions, rather than petitions, for the non-disallowance of these acts.

ANTICOSTI ISLAND

PROSPECTIVE SALE TO FOREIGN INTERESTS—MR. EMIL KARL GERHARDT

On the orders of the day.

Right Hon. R. B. BENNETT (Leader of the Opposition): I should like to direct attention again to certain statements by one Karl R. Gerhard which appeared in the public press, in connection with his citizenship and his relations to the head of the German republic. I would ask the Secretary of State (Mr. Rinfret) to ascertain whether or not Mr. Karl R. Gerhard or anyone with a similar name has been naturalized in this country in 1938, and whether or not the man who says that he is not Mr. Emil Karl Gerhardt is in fact the man who was part of the entourage of Mr. Hitler when he was visiting Rome a few weeks ago. I understand that the minister cannot answer now.

Hon. FERNAND RINFRET (Secretary of State): This has been brought to my attention already. Perhaps it would be safer if I said to my right hon. friend that I will give him a fuller reply to-morrow; but my information so far is that they are two different men—

Mr. BENNETT: That is what I heard.

Mr. RINFRET: —and that the man to whom the leader of the opposition (Mr. Bennett) has alluded is not the gentleman who is a British citizen. However I will give a fuller reply to-morrow.

MUNICIPAL IMPROVEMENTS

AUTHORIZATION OF LOANS TO ASSIST MUNICIPALITIES IN MAKING SELF-LIQUIDATING IMPROVEMENTS

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee to consider a proposed resolution to authorize loans not exceeding in the aggregate $30,000,000 to assist municipalities in making self-liquidating improvements.

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

Mr. DUNNING: I think a statement is desirable at the outset of the discussion in committee on the resolution. The object of the bill to which this resolution is a preliminary is primarily to provide employment on self-liquidating works; secondly, it is for the purpose of enabling municipalities to finance on easier terms than ever before the erection, extension, renewal or improvement of income-producing or cost-reducing public services. It is an entirely new departure for the federal government to make loans generally direct to municipalities for municipal purposes, but I think it will be agreed that under the present conditions it is desirable that the credit of the dominion should be used wherever it can be used for the purpose of stimulating productive work.

On many occasions when the employment problem has been under discussion in the house there has been practical unanimity of opinion that it is desirable so far as possible to substitute work for relief, and I think I may say that there is practical unanimity of opinion also that the character of the work should be such as to produce revenue sufficient to take care of the cost; in other words, that it is not sound public policy to spend money on public works which do not of themselves earn a revenue wherewith to pay their carrying charges. The object of this bill, therefore, is to extend to municipalities the credit of the dominion on the exceedingly low interest rate of two per cent to enable the municipalities to proceed, as I said before, with the erection, extension, renewal or improvement of self-liquidating municipal projects.

There may be an objection, which I will anticipate now, that the municipality has no constitutional relationship with the parliament of Canada; that the municipalities of Canada are altogether creatures of the provincial legislatures; that the provincial legislatures alone can make laws respecting the conduct of municipal affairs within their borders. To all these I assent. We cannot legislate for any municipality in the Dominion of Canada; this parliament has no authority so to do. It may be urged that even by extending loans at a low rate of interest for the purpose indicated in this resolution we are interfering with the autonomy of the provinces. When the bill comes down it will be seen that the government seeks to guard against any suggestion of invasion of the autonomous rights of the provinces in this measure by providing that no project will be approved for the purpose of a federal loan unless the project itself has been approved by the government of the province, and secondly that the province guarantees to the dominion the repayment of the loan and the amortization charges by the municipality. There is therefore no compulsion in the law, no invasion of the autonomy of any province, but there is definitely a placing at the disposal of the municipalities of this dominion the credit of the dominion to enable them at lower rates than ever before to do works which in many cases are very much overdue.

Mr. BENNETT: It would be the credit of the dominion and the province, on that statement.

Mr. DUNNING: The credit of the dominion and the province, but the credit of the dominion is extended on terms which involve also a very definite contribution by the dominion to the cost of the enterprise itself. I will come to an estimate a little later of what the extent of the contribution of the dominion is in connection with the scheme. Many municipalities during the last few years have not been able to keep their income-producing services up to date, to make the necessary improvements, betterments, extensions and renewals. The public investment markets have not been available to many of them, partly because of the financial condition of the municipalities themselves, owing to existing high debts, high tax rates and tax arrears. These conditions have led in many cases to high operating and high maintenance charges simply because the money could not be provided for improvements and betterments which might have lowered and would in many cases have lowered costs of operation.

If the measure now proposed will enable productive undertakings to be carried on which, by increasing revenues from those benefiting from the services provided, or by decreasing costs of operation and maintenance, will pay for themselves without imposing an additional burden upon the general taxpayer, its justification, I submit, will be ample. I should emphasize that it is not the intention of the government in proposing this measure to tempt the municipalities into a type of

debt which will involve higher general municipal taxation, but rather to assist the municipalities by means of an exceptionally low interest rate to provide those facilities either by means of service charges paid by those benefiting, or in the alternative, or possibly in addition, by the reduction in maintenance charges which are now very high on certain classes of obsolete municipal services in many municipalities.

The maximum amount of loan to be provided by legislation will be $30,000,000, but there will be a provision that the governor in council may fix a date after which no further loans will be made. The rate of interest on the loans will be two per cent, and the term of the loans will not be longer than the useful life of the project, with complete amortization during the life of the project. It is impossible, obviously, to give a definite term for the loan, because the life of one project will differ from the life of another; but the intention is to bring about self-liquidating undertakings.

I spoke of the purpose of the loans to finance the construction, improvements, extensions, or renewals of self-liquidating projects. A self-liquidating project is one which will increase the net revenues of the municipality sufficiently to pay interest on the loan and amortize the principal during the useful life of the project. Net revenue may be increased either by increased receipts from those benefiting from the service, or by decreased operating and maintenance charges. Again there must be demonstrated to the satisfaction of the government, first, the need for employment, and second, an urgent need for the project itself. The security taken by the government will be the debentures of the municipality. The loan, as I indicated before, must be guaranteed by the province in which the municipality is situated, and the project must be approved by the government of the province.

Mr. BENNETT: Will that constitute the determination of the question as to the work being necessary?

Mr. DUNNING: No, not entirely. It will be one of the factors. The original consideration is the need for the work in the municipality.

Mr. BENNETT: Who determines that?

Mr. DUNNING: The information must come to the Minister of Finance with the information gathered from the provincial government indicating its approval and a confirmation of the facts therein stated. It is proposed in the bill—I do not think the resolution deals with all phases of the bill, although I tried to make it as complete as possible—that the allocation of the $30,000,000 among the municipalities of the dominion shall bear the same relationship to $30,000,000 in each case that the population of the municipality bears to the population of the dominion as determined by the 1931 census. That is to say, the limit on the amount which may be lent to any one municipality under this act will be the proportion which the population of that municipality bore in the last census to the total population of the dominion.

Mr. BENNETT: Well, shortly it is only $3 per head.

Mr. DUNNING: Yes. That introduces a difficulty which faces one in devising legislation of this kind, namely, that the smaller municipalities obviously would not be able to borrow a sufficient amount to be of any use in attempting to meet the problem either of providing work or of providing municipal facilities of a self-liquidating kind.

Mr. HEAPS: How about the larger ones?

Mr. DUNNING: Will my hon. friend let me make my statement?—and then of course I shall submit to questioning. I am trying to comprehend the whole thing in my mind at once.

As far as the smaller municipalities are concerned therefore it is hoped to overcome the problem represented by the statement I have just made by providing in the bill that notwithstanding the population provisions set out, a loan may be made to any municipality to the extent of $200,000. If hon. members will figure that out approximately on the basis indicated by the right hon. leader of the opposition it will be plain as to how that feature of the bill will work out.

As to the cost to the dominion, that of course will be represented by the difference between an interest rate of two per cent and the interest rate at which the dominion government is able to borrow from time to time for a length of time corresponding as nearly as possible to the term of the loan. It is however impossible to state positively just what the average term of these loans will be, based as they are upon the principle of self-liquidation within the useful life of the project. I can therefore give only an approximation of the cost to the government. The government actuaries have made certain estimates. Obviously if the loans on the average are for a term for which the dominion could borrow at a two per cent rate, then the cost to the dominion will be nil, provided no municipality defaults on its obligations.

Mr. BENNETT: What about administrative charges?

Mr. DUNNING: The administrative charges from the dominion's point of view will of course be absorbed as part of the cost of operation. If the loans are, on an average for a term, for which the dominion could borrow on a two and a half per cent basis, say ten years, then each half-yearly payment of $1,704,000 would show a loss to the dominion of $42,000—I am using round figures—or a total during the ten year period of say $850,000.

Let me state that in another way. If the average length of loans under this act should turn out to be ten years, and if the dominion can borrow at two and a half per cent for a ten year period, then the contribution made by the dominion, if the whole sum went out on that basis, would be $850,000 over the ten years, plus the cost of administration, as the leader of the opposition has said. If we assume a twenty year period, then of course the cost to the dominion rises. We have recently sold an issue of 20-year dominion bonds on a 3·07 per cent basis of cost. Therefore if we assume that the average term of the loans made under this act will be twenty years, and that the dominion could borrow for that period on an average of three and one-eighth per cent, each half-yearly payment would be $1,014,000 and there would be a loss to the dominion of $100,000 a year, or a total during the twenty year period of $4,000,000 plus the cost of administration. If the average term of the loans were thirty years, and if we assume that for such a period the dominion could borrow on a three and a quarter per cent basis, each half-yearly payment of $786.000 would show a loss to the dominion of $119,000 or a total during the thirty year period of approximately $7,150,000 plus the cost of administration.

From the inquiries I have been able to make regarding the length of useful life of projects which might be constructed under this legislation, I am inclined to the view that around twenty years is likely to be the effective period of amortization. It is rather difficult to state that with any accuracy, but I thought that in proposing the measure to the house I should endeavour to give information regarding the cost to the dominion of the whole scheme for varying periods from ten to thirty years, assuming that the whole amount goes out for average terms equal to each of the steps I have been discussing.

Perhaps it would be clearer to take a single loan for a project costing $1,000,000. On such a loan, if it were for ten years at two per cent, there would of course be no cost to the dominion other than cost of administration. If it were for ten years at two and a half per cent the total loss during the period to the dominion would be $28,000. If it were for twenty years, at three and one-eighth per cent, the total loss to the dominion on the $1,000,000 would be $134,000. If it were for thirty years the $1,000,000 at three and a quarter per cent would involve a loss to the dominion in addition to administration costs of $238,000.

I think I have covered all I desire to say at this stage of the proceedings. The dominion is satisfied, particularly as a result of information which has reached us following the announcement of the Minister of Labour (Mr. Rogers) that such a measure would be introduced, that there is a very definite need for just what this legislation proposes. There is no doubt that very many municipalities see in this proposal an opportunity of doing something really constructive for the people of the municipality, and really helpful from the standpoint of providing employment.

Mr. CAHAN: I am expressing my own views, which are very clear and emphatic, and not the views of any party, that in the present condition of affairs in Canada this proposal is inopportune. As hon. members know, we have had an opinion of the Judicial Committee of the Privy Council to the effect that expenditures made by vote of this parliament upon objects provincial or municipal, which are not within the exclusive legislative jurisdiction of parliament, are illegal appropriations, and in view of that decision the government have instituted an investigation, more or less thorough, by means of the Rowell commission so-called, into the financial relations existing between the municipalities and the provinces on the one hand, and as between the municipalities and provinces and the dominion on the other.

We have been asked by the provinces time and again not to infringe upon the maintenance of their rights as provinces of this dominion, constituted by the British North America Act of 1867. In fact their insistence is so strong that more recently the idea is being propagated that Canada is but a name representing nine sovereign states which were created out of the British territory known as British North America by the British North America Act of 1867. While that contention no doubt is excessive and in my opinion unjustified, nevertheless it represents a growing sentiment in various parts of this dominion.

This parliament has assisted somewhat in the propagation of that sentiment. In my own experience I remember that I investigated expenditures made under appropriations voted by parliament, in the time of the late Sir Robert Borden, for the construction of roads and bridges in some of the provinces, especially in the province of Nova Scotia; and I do say on my responsibility as a member of this parliament that the expenditures so made were profligate and excessive and brought no real return commensurate with such expenditures. Those who expend moneys, for the raising of which and the payment of interest on which they are not responsible, do not consider such expenditures as public trusts in respect of which they, as honourable men, are bound to exercise a due degree of care and thrift.

In my opinion, as I have expressed it here, the British North America Act would not require very much in the way of amendment or modification if it were construed, interpreted and applied according to the views expressed at the time by those who framed that great constitutional measure. But for the confusion which does exist, this parliament and previous parliaments in my opinion are to a large extent responsible, because these parliaments have undertaken to interfere with provincial matters and have accompanied that interference with solatiums, sometimes amounting almost to bribery, in the way of financial assistance given to purely provincial projects.

I think there is no doubt, in view of the final decisions of the courts, that such appropriations as we have made for old age pensions and the like are not appropriations for subjects which are within the legislative competence of parliament. Every time we have interfered, out of a desire to assist in ameliorating the condition of some portion of the population in the provinces, we have brought this federal government deeper and deeper into the difficulty with the constituent provinces, or at least with some of them. At the present time in Canada there are provinces which are boasting of surpluses in their revenues, some very considerable surpluses. Under those circumstances why should we not refrain from expending federal money upon objects which are within the exclusive jurisdiction of such provinces, more especially since those are the very provinces which indignantly deny our right to interfere by legislation, administration or otherwise with the sovereign constituent rights of those provinces? Therefore it seems to me that a measure such as this is likely to sink the parliament of Canada and the Dominion of Canada more deeply into difficulties which should be solved before a large measure of financial relief to the municipalities, such as this, is enacted by the parliament of Canada.

The hon. gentleman has said—and I am merely summarizing his words—that this is to provide employment by enabling municipalities to construct income-producing municipal works. There are municipalities which will be entitled to come in and ask for relief and credit from the dominion treasury that are far more capable of providing such funds than the dominion government is capable. There are great cities in which there are great volumes of traffic and trade, large amounts of property, many men and corporations of wealth, which are able to provide for all the proper and serviceable municipal facilities required. There are provinces also which are able to provide not only for themselves as provinces but also for the municipalities under their care, supervision and keeping. Why should they not be called upon to provide such assistance?

We took over, first, temporary relief for unemployment. We have increased that in various ways by appropriations of various amounts for public works, some of which could not by any stretch of the imagination be included under the heading of federal public works. Then we have gone to the extreme in providing for the relief of the indigent and unemployed in provinces which boast of their surpluses and of the splendid state of their exchequers as compared with that of the dominion, until the idea seems to have permeated the minds of the whole population that the finance minister of Canada is in control of a money chest into which he may dip his arms to the elbows for the relief of every person, company, corporation or municipality that thinks it is in need of relief, utterly regardless of the fact that our condition as a dominion is, it seems to me, approaching a perilous point, where we are not able to provide, by revenues derived from federal taxation and from other proper sources, sufficient to pay our annual expenditures, much less to pay for the capital expenditures which we are making by appropriations of funds borrowed from time to time.

The important point at the present time is this: Until the Rowell commission, so-called, has reported—and I do not wish to discuss that commission or its work—and the government has decided as to the measures it will adopt in accordance with that report, this appropriation is ill-timed and inopportune. Because we must at a very early day come to a clear and definite understanding

with the provincial governments and municipal authorities; and we shall not be in a position to come to a satisfactory understanding with them, an understanding which would be satisfactory to the whole of the dominion, until such time as we are resolved to maintain our federal services by our own taxation and to insist that they, by such taxation as they can impose at present or by such extended powers of taxation as may be granted to them, will undertake the full duty and responsibility of administering the affairs of the provinces and municipalities which, under the constitution of Canada, have been committed to their care.

I could say more. Perhaps it would be inadvisable for me to do so. I am committing no person but myself, as I have been expressing my own personal views. But to one who has lived with this question for some years, as I have, and had to do in the first years of my public life with provincial affairs and their administration, I am thoroughly convinced that, with the best of motives, parliament years ago took the wrong direction, and that by following along that wrong direction we will simply bring ourselves into graver and more complex difficulties.

The time has come when we should stop, look and listen, and consider and decide as to the future program of Canada in dealing with the provinces and municipalities, a program which must be initiated by the government of the day, but a program which I trust will be so broad, comprehensive, definite and satisfactory as to secure the approval of all parties in parliament.

Mr. McIVOR: Mr. Chairman, I am not a constitutional lawyer or a high financier, but this resolution looks like action to me. When I read about the municipalities meeting in Ottawa, in Toronto and other places, and sending their requests to the dominion government for relief, I think that this resolution is the answer to them. How are we going to cure unemployment if we do not provide productive work? As has been shown by conventions in municipalities, these municipalities have been in difficult times. If this is the father of assemblies in Canada, then certainly we should take the lead.

When I rose to speak I had intended asking the minister a question. In the event of the passage of the legislation taking over full control of the Bank of Canada could we borrow the money from that bank? In other words, could we take it out of one pocket, put it into another, and gain two per cent?

Mr. BENNETT: You do not have to put it back; you just take it.

Mr. HEAPS: All hon. members appreciate the sentiments expressed by the hon. member for St. Lawrence-St. George (Mr. Cahan). That was the kind of talk one would expect from the hon. member, and I believe his viewpoint is appreciated. However I am always tempted to remark that I never heard him speak in that particular tone between the years 1930 and 1935, despite the fact that during that period vast sums of money were spent, probably not on projects exactly the same as those contemplated in the resolution, but on measures of a somewhat similar nature designed for the relief of unemployment.

In a sense I have been gratified by the statement of the Minister of Finance (Mr. Dunning), but my gratification was somewhat tempered when I heard him give the details of the proposed scheme. I am pleased indeed to learn the government contemplates spending $30,000,000. But if the scheme is hedged in the manner indicated by the minister I do not think the whole of the $30,000,000 will be spent by the government.

Mr. DUNNING: By the requests which are in now, I do not think there is much doubt about it.

Mr. HEAPS: I am not going by requests which may come in; I base my statement on the remarks of the minister. He said that the money will be handed out on a basis of population, and if that is so we shall be faced with a difficult situation. That would apply particularly in the large industrial centres of western Canada where there is a great deal of unemployment. Let us take as an example the city of Winnipeg. Its population of approximately 200,000 is about one-fiftieth that of the population of Canada, and according to the statement of the minister, Winnipeg will be entitled to receive one-fiftieth of the $30,000,000. If I am wrong I hope he will correct me.

Mr. DUNNING: The figures used by the right hon. the leader of the opposition will turn out to be approximately correct. If you allow approximately $3 per head of population you will not be far out.

Mr. HEAPS: As Winnipeg has one-fiftieth of the population of Canada it would be entitled to one-fiftieth of the $30,000,000, or $600,000. That works out at $3 per head of population.

Mr. DUNNING: I hope the hon. member did not understand me as putting forward this measure as a complete cure for all the unemployment that exists. This one measure deals

with a particular class of productive enterprise which we believe will contribute towards that end. But there are like measures to come.

Mr. HEAPS: I quite realize what the minister has said; I understand him thoroughly. But on that basis the money will not be spent in the places where it is most needed. For instance if there is a severe unemployment problem in Winnipg, Vancouver or Edmonton, a problem much greater than that in other large industrial centres, those cities cannot get more than the amount to which they are entitled, despite the fact that some other city does not need assistance. For instance if Toronto or any of the other large industrial centres does not make a request for funds, still the municipalities needing assistance will be able to receive only their proportionate amount, according to population. For the city of Winnipeg under present circumstances $600,000 is a very small amount indeed, even to begin to take care of the unemployment problem. That is why I have a certain feeling of disappointment in the minister's statement this afternoon. I had expected he would outline a more comprehensive scheme. I am pleased to see that moneys are to be used for self-liquidating projects, but outside of housing I doubt if there are any schemes which could be styled as self-liquidating.

Mr. DUNNING: This is not intended to touch housing at all.

Mr. HEAPS: It is moneys distinct and apart from housing?

Mr. DUNNING: Yes, absolutely.

Mr. HEAPS: And do I understand another bill will come down to deal with the housing problem?

Mr. DUNNING: Absolutely; the Minister of Labour has so stated.

Mr. HEAPS: Then if that measure is not now before the committee, I do not wish to deal with it. If it is intended in the present instance to deal with problems other than housing, of course a great deal of my criticism is not valid on this particular occasion, and I will admit it right away.

Mr. THORSON: The question raised by the hon. member for St. Lawrence-St. George (Mr. Cahan) is one which the people of Canada must face. The sooner they do so the better for their welfare. It follows I think automatically from one of the recent decisions of the judicial committee of the privy council that this dominion parliament has no right to spend money in respect of any object which comes within the legislative jurisdiction of the provinces. It would seem that this consequence follows directly from the decision of the judicial committee of the privy council in the unemployment insurance reference. If that is so, the right of this parliament to spend any money for any object that falls within the legislative jurisdiction of the provinces is challenged; that challenge places before the people of Canada the necessity of deciding what objects of legislation are to be deemed national in their scope and what objects are truly of a provincial nature.

Mr. CAHAN: Hear, hear.

Mr. THORSON: And the sooner we face that question the better for the people of Canada.

There are a great many problems that were originally provincial in their scope and were within provincial jurisdiction, and are still regarded as such by the courts, although the nature of the problem has changed. Many of these problems that were originally provincial in their nature have now become national in their scope and importance; that brings squarely before us the necessity of recasting our constitution so that this parliament may be vested with the necessary jurisdiction to deal adequately with national problems.

Mr. BENNETT: If that is established under the language of Lord Haldane, we might have jurisdiction.

Mr. THORSON: It would be difficult to follow all the by-ways and by-paths through which Lord Haldane frequently travelled in dealing with constitutional problems.

Mr. BENNETT: I had reference to his observation that an undertaking local in its character in the first instance might, by reason of changed conditions, become national in its scope.

Mr. THORSON: Quite; it was once thought that we had an elastic constitution that would be self-adjusting and bring that about, but the latest decisions of the judicial committee of the privy council have removed that hope from our minds, so that we must recast the constitution in order to give parliament the necessary power to deal adequately with national problems.

Therefore it would seem to me that we should consider subjects of this sort first from the viewpoint of whether they are really national or provincial in their scope. If they are national, then we should face these national problems squarely and make the necessary adjustments in our constitution so that this parliament may have the necessary power.

I hope that this task will soon be undertaken by the people of Canada. We are in the position in this parliament of being continually held in contempt by reason of the fact that we have not in many cases the necessary legislative power to deal with problems that are truly national. We should acquire that power, and should do so in the interests not only of the dominion as a whole but of the individual provinces as well; for they have many duties now cast upon them which they cannot adequately discharge. The matter of unemployment relief and a program of works that will create employment is in my opinion a national one. I think this parliament is wise in bringing forward legislation such as this, because this is dealing with a national problem; if the validity of our act in so doing is challenged, we shall come to a solution of the problem all the sooner. The hon. member for St. Lawrence-St. George served a useful purpose in directing our attention to this question.

Mr. SLAGHT: Will the Minister of Finance (Mr. Dunning) be good enough to supplement his very clear explanation of the proposed bill by giving us a list of the projects which a municipality might be expected to go on with under the loans they would receive under this measure, so that we may get a better idea of the type of project he has in mind?

Mr. DUNNING: It is very difficult to give an answer to that, because of the variations that exist between the municipal laws in force in the various provinces. In some municipalities the provisions with respect to certain types of public works base capitalization and amortization on a service charge, whereas in another province the same utility is dealt with on the basis of general taxation; it is absorbed into the general scheme of things. In some provinces institutions such as the local government board in Saskatchewan—I forget what they call the similar body in Ontario and Manitoba—have a degree of authority over capital expenditures which enables them to determine whether the projects shall be a charge against the general municipal levy or be developed upon the basis of a service charge. It is quite impossible, therefore, to give a categorical answer. Really, "self-liquidating project" is the only definition I could find which would embrace all that I had in mind.

Mr. BENNETT: Three illustrations are given—waterworks, electric light systems, and gas plants.

Mr. DUNNING: Yes. They are given because in practically all provinces they are dealt with on a service charge basis. But there is another type of case. There are waterworks already in existence, with old wooden stave pipes laid many years ago, and which involve at the present time a very high maintenance cost because of frequent breaks. The question then is, can that municipality, as a result of two per cent money and a low amortization, finance a new water main at less than or at approximately what it is now expending in trying to maintain an out-of-date, obsolete and very expensive utility? That is another illustration.

Mr. BENNETT: Plus possibly an additional charge.

Mr. DUNNING: Plus possibly an additional service charge. I see no way of defining it at this stage any more closely than by laying down the principle that the project undertaken under the act shall be self-liquidating. Obviously we do not want to broaden it to a point where it would encourage municipalities to go into unproductive enterprises.

Mr. BENNETT: "Self-liquidating" governs that.

Mr. DUNNING: Yes, and I am quite sure from the representations received thus far from municipalities all over the dominion that there is ample demand for help of this sort for enterprises which will be self-liquidating.

Mr. WALSH: I have a very complete and sympathetic understanding of the attitude assumed by the hon. member for St. Lawrence-St. George (Mr. Cahan), and the opinion expressed by the hon. member for Selkirk (Mr. Thorson). I do not wish to be understood as in any way opposing this resolution or offering anything in the way of destructive criticism of what the Minister of Finance (Mr. Dunning) proposes to do. I recognize the necessity of public works, particularly of the character which the minister has suggested, even in the resolution, but there is a question in my mind whether the works to be undertaken would continue to be for any length of time in the self-liquidating category. I am always distrustful of legislation which encourages public expenditure when the body making that expenditure is probably not in a position to bear the cost. This seems to be a measure which could be interpreted as encouaraging public expenditure on the part of municipalities even if it is placed in the category of self-liquidating assets of those municipalities. In many cases municipalities will seek to take advantage of what is offered in order to improve certain local conditions

and will undertake public works to alleviate distress in their midst, although they can probably ill afford at the time to do so. That means a further increase of capital expenditure and of debt, even if the project for the time being is of a self-liquidating nature.

In the past we have had experience of similar enterprises and have, perhaps, spoken of them in terms which were rather gratifying; they probably served for the time being a useful purpose, but in the end proved to be a very decided hardship. I am thinking of such legislation that gave certain municipalities an opportunity of undertaking public enterprises on the basis of the government of Canada paying fifty per cent and the balance being found either by the municipality or jointly by the province and municipality. Those public works have now to be paid for; they are a debt upon the municipality concerned; the result is that it finds itself in the embarrassing position of having to bear the consequences of the debt, to pay the interest and to repay the principal over a period of years. I recall also grants which were made by this parliament in days gone by for technical education in the various provinces, to encourage the building of technical schools, to the cost of which the federal government made considerable contributions. Two or three years ago, however, the government of Canada decided to withdraw contributions to technical education. The result is that the municipality finds itself saddled with the expense of the proposition which it was encouraged to go into through the offer of the dominion government to find a certain amount of money in connection with the enterprise. I am not condemning it. It is all to the good. But in the end these municipalities find themselves with the obligation not only of providing interest on the debt and taking care of the sinking fund, but of defraying the cost of improvements and repairs of the buildings and paying the wages necessary in connection with upkeep.

Reverting to the matter of technical education, if the government had continued those grants the municipalities would have had no cause of complaint; but the government withdrew the grants. The result is that the municipalities find themseles burdened with the total cost instead of only a part of the cost of those enterprises. The buildings had to be maintained, and the purposes for which they were built had to be continued, and should be continued.

[Mr. Walsh.]

Mr. DUNNING: My hon. friend will pardon me, but surely he is not implying that particular weakness is inherent in this legislation?

Mr. WALSH: No. I quite agree with the minister. That is why I prefaced my remarks by suggesting that from the present aspect these projects appear to be self-liquidating, and there are satisfactory guarantees surrounding them. But so did the other enterprises, at the beginning, seem to be in the same category. For instance, I know of a certain city in Ontario that built three technical schools, on the promise of certain grants which were made through the provinces to the maintenance of this class of school. They took advantage of the situation, and it seemed to be very satisfactory, and was so as long as the assistance was continued, but it was discontinued, and the result is that the municipality is faced with the obligation of paying for the total upkeep. That is what I am afraid of in connection with this, even with all these guarantees.

Mr. DUNNING: But how could it be? The instance my hon. friend quotes rested upon the assumption that the federal government would continue annual grants from year to year forever or for a considerable period of time. No obligation under this legislation can arise upon an assumption of that sort. The municipality gets the money out and out; it knows that is all it will get. It must invest the money in a self-liquidating project; it must itself collect from the project the wherewithal to repay the federal government. It is not assuming that the federal government is going to continue to grant it money from year to year.

Mr. WALSH: Yes, I quite appreciate that the cases are not altogether analogous, but what I am trying to emphasize is that while we are starting out on this basis, I am not just sure where it may end. I am afraid that as a self-liquidating proposition, while it may be satisfactory for some years, over a period of time it is likely to become a liability; that is, we may be tempted to forget the circumstances surrounding the inauguration of such a grant as this. We all recognize the tremendous burden of taxation that rests upon municipalities at the present time. Many of them find themselves in difficult positions which are not of their own making but which were, so to speak, created for them. They undertook enterprises by way of relief measures during the past few years which have entailed upon them a tremendous debt,

interest and sinking fund, all of which have to be met. In some cities over thirty per cent of the revenue has to be appropriated to sinking fund and interest. The result is that taxation is high, exceptionally so in many of our larger cities. The reaction is that building projects are at a standstill; heavy and necessary repairs to buildings cannot be made; yet if there is one branch of trade in Canada which should be improved, it is the building trade, particularly in the larger cities. They cannot be made unless there is building, and building will not be undertaken under present conditions, where the municipalities find themselves overburdened with debt and forced to raise a very considerable amount of money for the purpose of liquidating that debt or meeting interest and sinking fund charges from year to year. The only way in which we can encourage building operations in the larger cities is to lower taxation. Any measure that will tend towards lower taxation in those cities will tend to increase the business of the building trades; and any improvement that takes place will result in a general improvement in trade throughout Canada.

I emphasize that point and also the handicap under which the municipalities are working at the present time. I have every sympathy with the project in mind. I believe that the minister has surrounded it sufficiently with safeguards if they are maintained. We know governments and we know politics and we are rather afraid of legislation of this sort, but I should not like to see any legislation introduced which would encourage any municipality to enter upon a public works enterprise that will further increase the burden within that municipality and further delay the day when building operations can be carried out so that we can benefit thereby.

Mr. ROSS (St. Paul's): In Toronto we are faced with a very serious situation in connection with the extension of the sewage disposal works of that city. I do not know whether that can be called a self-liquidating scheme, but it is something which is very necessary, and it is also important that work be provided in Toronto in view of the unemployment situation. The present sewage disposal plant there is entirely inadequate. Sewage is going into the lake untreated—well, it is treated but we do not know how much of it gets the benefit of the treatment. It is a large project, and one that will take a good deal of money, but it is very necessary. The city of Toronto does not wish to embark upon any work which is not useful. There are a good many projects which people are talking about, but we want something which will be useful, something which will not represent a waste of money. Work in connection with sewage disposal in Toronto would benefit that city, and, more than that, it would benefit all those who are on the great waterways from that point down to the sea. That is something else to be considered. As it is now, sewage going into the lake not only affects the health of the people but kills fish. Would it be possible in order to undertake a project of that kind to guarantee the bonds of the city of Toronto, or would it be possible to let them have so much money to start with so that they might get a part of the work done? Certainly it is a very useful work, but the city needs assistance. I should like to see something done about it.

Mr. DUNNING: In this legislation there is no provision authorizing the dominion to guarantee the bonds of any municipality. I was under the impression that the credit of the city of Toronto stood very high, and I have no doubt that the city would be able to finance any undertaking of a general sort. But while possibly an enterprise of the kind mentioned by my hon. friend might not be self-liquidating, I have no doubt at all that there are many projects in Toronto which would be self-liquidating, and which, if financed under this scheme, would relieve the general credit of the city to such an extent as to enable them to do what they might wish to do with respect to other schemes that are not self-liquidating.

Mr. HARRIS: Would any scheme in connection with hospital extension be self-liquidating?

Mr. DUNNING: It depends entirely on the provincial law. In some cases hospitals are self-liquidating, while in others they are not.

Mr. ROSS (St. Paul's): With further reference to the sewage disposal question, I do not know of any work that could be undertaken in Toronto which would furnish so much individual labour, but I do not believe that the city of Toronto could borrow money at two per cent. With the assistance of the dominion government, however, they could, and if they did have something done along that line, it would not cost the dominion anything at all.

Mr. ROGERS: I wish only to emphasize one aspect of the resolution before the committee. Actually, although it does not so state, the proposed measure is presented as

a very definite part of the program submitted by the government to deal with the unemployment situation, and we have to consider the legislation in that context. For some years past it has been accepted as an obligation of the dominion government that we should assist the provinces in dealing with unemployment. We have accepted that obligation and have discharged it in a number of different ways. We have assisted the provinces through contributions for what has been termed direct relief. For a number of years we have also assisted the provinces in what has been known as a joint works program. Under some of these programs we have actually made contributions to municipal projects. I might mention in that connection the Winnipeg sewage disposal plant which is now being completed. That work was commenced in 1935 under the preceding administration and the obligation was assumed by the present government when it came into office. That was a definite contribution by the dominion to a municipal project. It has seemed wise, however, and in this I am entirely in accord with what has been said by the hon. member for St. Lawrence-St. George (Mr. Cahan), and the hon. member for Selkirk (Mr. Thorson) that we as a dominion government should confine so far as possible our own expenditures to projects that are definitely within federal jurisdiction.

As we look back over our past experience we must admit that much confusion has resulted from the policy of conditional subsidies and grants in aid for specific purposes, which has been followed in the post-war period. But in this legislation the dominion government is not making a definite contribution to municipal projects as such. We are rather giving the support of the credit of the national government to the municipalities in order that they may relieve unemployment and provide themselves as they see their need with these self-liquidating projects. That is the essential purpose of the legislation which will be founded upon this resolution. It is designed, with the housing legislation to be later presented, to assist in the revival of the construction industry in Canada. On the basis of authoritative information that comes to us from those engaged in the industry and also from the bureau of statistics, it can be said that there is no branch of employment in Canada that is more capable of rapid revival under proper stimulus than the construction industry. If we can through housing legislation and assistance of this kind bring about a very considerable improvement in the construction industry, that will be of very great assistance in enabling municipalities across the country to reduce relief rolls and provide work as a substitute for the idleness in which, perhaps of necessity, so many of our people have been involved under the administration of direct relief. So that in the consideration which we give to this resolution it is important to keep before us at all times that the purpose of the legislation is to relieve the unemployment situation which now confronts the country.

[Mr. Rogers.]

Mr. LEADER: I rise to support this resolution. I believe it should result in some very useful work and provide employment for great numbers of our workers. But the thought that strikes me now, as it has on former occasions, is that we are able to borrow money at such a low rate of interest compared with the rates now being paid for municipal undertakings and other works in this country. I believe I am justified in mentioning that fact again this afternoon, and pointing out to the minister and the government that they should undertake by some means to scale down interest rates now being paid. Let them attack the problem as they did in England and in Australia.

Mr. BENNETT: Building loans are paying five per cent in England.

Mr. LEADER: This resolution proposes to lend money to the municipalities at two per cent. In comparison I want to take as an example my own municipality, the rural municipality of Portage la Prairie. We are paying six per cent on debentures, and have been for nearly twenty years. Furthermore the municipality has the money in the bank to discharge those obligations. I asked them last fall why they did not pay them off, and they said they had not the power. On account of the term of the agreement—which I do not wish to repudiate—they could not pay them off. It seems to me they should have power to pay off those debentures and save that six per cent.

Mr. DUNNING: If my hon. friend will permit me, that is a matter for the legislature of Manitoba. He cannot lay that condition at the door of this parliament. The provincial legislatures legislate for the municipalities; we cannot control that in this house.

Mr. LEADER: Well, I must repeat what I heard the premier of Manitoba say not two months ago, that if the dominion government does not scale down the interest rates of this country the province of Manitoba will undertake to do something in self-defence.

Mr. DUNNING: That is not the question with which my hon. friend was dealing and which caused me to interrupt him. The question my hon. friend raised was as to the terms of debentures issued by his municipality. The terms of those debentures are subject to the approval of the legislature and government of Manitoba; they are not within the control of this parliament. I was not dealing with the general question of interest rates, but with the specific statement my hon. friend just made.

Mr. LEADER: Yes, the finance minister is entirely right in that regard, but I was going on to say that our municipality has the money in the bank and could pay them off; in such circumstances I do not consider it is much of a hardship to continue paying six per cent interest. I just gave that as an example. But there are millions of dollars of municipal obligations in this dominion in respect of which the municipalities cannot even pay the interest, yet the federal government refuses to give them the power to scale down their high interest rates.

I was going on to say that in Portage la Prairie last year the rink was burned down. I suppose a building such as that would come under this classification, because it is revenue-producing and would be self-liquidating. A vote was taken in the city and a by-law passed guaranteeing bonds, amounting to about $25,000, to build a rink. The city borrowed the money from a private individual and they are paying six per cent on it and were glad to get it. But it is too much in view of the fact that we can borrow money now at two per cent.

Let me give another example. The city made an extension of the waterworks system, expending $70,000 to $80,000 last year. I presume they borrowed that money, and I presume also that they are paying six per cent for it. The point I make is that there must be something this government can do to scale down these interest rates from six per cent—or perhaps more—which we are now paying, to two per cent. If that were done, out of the interest the municipalities would save they could themselves undertake many of these projects, and it would not be so necessary for the government to guarantee the bonds of the municipality as provided in this resolution.

I am not condemning the resolution; nevertheless it is an encouragement to municipalities to go further into debt. Under prevailing conditions I believe the resolution is in the interests of Canada, and I want to congratulate the Minister of Finance and the Minister of Labour upon suggesting this plan. But I say again that I believe this government should undertake—and it has been too long delayed—to scale down the interest payable on the public debt, including municipal, provincial and dominion.

Mr. DUPUIS: Would the expression "other self-liquidating municipal project" include a municipal market building and accommodations in which the city charges the farmers fees for their stands?

Mr. DUNNING: That would depend on whether the facility contemplated was being provided on a definitely self-liquidating basis —that is to say, whether on examination the scale of fees provided, a reasonably conservative estimate of the extent of the patronage, and the experience of the past, demonstrated to the satisfaction of the province and of the dominion that the project would be self-liquidating.

Mr. BENNETT: And whether they were Liberals.

Mr. DUNNING: But if it is a proposal merely to erect a market building without any conditions at all with respect to the project paying for itself, the answer would be no. It would depend entirely on the set-up. It would not have anything to do with the political complexion of the municipal council, as suggested by the leader of the opposition.

Mr. DUPUIS: I want to corroborate what the minister has said and relieve the mind of the right hon. gentleman (Mr. Bennett). The project I have in mind is a proposal to provide accommodation for a large group of vegetable producers around the city of Montreal, who for many years have been asking for it. At present they are confined in a very small space around Bonsecours market, so much so that they cannot approach the market with facility; if they do they are pushed back by the police, or fined. The consequence is that there has been established in Montreal a kind of trust which controls the whole vegetable market, to the detriment of producers and consumers. Some years ago I was asked by all the vegetable producers around Montreal to represent them before the legislature. The right hon. gentleman will see that I was not playing politics in that case at all; for the Liberal party was then in power in Quebec, and I fought that case on behalf of the vegetable producers. We could not obtain accommodation, owing to the objections of the municipal administration of Montreal at that time, unless the whole project were submitted to a referendum. It would appear

as if this legislation would afford an opportunity to the farmers of that district and to the city of Montreal to avail themselves of this legislation and provide accommodation to the farmers and also the consumers of the city.

Mr. TAYLOR (Nanaimo): Before the resolution is put to the vote I desire to congratulate the Minister of Finance (Mr. Dunning) and the government upon having introduced this resolution. It marks a new era in our national economy, if I judge it rightly, and expresses a high point in our general attitude towards municipal, provincial and national development. Hitherto small municipalities had to go into the open market and pay high interest on the moneys they desired. We are now about to establish an entirely different condition, and I think in the very near future, if I am permitted the opportunity, I can show how we may scale down our national debt. We are not talking about that to-day, but I must express myself as pleased with this general resolution.

I have a feeling that political and economic sense should be taught in our schools as part of the curriculum. Too often municipalities do not hesitate to get all the money they need when markets are right, without considering the self-liquidating nature of the undertakings on which they are about to embark. I have in mind, however, in another connection the extraordinary advantage that this will be to a prominent community in British Columbia where last year the water was analysed and on six occasions discovered to be contaminated. The provincial government could do nothing; by itself the municipality could not raise the money without paying a high rate of interest. Here is an opportunity afforded that municipality to obtain money at a very reasonable rate of interest and so safeguard the health of its people and assist them to avoid disease. I am heartily in agreement with this project, and I hope others of a like nature are coming forward. According to the 1931 census, the population of Canada was approximately 11,300,000, and if a per capita expenditure of only one cent per day was made in addition to what is now being expended we could increase the total industrial expenditure each year by $41,000,000. Those are staggering figures, when we consider that many of our people are living on the thin edge of the existence line. We must not only develop work at which these people can get higher wages; we must also discover some method by which each individual may get what he desires in such a way that he can pay for it without being compelled to go to charity and be placed on relief.

To my mind this is an excellent step that is being taken by the government, and I congratulate them upon it.

Mr. BARBER: I am in accord with this resolution, Mr. Chairman, but there is one question that occurs to me. A very large portion of British Columbia is not municipally organized. We have settlements springing up in unorganized districts which come directly under the government. I know of one or two points in particular where settlements have been considering the installation of water and light systems, and the nature of the industries surrounding them would indicate that there would be a good revenue from such systems. I was wondering if those settlements could be dealt with through the government, when they are not municipally organized.

Mr. DUNNING: Provision will be made in the bill in respect of areas which, having no municipal organization, are dealt with directly by provincial governments.

Mr. BENNETT: I have just one word to add. The hon. members for St. Lawrence-St. George (Mr. Cahan) and Selkirk (Mr. Thorson) raised a legal issue that may become of very great importance, but I think the Minister of Labour (Mr. Rogers) was very wise in directing attention to the fact that the underlying policy in connection with this matter had to do with unemployment. Nothing will be easier than for this measure to be misunderstood. The hon. member for Nanaimo (Mr. Taylor) has just spoken of it as though it were something it is not at all. The hon. member dealt with something that this bill is not. This bill does not provide for municipal financing. This measure intends to do one thing, and one thing only. Where it will provide employment—the minister was very clear about that; that is the first—and second, where works are necessary works, then this measure becomes available.

Mr. TAYLOR (Nanaimo): That is it precisely.

Mr. BENNETT: That has nothing to do in any shape or form with municipal financing as such. It has to do with a broad general policy of national application in regard to unemployment; it must, or else it falls by the wayside. The minister says this is part of a program that will deal with that national issue. If that be so, then one approaches it very simply, and the difficulties to which

reference was made—and the hon. member for Selkirk was fair about it—may vanish if you can assert beyond peradventure that this is a national measure; that is, that it deals with a measure of national importance within the language of the courts. Otherwise it may be that somebody will apply for an injunction when an application is made under the statute.

Mr. DUNNING: That is why I made that my first word. Primarily it is to provide employment.

Mr. BENNETT: Quite; I followed that at once. The remarks of the Minister of Finance were supplemented by those of the Minister of Labour, to make it clear that the underlying purpose of the measure is to deal with the problem of unemployment within municipal areas. I asked the minister who was to determine that question and he said that obviously many authorities would be responsible for representations that would contribute to the ultimate determination of the question.

There is nothing new about one side of this resolution. During the days of the development of the automobile a grant of many millions of dollars was made by this parliament to assist in the construction of highways. As a result of inquiries that were made it became apparent that the money would have to be expended by the provinces and municipalities and that the dominion might exercise supervisory powers as to the character of the works to be constructed and the approving of the general plans. That was a recognition of the supremacy of the province with respect to property and civil rights within its boundaries and with respect to the municipalities, as creatures created by the legislature of the province. That ended any further effort on the part of the dominion to deal with the highway question as such, outside of questions that might arise in connection with an interprovincial or trans-Canada highway, over which this parliament might have jurisdiction.

The fact that we deal with the assessment of money on the basis of population makes it a matter of extreme difficulty, yet there is no other method by which it could be dealt with that would give any measure of satisfaction to every part of the dominion. Apparently a city of eighty thousand people would have a maximum available under this act of roughly a quarter of a million dollars. That would be a rather inadequate sum with which to approach some of the problems of which I have knowledge in some of these communities. The point raised by one of the hon. members for Toronto, as to our being able to apply the principle of the proposed act to a portion of an undertaking, arises at once.

Mr. DUNNING: That is provided.

Mr. BENNETT: Yes, it will be. It is open to that construction, and I apprehend that is what is intended.

Mr. DUNNING: It is developed in the bill itself.

Mr. BENNETT: Yes, the bill will naturally develop it. We will take for instance a city like greater Vancouver with a population of 250,000. There you would have a maximum of $750,000. The sum of $750,000 in that city would probably go a very considerable distance, if used for self-liquidating projects, for the extension of waterworks, sewers and so on. They purchased their electric light and, I think, own their poles; they do not own their street railway system, I believe. But going to the prairie provinces we might take a town in which the maximum as provided by the resolution would be $200,000. That of course would be very helpful; but in connection with an almost worn out waterworks system it might be extremely difficult to carry on. I had in mind the sewage disposal plant in Winnipeg which we had to deal with. There is a case in which the application of the principle behind this measure would be wholly inadequate.

Mr. DUNNING: Yes.

Mr. BENNETT: And as a matter of fact in my judgment at that time it was a case either of an epidemic or of going ahead with the sewage disposal plant, one or the other. We were forced by the circumstances to assist in the construction of that plant, which was a difficult and costly undertaking. The sum I have mentioned would not be any good at all.

The application of the general principle of a consideration of population in determining the amount to be distributed will create a situation which I fancy in many cases will be impossible of application, although it would be highly desirable.

There is, however, a method of disposing of this matter which will remove any possibility of the charge of its being illegal, which is the method which was adopted not by the former government, but by former governments, of placing the money under adequate supervision through provincial authorities.

The reason that at the present time money is lent to the municipalities by the provinces and not by the dominion was so adequately dealt with by the Minister of Finance that I do not propose to repeat it. They are the creatures of the legislatures. We deal only with the entity called the province, and not with the entities created by the legislatures. We are now proposing to depart from that and deal with the entities created by the legislatures themselves. In so doing we did come in conflict with—it may be an obiter dictum of the privy council; but at least we ran against that in the last cases. We overcome that if all the preliminary steps are taken that the minister has suggested, and the ultimate distribution is a matter between the provinces and the dominion. For it will be remembered that the province is being asked to give its guarantee, and frankly I fancy some of the provinces will hesitate greatly to do it. Because the amount which would be available would be insignificant having regard to the requirements of what might be called medium-sized communities in some of the provinces. They might well hesitate to give their guarantee; I fancy some will hesitate to do so. I believe I should point out to the minister that it will require legislation to enable them to do so.

Mr. DUNNING: In some cases.

Mr. BENNETT: In all cases, either legislation that is already existent or that will have to be enacted. And as this act is supposed to be of service in the immediate future it is quite clear that where the legislatures have risen for this year they cannot come within the provisions of the act.

Mr. DUNNING: But there is an alternative.

Mr. BENNETT: The alternative is to waive it, of course. The alternative is to take the promise of the government that it will do it, and then take a chance on it.

But I say as the resolution reads it is quite obvious that if the legislature of a province has met and risen for the year it cannot deal with the guarantee, which in most instances, is a statutory requirement. Although I am not quite sure, I will admit that there are about three provinces which have general statutes enabling them to give guarantees under certain very restrictive conditions. Whether this comes within any of them or not, I am not in a position to say. But I think it is well to mention to the minister that that guarantee must be provided for. How are we going to deal with Ontario, for instance? My memory is that there is no general power of guarantee on the part of the government of Ontario for matters of this kind. Any guarantee given by the government without statutory authorization is invalid. There being therefore no authorization, this act cannot become effective in Ontario until the legislature meets, unless—and that is the reason I make the suggestion—we deal with it by some other method. The same applies equally to British Columbia. The legislature of that province has risen for the year.

Mr. DUPUIS: Quebec is the same.

Mr. BENNETT: And the same applies to Quebec as the hon. member for Chambly-Rouville has indicated. Under these circumstances I think we should carefully consider whether or not we may not be enacting legislation which looks upon the face of it to be excellent, but which has imposed upon it the condition of a guarantee by a province and a municipality, and which may become abortive, and which would be absolutely useless from the standpoint of practical application until the legislatures met.

And what is more, I think I should say to the minister that in some of the provinces I know the municipalities have no power of guaranteeing unless they get the exact, specific legislation.

Mr. DUNNING: No power to borrow.

Mr. BENNETT: No power to guarantee.

Mr. DUNNING: They do not guarantee anything; the municipality does not guarantee.

Mr. BENNETT: I thought it was proposed that a municipality should give its guarantee for the payment of debentures, where they were issued on self-liquidating schemes by boards owned by the municipality, which, however, would guarantee the payment of debentures issued by the board.

Mr. DUNNING: That of course would come in in that sense.

Mr. BENNETT: Yes; because the minister gave an illustration, and I thought I followed him accurately.

Mr. DUNNING: But that is a rare case. In most cases they are owned directly.

Mr. BENNETT: Yes, but in one or two instances of which the Minister of Finance has knowledge, they did set up by statute an independent body for the purpose of operating their utility; and as I followed his illustration it would be possible for this legislation to be made available to them, provided the city gave its guarantee as being the

real owner of the utility, although the debentures would be the debentures not of the municipality but of the utility.

Mr. DUNNING: The municipality would never have to obtain authorization from the province.

Mr. BENNETT: Yes, that is the point I make. Those are the two points I think we shall have to consider carefully when we come to the bill itself. For frankly I do not see how we are going to make this effective without the legislatures of the provinces taking steps to give their guarantees, or to authorize such guarantees to be given. I am not interposing this in any way as an obstruction, but rather as a suggestion which I think will have to be met before we can this year make it effective. The Minister of Labour has indicated how desirable it is that we should do so. That difficulty could be overcome in part by making the distribution a matter as between the provinces and the municipalities, provided the provinces would have the power they have heretofore enjoyed in that regard.

But a look at the orders in council downstairs does not induce one to believe that self-liquidation has been the sole determining factor in the granting of the aid to which reference has been made. Under the circumstances I think we will have to give the utmost consideration to the details of the measure. The minister has said that the resolution is as detailed as he thought he could make it. There are some details he has supplied in his very admirable explanation, but I am afraid that unless we go beyond the terms of the resolution, or if we follow strictly the terms of the resolution, we will find we have placed upon the statute book an act that provides for something being done next year, after the legislatures of the provinces have met and authorized their several governments to give the guarantees which, under the resolution, constitute an essential feature of the proposal.

Mr. DUPUIS: Would the right hon. member permit a remark?

Mr. BENNETT: Yes.

Mr. DUPUIS: It occurs to me that in many legislatures statutes were passed concerning unemployment and relief acts. I am sure that in Quebec similar legislation was passed, stipulating that it was for unemployment or relief, and the municipality was not bound to obtain authorization from the province. Otherwise it would be necessary to have either a referendum or the authorization of the provincial government.

Mr. BENNETT: What the hon. member has said is correct so far as the municipalities are concerned. But the point I was endeavouring to make was that unless and until the legislatures of the several provinces have authorized their governments to give guarantees for the repayment of the sums advanced by the dominion under this legislation, it cannot become workable under the terms of the resolution now before us. I think there is no doubt as to that, and as many of the legislatures have risen for the year 1938 it will be essential for us to consider, when the bill based on this resolution is before us, whether we are in a position to insist upon that guarantee being given. It would involve the minister ascertaining from the several provinces whether or not they have the authority to give the guarantees without further legislation.

Mr. DUPUIS: The same difficulty will occur even if the distribution is made to the provinces.

Mr. BENNETT: No, because some of them have power to give promises to pay, which would be the same thing with respect to unemployment relief as a guarantee.

Mr. DUNNING: Perhaps I should at this stage indicate what is in the mind of the government regarding the point raised by the leader of the opposition (Mr. Bennett). In fact, I think I should apologize for not having anticipated it, but I overlooked it completely in making my statement.

The laws of the provinces relating to municipal expenditures vary very widely; the powers vested by the legislatures in the various lieutenant governors in council vary very widely as also do the powers extended to municipalities to do certain things involving capital expenditure. It is quite impossible to frame a measure which would meet all the varying conditions, and I was compelled therefore to visualize the possibility that this scheme might have a sufficient appeal to the various provincial authorities to warrant them even in calling the legislature together for a couple of days to make possible what might be required in their particular case, for the municipalities on the one hand and for themselves on the other, to enable them to come within the ambit of the legislation.

I will be perfectly frank, Mr. Chairman, and say that I do not think the dominion can extend this credit on any less secured terms than those involved in the bill. As the one charged with the guardianship of the treasury, I should say that I believe the security asked for by this legislation is reasonable and no more than adequate so far as

the dominion is concerned, especially when we have in mind the fact that each legislature controls absolutely the municipalities within its borders. The municipalities are wholly the creatures at all times of the provincial legislatures. If we proceed to lend direct to the municipalities—and there is some question whether we could, as indicated by the leader of the opposition,—it would be open to any provincial legislature so to change the conditions under which its municipalities operate as to make it quite impossible for us to get the money back. We might as well face that. That being the case, seeing that we are rendering this assistance to institutions which are wholly the creatures of provincial legislatures, I think that when we are lending the money so cheaply, when we are taking the degree of loss on the loan which I indicated in my earlier remarks on the subject, the minimum security we should ask is that the province should guarantee that the municipality will keep the obligation it has incurred for a project; and remember, that the project must itself have the approval of the provincial government before it can become eligible for a loan under this statute.

Mr. BENNETT: And be self-liquidating.

Mr. DUNNING: And be self-liquidating. I would not regard it as a hardship, and I am sure the provinces would not, for the legislatures, if necessary, to meet for the very short time required to enable such amendments to be made to their municipal laws as would enable them to take advantage of this legislation. Before this session is over there may be, there will be, other measures which may involve a similar principle. If we are to extend the credit of this dominion to our various self-governing bodies of one kind or another it seems to me that we must take the constitutional aspect sufficiently into account and that we must receive such security as the people of Canada have the right to expect us to take, especially when the expenditure involves a definite annual contribution by the people of the whole of Canada to the people of a particular part of Canada who are organized into a municipality.

Mr. TAYLOR (Nanaimo): In view of the earlier remarks of the leader of the opposition (Mr. Bennett) and the remarks now made by the Minister of Finance (Mr. Dunning), I should like to know specifically, Mr. Chairman, whether in your judgment I am misinterpreting this resolution. I had no idea that I had done so. I instanced a certain municipality in British Columbia which had a faulty waterworks and desired to improve it; desired to take out the old wooden pipes and replace them with concrete pipes. That is all work which would involve labour, and it would, as I see it, come within the purview and under the provisions of this legislation. Am I correct in so interpreting it?

Mr. DUNNING: You have omitted one essential qualification. The work must be self-liquidating.

Mr. TAYLOR (Nanaimo): Oh, yes. That was in my mind, although I did not state it.

Mr. BENNETT: And one other qualification.

Mr. DUNNING: The approval of the provincial government.

Mr. BENNETT: One other.

Mr. EULER: It has to provide employment.

Mr. DUNNING: That is the essential basis, yes. Might I ask my hon. friend if there is any unemployment in the municipality concerned?

Mr. TAYLOR (Nanaimo): Yes.

Mr. DUNNING: A great deal? That would be an essential primary condition.

Mr. ELLIOTT (Kindersley): Just to make the resolution unanimous, Mr. Chairman, I wish to endorse it for our group here. I can see that a great deal of credit will be derived from this resolution. I have in mind a problem in Edmonton which for a number of years has been debated, and which has been a financial issue; that is, the addition of another unit to the electric light plant of the city. I assume that would come under this resolution?

Mr. DUNNING: Provided it comes within the scope of the conditions I have named, yes.

Mr. MITCHELL: Will the minister tell us whether or not the federal government will accept the guarantee of the province of Alberta?

Mr. DUNNING: I am sorry that question was asked.

Resolution reported, read the second time and concurred in. Mr. Dunning thereupon moved for leave to introduce Bill No. 143, to assist municipalities in making self-liquidating improvements.

Motion agreed to and bill read the first time.

RADIO BROADCASTING

REVISION OF RADIOTELEGRAPH ACT—CLARIFYING OF SECTIONS DEALING WITH LICENSING RADIO RECEIVING SETS

The house resumed from Thursday, May 12, consideration in committee of Bill No. 52, respecting radio in Canada—Mr. Howe—Mr. Sanderson in the chair.

The CHAIRMAN: Section 9.

Mr. LAWSON: As some of the prior sections to section 9 were allowed to stand, because the minister was going to consider having certain amendments moved to those prior sections, may I suggest to him that it might facilitate our dealing with the subsequent clauses if he would go back to those which stood and deal first with the proposed amendments to them?

Mr. HOWE: According to my records, the first clause to stand was section 4, subsection 1, paragraph (e). I was asked by the right hon. leader of the opposition to obtain an opinion from the Department of Justice as to the legality of that clause. I have that opinion, which I will read and table. It is from C. P. Plaxton, acting deputy minister of justice.

Dear Sir:

In connection with the consideration in the House of Commons of Bill 52, entitled "An Act respecting Radio in Canada," and in particular of the provisions of section 4 (1) (e) of the said bill which empowers the minister to make regulations,

"(e) prescribing that no radio receiving set or radio apparatus for installation or use as, or in, a private receiving station may be sold, repaired or maintained by any person until a licence is first obtained for such station;"

you request my opinion upon two questions relative to the legislative competence of the parliament of Canada which the Right Hon. Mr. Bennett asked to be submitted to this department. These two questions as set out in the issue of the House of Commons debates for May 11, 1938, page 3014, and my answers thereto are as follows:

Question 1: Has this parliament power to legislate with respect to the sale and conditions of sale of radios in Ontario?

Answer: In the form in which this question is framed, unrelated as it is to any provision of the bill, the answer would clearly be in the negative. But assuming that the question is intended to elicit an opinion as to the validity of said section 4 (1) (e), I think that the said provision, as framed, does not profess to legislate with respect to the sale and conditions of sale of radios in Ontario. It professes rather to impose a condition upon the sale or servicing of a radio receiving set or apparatus when, but only when, such set or apparatus is "for installation or use as, or in, a private receiving station"; and "private receiving station" as defined by section 2 (f) "means a radio receiving set or radio apparatus intended for or capable of receiving broadcasting."

In the reference re Regulation and Control of Radio Communication in Canada (1932) A.C. 304, the judicial committee of the privy council (opinion by Lord Dunedin) held that broadcasting, as a subject matter of legislation, fell within the exclusive legislative competence of the dominion parliament, in virtue of section 91 (29) and section 92 (10) (a), as being within the scope of the word "telegraphs," and also an undertaking "connecting the province with any other or others of the provinces and extending beyond the limits of the province." The board said, in this connection:

"The argument of the province really depends on making, as already said, a sharp distinction between the transmitting and the receiving instrument. In their lordships' opinion this cannot be done. Once it is conceded, as it must be, keeping in view the duties under the convention, that the transmitting instrument must be so to speak under the control of the dominion, it follows in their lordships' opinion that the receiving instrument must share its fate. Broadcasting as a system cannot exist without both a transmitter and a receiver. The receiver is indeed useless without a transmitter and can be reduced to a nonentity if the transmitter closes. The system cannot be divided into two parts, each independent of the other."

It follows, in my view, that it is clearly within the competence of the dominion parliament to require all private receiving stations, as defined, to obtain licences and to pay the fees prescribed therefor; and that being the case, I think it is likewise within the competence of the dominion parliament to provide for the effective enforcement of the provisions concerning licences and payment of fees therefor by appropriate ancillary provisions. Said paragraph (e) appears, in my view, to be directed to this object, not to the object of regulating the sale or conditions of sale or radios in any province.

Question 2: Has this parliament the right to insist upon a repair contractor ascertaining whether or not a licence has been taken out by the owner of the radio upon which he is to work, and to make him liable to a penalty if he fails to do so?

Answer: In view of the observations set out in my answer to question 1, it follows that this question should be answered in the affirmative.

In view of the opinion, and in view of the fact that this section which is now being embodied in the act has been in the radio regulations passed by order in council in 1932 and in subsequent years, and that it has worked effectively and has not caused any serious difficulty to date, I recommend that paragraph (e) be allowed to stand.

The CHAIRMAN: Section 4, subsection 1, paragraph (e).

Mr. LAWSON: Does the minister not mean that paragraph (c) remains in the bill?

Mr. BENNETT: That is what he says.

Mr. LAWSON: He said "to stand," and confused the chairman and the committee.

Mr. HOWE: Stands as part of the bill.

The CHAIRMAN: When the committee were on this bill on May 11, an amendment was moved by Mr. Lapointe (Quebec East) to section 4, subsection 1, paragraph (e) which was allowed to stand. The amendment is to amend section 4, subsection 1(e) by striking out the words "sold or serviced" in line 3 and substituting therefor the words "sold, repaired or maintained."

Mr. BENNETT: That passed, I think, did it not?

Mr. HOWE: Yes, I think that amendment passed.

The CHAIRMAN: The records are that it did not pass.

Mr. BENNETT: That should pass first.

The CHAIRMAN: Shall the amendment to section 4, subsection 1(e) carry?

Amendment agreed to.

Subsection 1 (e) as amended agreed to.

Section 4 as amended agreed to.

Mr. LAWSON: If the minister will permit me, before he goes to section 5; I marked on my copy of the bill that paragraph (e) of section 3 stood, but it may be that there was an amendment. In other words, the idea was that it was to stand in order that the penalty might be prescribed by the law itself and not be left to be determined by order in council.

Mr. HOWE: My recollection is that the amendment was at the time approved and the clause passed as amended.

Mr. LAWSON: On section 3 paragraph (e) was there an amendment?

The CHAIRMAN: Yes; that amendment was carried.

Mr. LAWSON: Then section 5 is the next one.

On section 5—Station licences.

Mr. HOWE: Section 5 is related to section 10 which is the penalty section for section 5, and we have suggested an amendment which was printed in the votes and proceedings. The amendment reads:

That Bill No. 52, clause 10 (1) be amended by inserting after the word "shall" in line 43 the following:

"Unless he satisfies the court or magistrate that the radio station or private receiving station or radio apparatus was not at the time of the alleged commission of the offence intended for or capable of being used for transmission or reception of radio."

And by striking out the words "not less than $5 nor exceeding $50" in lines 43 and 44 and substituting therefor the following "not exceeding $50" so that the said clause 10 (1) will read as follows:

"Any person who establishes a radio station or private receiving station or instals, operates or has in his possession any radio apparatus, in violation of the provisions of this act or any regulations made hereunder, shall unless he satisfies the court or magistrate that the radio station or private receiving station or radio apparatus was not at the time of the alleged commission of the offence intended for or capable of being used for the transmission or reception of radio, be liable on summary conviction to a penalty not exceeding $50 and on conviction on indictment to a fine not exceeding $500 and to imprisonment for a term not exceeding twelve months, and in either case the aforesaid radio apparatus may be forfeited to his majesty by an order of the minister."

The larger fine mentioned is, of course, for private sending stations, the installation of which is a very serious offence and has always been so regarded. Private sending stations are installed from time to time, unauthorized broadcasts being sent therefrom. Heavy penalties up to $500 have been imposed, depending upon whether or not criminal intent can be proved in connection with the establishment of these sending stations.

Mr. BENNETT: I think it is the usual course that the forfeiture, or confiscation as it is sometimes called, of the apparatus should be by direction of the court or magistrate as the case may be and not of the minister.

The CHAIRMAN: In order to clarify the record, I would point out that section 5 has not been carried.

Mr. HOWE: We were discussing some changes in the act relating to section 5, and perhaps we were rather out of order. I suggest that it might be well for us to pass on to clauses 9 and 10 and then return to clause 5.

The CHAIRMAN: Shall section 5 carry?

Mr. LAWSON: No amendment is proposed for section 5?

Mr. HOWE: No.

Section agreed to.

The CHAIRMAN: Sections 7 and 8 are carried; section 9 is not.

Mr. BENNETT: Has section 6 carried?

The CHAIRMAN: Yes.

On section 9—Search warrant.

Mr. LAWSON: I have no desire to repeat what I said when this clause was under consideration on a previous occasion. I rather thought the minister would give some consideration to the wide powers contained in this section with respect to the persons to whom search warrants may be issued. I do not know whether it is proposed to make any change in the section. If not, I shall not debate the matter again.

Mr. HOWE: The section has been very carefully examined by the law officers, and it is felt that the powers are necessary. I brought down a return showing the number of searches made since 1932, the period during which this provision has been in effect. In 1937 there were fifteen unlicensed transmitting stations—and operating such stations is regarded as a very serious offence—and there were seven searches for private receiving stations. The latter take place only when there is absolute defiance of the law. The return indicates, therefore, that the power is not abused. I may say that my officers are of the opinion that it is absolutely necessary to have this provision in the act if the act is to be workable.

Mr. BENNETT: The power should be there; the question is, to whom should the authority be given?

Section agreed to.

On section 10—Penalty for establishing stations without authority.

Mr. HOWE: I would ask my colleague the Minister of National Defence to move the amendment I have read. It is proposed in order to meet an objection from hon. gentlemen opposite, that the officers of the department shall not have discretion in deciding whether a prosecution will take place, the contention being that the judge should be the person to determine whether the apparatus was in use or capable of being used.

Mr. LAWSON: This section stood when it was before the committee on a former occasion, as I understood it, by reason of two objections which I raised to the section and pointed out to the minister at that time. In the statement now made by the minister I am afraid he is confusing the two. The objections I made were these: Under this new legislation the mere possession of a radio receiving set constitutes an offence, irrespective of whether that radio receiving set was capable of being operated. I pointed out that when you consider the clause on the next page, I think subsection 2, which puts the onus on the accused, once it was proven that a man was in possession he was automatically guilty of an offence and the magistrate could not relieve him. To meet that situation this amendment has been proposed, and I think it meets that situation.

Mr. HOWE: I have two more amendments to this clause, which I think will meet the views of my hon. friend.

Mr. MACKENZIE (Vancouver): I move the amendment read by the Minister of Transport.

Amendment agreed to.

Mr. LAWSON: I should like the clause as amended not to be declared carried until I hear what the other amendments are.

Mr. HOWE: I would ask my hon. friend the Minister of National Defence (Mr. Mackenzie) to move the following amendment to section 10, subsection (2):

Amend clause 10 (2) of Bill 52 by striking out the words "the onus shall be upon the accused to prove that he had a licence at the time of the alleged commission of such an offence, and" in lines 2, 3 and 4 on page 5.

Mr. MACKENZIE (Vancouver): I move accordingly.

Amendment agreed to.

Mr. LAWSON: The amendment in fact does nothing except to remove redundant words from the section as it previously stood.

Mr. HOWE: I have other amendments. I will ask the Minister of National Defence to move to:

Amend Bill No. 52, clause 10, by striking out subsections (3) and (4) and inserting the following as clause 11:

(1) No proceedings shall be taken against any person under this act except by order of the minister.

(2) In every case of a summary conviction under this act the magistrate or justice of the peace shall, in addition to any other penalty imposed, award and order that the defendant shall pay to the prosecutor or complainant such proper costs as may be allowed under the provisions of part XV of the criminal code.

Renumber clauses 11, 12, 13, 14 and 15 as numbers 12, 13, 14, 15 and 16 respectively.

Mr. MACKENZIE (Vancouver): I so move.

Mr. BENNETT: Does the minister think it is really desirable to say that no proceedings of any kind under this act shall be taken except with the consent of the minister? It deprives the act of its public character and places in the hands of a political official the administration of justice. That is really what

it means. It is legislation of a kind that is usually very much frowned upon, for reasons which I think are apparent. If that limitation were confined to certain sections, all right. But to say that all proceedings under the act shall be subject to the approval of the minister is going further than I can recall having been done in any similar situation; because it at once limits the administration of justice, prevents a person who has knowledge from laying a complaint before a justice of the peace, and makes the minister, who is a political officer, the preliminary judge in every case that is adjudicated upon by a magistrate. That is a wrong principle, and I think in practice it was abandoned a long time ago. Under the Lord's Day Act we have special provisions as to proceedings being taken only on the fiat of the attorney general, and it was held in an important case that that fiat had to be signed by the attorney general in person; that his deputy could not do it. The result is that, in a case of the slightest possible violation of the provisions of this very important statute, in a remote section of this country, the minister would have to give his consent, I take it in writing, before proceedings could be taken. I urge upon the minister reconsideration of the application of that very broad principle to this statute; for surely this statute, like all other public statutes, should be capable of enforcement, where there has been open breach, by any citizen laying a complaint before a justice, and proceedings being taken. There are other sections which I admit at once should not be enforced by the average citizen making a complaint, but should be subject entirely to the control of the minister. That would prevent many abuses which might otherwise arise. But I certainly think it is going a very long way to say that any proceedings under a public statute can be taken only with the consent of the minister.

Mr. FACTOR: Is there not a similar provision in the Weights and Measures Act?

Mr. BENNETT: I do not think so. Under certain sections, yes; but this covers the whole act.

Mr. BOTHWELL: It seems to me this section will conflict to some extent with section 9, under which information may be given to a justice of the peace to issue a search warrant.

Mr. BENNETT: That has to have consent.

Mr. BOTHWELL: If no proceedings can be taken without the approval of the minister, then the minister would have to grant leave before even permission for a search warrant could be granted.

Mr. HOWE: This has always been in the act. I think the original purpose was to temper justice with mercy. I know that since I have been minister I have had reports submitted on the circumstances of the people against whom actions were to be taken, and I have not authorized a search unless the people were able to pay. I think that is the purpose of this provision. Personally I should be very glad to be relieved of the responsibility. I have signed hundreds of these prosecutions since I have been in office and have received a good many complaints from people whose respect I value for having done so. I think every minister since this act has been in force has signed an authorization for every prosecution that has taken place.

Mr. BENNETT: That may be, but the statute did not require the consent of the minister to all procedings. It simply required his consent to proceedings under certain sections. Now the consent of the minister must be obtained for the very simplest prosecution; a search warrant could not be issued in a remote section without the consent of the **minister.**

Mr. HOWE: In that event I suggest that the situation could be met by withdrawing the last amendment, which was made at the suggestion of the Department of Justice. In view of the discussion I think probably the proposed last amendment is a mistake. I think it was only intended that the prosecutions under section 10 should require direction from the minister. With the consent of the committee I will withdraw the last amendment.

Amendment withdrawn.

The CHAIRMAN: Shall section 10 as amended carry?

Mr. LAWSON: No, Mr. Chairman; I want to go back to subsection 1 and remind the minister of the second point I raised when the section was reserved. That is, you have two procedures in the same section. A man may be prosecuted by summary procedure, in which event there is a penalty which would seem to be commensurate with the offence of failing to obtain a licence for a private receiving set; or he may be prosecuted by indictment, in which event the penalties are very heavy. The minister to-day admitted that the indictable offence is put there for the purpose of dealing with those who may

establish unauthorized private broadcasting stations, and I quite agree that there should be a more severe penalty for that offence. But as I pointed out when the section was under consideration previously, who is going to say whether some person who fails to take out a licence for a private radio receiving set is going to be prosecuted by summary procedure, or is going to be haled before a superior court and charged with an indictable offence?

Mr. FACTOR: The minister has to consent to a prosecution.

Mr. LAWSON: The minister's reply was that the departmental officials would make the determination. The minister will remember I pointed out that I did not think it was proper that a civil servant should have the right to determine whether I, as a citizen, should be prosecuted for a minor or a more serious offence arising out of the same set of facts and the same circumstances. Now the hon. member for Spadina says the minister may determine. I assume that is by reason of subsection 3, if subsection 3 is to stand.

Mr. HOWE: Yes.

Mr. LAWSON: Does not the minister himself think, even if subsection 3 is to stand, in view of the statement he made to-day, that this clause should be clarified and that specific provision should be made whereby anyone who operates or has in his possession a private radio receiving set without a licence may, on summary conviction, be fined a minimum or a maximum amount? Then go on and say anyone guilty of establishing or having in his possession a private sending station shall be guilty of an indictable offence and liable to certain penalties, if that is the thought in the mind of the minister, urged upon him by the department. I do think it is a mistake to pass legislation giving discretionary power to someone who is not a judicial or quasi-judicial official, to say that I may be prosecuted for an offence which may result in a minor or a major penalty. If there is to be a discretion of that kind, I think it should be exercised by a crown official such as the crown attorney.

Mr. HOWE: My officers point out that there may be a criminal offence in connection with a receiving station. That is, it is quite conceivable that a man could use a receiving station to tap an important source of information, such as a Marconi wireless beam, a transoceanic service, and to dispose of the messages in a criminal way. Then, of course, there are two grades of offences even in connection with sending messages. We have several cases of this kind: A boy will build an amateur sending station in his basement. Of course he is simply taken before the judge and ordinarily fined from $2 to $5, whereas a big company might set up an illegal sending station and really do a great deal of damage with it. My officers believe that the section as it stands, administered with discretion, is the most effective way to handle the situation.

Mr. LAWSON: In view of the minister's information that a private receiving station could tap a radio beam and obtain secret information, of course my objection falls.

Section as amended agreed to.

On section 11—His majesty may take possession of station.

Mr. LAWSON: Does section 11 now consist of what was formerly subsection 4 of section 10?

Mr. HOWE: No; section 11 is just as it appears. We withdrew the amendment changing the numbers of the sections.

Section agreed to.

Section 12 agreed to.

On section 13—Action for offence to be taken within two years.

Mr. BENNETT: With respect to this section, Mr. Chairman, I should like to suggest to the minister that the period should be one year instead of two years. I think two years is rather a long time within which to maintain the right to take proceedings under a statute of this kind; I believe that will be agreed. I have noticed that in many of our quasi-criminal statutes this period of time has operated very greatly to the detriment of those who at one time had a good defence, which the lapse of time made it impossible for them to assert. I should think twelve months would be ample in a statute of this kind, and I suggest to the minister that this might be changed accordingly.

Mr. HOWE: I am very glad to accept the suggestion of my right hon. friend, and I will ask my colleague to move that in line 4 of section 13 the words "two years" be changed to "one year."

Mr. MACKENZIE (Vancouver): I move accordingly.

Amendment agreed to.

Section as amended agreed to.

On section 14—Regulations to be published in Gazette.

Mr. BENNETT: As the section stands, it will be noted that the regulations shall, as from the date of publication or any later date mentioned therein, take effect as if they were enacted by parliament. That part of the section is quite understandable. But in view of the fact that it takes four or five days for a Gazette to be transmitted from one part of Canada to another, as a result of my own experience and observations I have concluded it would be desirable to say definitely that the regulations shall take effect, say ten days after the first publication in the Gazette. I am not mentioning ten days as a definitely suggested period, but am giving it simply as an example of a fixed date after the date of publication. The minister will see at once the difficulty which otherwise might arise.

Mr. HOWE: Yes, and I am glad to accept my right hon. friend's suggestion.

Mr. DUNNING: I move:

That for the words "shall as from the date of publication" in the seventh line be substituted the words "shall ten days from the first date of publication."

Mr. HOWE: Would seven days be a satisfactory period?

Mr. BENNETT: That would be hardly sufficient time for Vancouver island.

Mr. LAWSON: No; seven is not enough.

Mr. FINN: It seems to me the committee is giving very wide powers, almost dictatorial powers, to the Minister of Transport. Under another section he is the sole judge as to what the offences are, and they are to be laid by him. We find that the department in the right of the crown collects all the moneys, and nothing goes to the magistrates or justices of the peace.

We now come to the present section and must consider regulations which have almost force of law behind them. These regulations are made under statutory power given to the minister and his technical officers. How is anyone in Nova Scotia to know that regulations have appeared in the Canada Gazette? The broadcasting legislation is so broad in compass that I say the regulations should be published along with the statutory enactments; because it is now going to be impossible for a person in any part of Canada, whether he be in British Columbia or Nova Scotia, to know what regulations have been passed, or to know that a regulation has been in the Canada Gazette for seven days.

Such person may be guilty under the statute. As has been pointed out to the minister, we are getting into a new field in which laws are enacted outside the criminal code and outside the powers given in connection with the laying of informations under this measure. Cases are placed in the hands of magistrates or justices of the peace for trial. I think in fairness to the hundreds of thousands of people in Canada who have radios in their homes, they should have greater opportunity of ascertaining what the regulations are. The suggestion of the right hon. the leader of the opposition is along the right lines, but I do not think it goes far enough. The regulations in my opinion should be embodied in the statute. Surely the Minister of Transport and his technical officers are in a position to say what the regulations are going to be and to put them in the statute, so that every one in Canada, no matter where he may live, may know whether or not he is guilty of an infringement of a regulation.

Very few people, with the exception of some in Ottawa, read the Canada Gazette. It is a publication which may go out to members of parliament; but those members are not going to make unpopular suggestions to their constituents; at least I should think they would not. I am asking the minister if there could not be some way in which the regulations would be made clear to the owners of radios, so that advantage would not be taken of them, and so that they would not be accused of being guilty of an offence under regulations of which they had no knowledge? An accused person might say he had no knowledge, and there was no manner in which he could receive it, unless he were a person who read the Canada Gazette.

Mr. BENNETT: There has been a great improvement, and most cases which would arise are now covered in the statute.

Mr. FINN: I am pleased to hear the leader of the opposition say that. It gives me some balm of conscience to know he believes that the amendment suggested by the Minister of Transport is sufficient. I have no desire to have any difference with the Minister of Transport, but it is my hope that people using radio sets in far distant parts of Canada shall not be confronted with regulations of which they had no knowledge and about which they were not in a position to know. They may have had no intent to commit an offence under the regulations, because they would have no knowledge of those regulations.

Mr. BENNETT: Apropos of what the hon. member has said I was going to say

to the minister when I was speaking to section 14—and then I thought it might be absurd to suggest it in a statute—that it might be well for the minister to say: "The department will undertake that any important regulations are brought to the attention of the public through broadcasting." I thought that would be an easy way to deal with the matter, but I did not like to suggest it as part of the statute.

Mr. HOWE: I assure my right hon. friend that that will be done. I would point out, however, that the important regulations are printed on the back of the broadcasting licence, itself.

Mr. BENNETT: And the statute is now more complete in that regard than it was before?

Mr. HOWE: Yes; in revising the act we have brought in most of the regulations.

Mr. LAWSON: Printing regulations on the back of the licence will not help much, because the section is designed against people who have no licences.

Amendment agreed to.

Section as amended agreed to.

Section 15 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.

PRIVATE BILLS

RESTIGOUCHE LOG DRIVING AND BOOM COMPANY—NON-INSISTENCE UPON AMENDMENT

Mr. C. J. VENIOT (Gloucester) moved:

That a message be sent to the Senate to acquaint Their Honours that this house does not insist on its amendment to its Bill No. 66, respecting the Restigouche Log Driving and Boom Company, to which the Senate disagreed.

Motion agreed to.

SECOND READINGS

Bill No. 125, for the relief of Paul Sanson White.—Mr. Hill.

Bill No. 126, for the relief of Louise Maud Thomas Gregory.—Mr. Factor.

Bill No. 127, for the relief of Emma Kathleen Lavery Forester.—Mr. Graydon.

Bill No. 128, for the relief of Edith Margaret Campbell Quinn.—Mr. Hyndman.

Bill No. 129, for the relief of Dorothy Maud Doran Gay.—Mr. White.

IMMIGRATION ACT

AMENDMENT OF PROVISION RESPECTING PROHIBITED CLASSES

The house resumed from Tuesday, May 24, consideration of the motion of Mr. Neill for the second reading of Bill No. 112, to amend the Immigration Act.

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, when this bill was last before the house I had risen to close the debate. I had intended to be brief; but when I was speaking it occurred to me that in view of the positive and definite statements made by the Minister of National Defence (Mr. Mackenzie), it would be well for me, not being a lawyer, to check up as to the accuracy of what he said. His statement was to the effect that the passage of this bill would make conditions in British Columbia many times worse than they were before, and would allow thousands and thousands of Japanese to enter provided they possessed the ability to learn English. I took up this matter with every legal expert I could find, and with one accord they said that this was not so. Most of them laughed; some of them swore, and others said, "How could it?" I showed them the Immigration Act and my bill and asked them if it was possible that any increased number of Japanese could come in, and with one accord they said it was impossible.

Section 3 of the Immigration Act contains a number of prohibited classes. People who come under those classes cannot enter Canada under any condition. There are twenty-one different classes set out, and I shall name one or two at random. Persons who are imbeciles, Persons afflicted with tuberculosis, persons who are alcoholics and so on are not allowed in. The twentieth prohibition has to do with people who cannot read any language. I am dealing with the Japanese at the moment, and they would be able to come in if they could read the Japanese language. I add to that prohibition by stating that in addition to any person being able to read their own language, they must be able to read either English, French or some language of Europe. How could that possibly let in more Japanese? They can come in now if they can read their own language. I simply superimpose on that the stipulation that they must be able to read English. Yet we are told that this will allow thousands and thousands of Japanese to come in.

Mr. CRERAR: If my hon. friend will pardon me, I believe he is wrong there. The number is limited to-day by the gentleman's

agreement under which so far as Japanese are concerned, the Immigration Act does not apply. If my hon. friend will permit me, I should like to point out that according to his bill, if a Japanese over a certain age can read English, French or any other European language, he would be permitted into the country.

Mr. NEILL: If the hon. gentleman will excuse me, I shall apply to him the language he applied to me a few weeks ago and say that he is talking nonsense.

Mr. CRERAR: That is not the opinion of the immigration officials.

Mr. NEILL: Never mind. Do not make speeches. It does not matter whose opinion it is. My hon. friend says that they would be allowed to come in if they can speak English, but the gentleman's agreement restricts the number who may come in to 150. My bill does not do away with that restriction. If every Japanese in Japan was able to speak English, the gentleman's agreement would still exist and would permit only 150 to come in. I have the agreement before me; it states that hereafter immigrants from Japan will be subject to all the regulations of the Canadian Immigration Act—the minister evidently did not know that—and then there is the extra provision that the number coming in shall be limited to 150. I repeat that my bill does not repeal the gentleman's agreement that limits the number to 150, so how can thousands and thousands come in? The effect of my bill will be largely to cut down the 150. The classes that come in under the gentleman's agreement are mostly farm labourers and domestic servants, and it is seldom that they can speak anything but Japanese. The restriction imposed by this bill will probably restrict the number coming in to five or perhaps ten a year for some years to come. At most it will be a very small number.

Speaking of labourers reminds me of the interim report made by the committee which was sent out to investigate this matter. I think we should have had an opportunity of seeing that report. I have not seen it, but I believe if it had been presented to this house Bill No. 11 would be the law of the land to-day. I have not the interim report, but I have some of the information that was laid before that committee and I propose to give it to the house. The number of Japanese school children in British Columbia to-day is more than double, 110 per cent to be exact, what it was eleven years ago. The number of Japanese school children in Vancouver to-day is very close to the total number of Japanese school children in British Columbia eleven years ago. Does this house know that in British Columbia to-day there are 1,000 Japanese on relief? They are not put to the trouble of seizing a public building to get it. They receive their relief as regularly as old age pensions. Yet we have all this quibbling between this government and the British Columbia government about the matter of domicile, and we have the spectacle of white men driven by despair to start what is practically a revolution. It is little better than a revolution even though it is a peaceful one. Yet these Japanese are receiving their relief as regularly as clockwork. These are the facts.

Does the house know that according to the records of the Royal Canadian Mounted Police the deportation of forty-three Japanese was recommended in a given period? Deportation is not recommended unless a crime is committed, and yet these forty-three deportation orders were cancelled at Ottawa. It would appear that the Japanese have some friends at Ottawa. It is generally quite difficult to get a deportation order cancelled. I once tried to get one cancelled in connection with a solitary, lone Scotchman, and I had considerable trouble. Yet these forty-three orders were cancelled even though they had been recommended and appeared on the records of the Royal Canadian Mounted Police.

Here is the final thing. Notice was served on that committee by a Japanese official to the effect that if their investigation resulted in the deportation of not more than ten or fifteen Japanese there would be no serious trouble, but if thirty or forty Japanese were affected then there would be trouble. They were told that there would likely be repercussions in Japan. That was told the committee by a high Japanese official. The picture is this: When we find men committing crimes we must not find more than fifteen of them guilty or there will be trouble. It will be just too bad, or else. I believe if these facts had been laid before the house when we were considering Bill No. 11, the vote would have been different.

It is true that this bill does not provide for the total exclusion provided for by Bill No. 11, which should have been passed. The Minister of National Defence approved that bill, but he voted against it. His own national poet says:

> He knows the right and doth approve it too,
> Condemns the wrong but still the wrong pursues.

The government rejected Bill No. 11 because the Japanese might not like it, but this bill makes no reference to the Japanese by name. They are only one of many of the

coloured nations of the world which make up three-quarters of the population of the world. The educational test has been in use against the Japanese for many years now, I think thirty, or at least twenty, as regards Australia and New Zealand.

I object strongly to having it spread on the pages of Hansard and through the radio and the press that I have introduced in this house a bill which would make matters in British Columbia many times worse and allow thousands and thousands of Japanese to come in, when the facts are as I have stated, and they cannot be contradicted. I want to give hon. members a picture of this bill. It reached its second reading in the shape of Bill No. 38. I said what I could in favour of it. There was no objection made against it, no fault found with the matter of it, no comment upon it, no criticism of it. But a point of order was taken in connection with the printing of it, a point of order that has not been enforced for ten years, and had it been enforced impartially that day it would have thrown out nine other bills, six of them important government bills. However, it was thrown out; I brought it in again—the rules allowed it—and it came to the second reading the other night. The whole gamut of technicalities had been exhausted. Believe me, it was gone through with a tooth comb, and it could be attacked only on its merits. There are sixty-three lawyers sitting behind the leader of the government party. The massed intelligence of all that legal ability—for they are able men—would naturally be brought to bear on the subject, and what was the result? The mountain laboured and brought forth, not a mouse; it did not even bring forth the cheese to bait the mouse. All the concentrated ability of those sixty-three lawyers could produce only this piffle about the thousands and thousands of Japanese. The hon. member for Nanaimo (Mr. Taylor) would, I am sure, call it an "emotional argument" which was used in that connection.

That having been disposed of, what is left of the argument against the bill? Nothing, because there were no other arguments put up. There cannot be much wrong with the bill when the only argument used against it is of such a puerile character. But it is going to be condemned. We remember that in the nursery tale we were told that the wolf said he was going to eat Little Red Riding Hood because she had done something against him. When she proved she had not done it, the wolf said, "Well, I am going to eat you because your grandmother did something." When she showed that her grandmother had not done it, the wolf said, "Well, I am going to eat you, anyhow," and this government is going to kill this bill anyhow, although no argument has been advanced against it. This is not a nursery or a nursery tale; we are a legislative body of lawmakers; we have some privileges and rights, and we ought not to be asked to defeat a bill without some reason being given for doing so. The premier told us, very properly, what in his opinion was wrong with Bill No. 11; but no one on the government side has told us what is wrong with this bill, and yet it is going to be defeated.

If the government will not take the house into its confidence as to the reasons for this course, I am going to take the house into my confidence. I am going to make a diagnosis, as the doctors call it, founded upon the facts as we know them and as they seem to warrant, and suggest the reason why the government is determined to defeat this bill upon a party vote without any justification. The reason is twofold. First, there is nothing wrong with the bill; but, second, there has been an arrangement made with Japan that there will be no further restrictions on immigration for a given period. Not a treaty, of course not; no written agreement; no negotiations even, but just these mysterious diplomatic things they call, I believe, in the highest diplomatic circles, "conversations". If such an arrangement was made, I do not blame the government for living up to it; but I do blame them for making such an important arrangement without consulting this house, which alone has the power to make such an agreement; and still more, having made it, for not having told the house what it was. If that is the explanation, the bargain, not having been sanctioned by us, is not binding on us, and there is no reason why we should yield control over our domestic affairs.

Mr. CRERAR: Will my hon. friend permit a question?

Mr. NEILL: No. For four months I have waited for this thing, and I am going to have my innings to-night.

Mr. CRERAR: There is just this—

Mr. NEILL: No!

Mr. CRERAR: On a point of order, Mr. Speaker, I am entitled to say this. My hon. friend has said either too much or too little.

Mr. NEILL: That is not a point of order.

Mr. CRERAR: He has hinted that there is some arrangement, and he ascribes the opposition to his bill as being the result of an arrangement which must have recently been made.

Mr. BENNETT: He did not say "recently."

Mr. NEILL: That is not a point of order.

Mr. CRERAR: I just want to say there is no—

Mr. NEILL: I do not wish the minister to say it. He has had his opportunity. The bill has been up for second reading twice. He had all the time in the world. But I will answer him. I was going to answer him anyway if he had kept quiet. If that is not the explanation, I will furnish another. If he does not like the one horn of the dilemma he can take the other. Is it because the government get political hysterics every time the name of Japan is mentioned? We dare not deal with the strictly domestic matter of our own immigration for fear—and fear is an ugly word, Mr. Speaker—that an alien heathen nation, that has no claim whatever to a grievance, might not like it, a nation whose best claim to fame at the present moment is the fact that it is raping and ravaging a friendly nation whose territory it swore a few short years ago to protect and maintain.

Now, this thing is cumulative. Where is it going to stop? If we yield five per cent of our rights to-day for the sake of peace, six months hence we shall be required to surrender ten per cent, and a year afterwards they will want fifty per cent. Other nations will imitate this policy, and we shall lose their respect.

How did we get their respect? We became a nation, not by the Statute of Westminster that we hear so much about, but through the blood and treasure we spent in France to prevent Canada from becoming a German colony. The Statute of Westminster did something. It gave us power to make our own treaties. A lot of good that did us. If we set our feet on the fatal, bitter path I have outlined, soon we shall not be allowed to make our own treaties; we shall not even be allowed to make our own pyjamas, because Japan will discover that she can make them cheaper because of her low standard of living, and they will be sent to Toronto and sold below the cost of the raw material there. If that is to be our policy, we had better tear up the Statute of Westminster and crawl back as a colony under the overburdened protection of the British nation. At least we would be safe there; yes, cheaply safe, would we not? Britain would give it to us, give it to us to the last exhaustion of her strained powers, and she would not worry and fuss because every now and again we debate whether we would be at war when she is at war. But what a humiliation it would be for us as a nation and as individuals!

[Mr. Bennett.]

Mr. Speaker, it is more than forty-seven years since I came to this country. That is a longer time than the lives of many of the hon. members I see before me. I have married, brought up a family and buried our dead here. I have been a loyal and true Canadian in thought, word and deed. I have taught my children that they must not pay too much attention to the land of their parents, but that they must be true Canadians and bear faithful allegiance to Canada herself. For the first time in nearly half a century I have occasion to be ashamed of my adopted country. To-night we are at the fork of the road. We can say to Japan, "While you have not said you objected to this bill, we have not passed it because we thought you might not like it. We have not exactly cut loose from Britain, but we have indicated that there is no obligation, that there are no commitments if she is in trouble, and to that extent we have weakened her in the eyes of the world; you have our sympathy; we hope you will not be too hard on us." Shall we take that degrading and humiliating position, or shall we say to Japan and to the world, "When Britain is in trouble we are in trouble; when Britain is at war we are at war, and when Britain is in a war, while we cannot bind future parliaments as to the amount of participation, any more than the British parliament is bound, we will do our part; we are solidly behind Great Britain economically, financially and in every other way to the best of our ability." Then, let us say to Japan, "We are determined to run and control our own domestic affairs, of which immigration is one, and another is to decide whether people can be deported or not. That is another privilege and we are going to use it. We are solidly behind the British nation, and the British nation is solidly behind us." That would be the end of it. That would be a policy of courage, a policy of dignity and self-respect, both for us and from the other nations, and one that would make for the preservation of peace, a bold policy which would put us in standing and reputation with all the nations of the world. Whether we take the short vision of the immediate future or the long vision down the vista of time, it would be a policy that would immediately and ultimately work for the benefit of British Columbia, of Canada and of the British empire in which we are all concerned. I think the first step towards the announcement and the initiation of such a policy would be for us to pass this bill which is before us to-night.

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

YEAS

Messrs:

Anderson	MacLean (Cape Breton
Baker	North-Victoria)
Barber	MacNeil
Bennett	MacNicol
Brooks	Massey
Casselman	Mitchell
Clarke (Rosedale)	Neill
Elliott (Kindersley)	O'Neill
Emmerson	Pelletier
Esling	Ross (St. Paul's)
Graydon	Rowe (Athabaska)
Green	Spence
Hanson	Stevens
Harris	Stewart
Hyndman	Stirling
Kennedy	Thompson
Lawson	Tustin
Leader	Walsh
Lockhart	Ward
MacInnis	Wermenlinger—39.

NAYS

Messrs:

Beaubien	Lapointe (Quebec East)
Bertrand (Prescott)	Leclerc
Bertrand (Laurier)	Leduc
Blair	McCallum
Bonnier	McCann
Bothwell	McCuaig
Bouchard	McCulloch
Boulanger	Macdonald
Bradette	(Brantford City)
Brunelle	McDonald (Pontiac)
Cameron	McDonald (Souris)
Chevrier	McKenzie
Clark (Essex South)	(Lambton-Kent)
Cleaver	Mackenzie
Coté	(Vancouver Centre)
Crerar	MacKinnon
Damude	(Edmonton West)
Deachman	McLarty
Denis	MacLean (Prince)
Deslauriers	McLean
Dubois	(Simcoe East)
Dunning	MacLennan
Euler	McNevin
Factor	(Victoria, Ont.)
Fafard	Mallette
Ferland	Martin
Ferron	Mills
Fiset (Sir Eugène)	Mullins
Fournier (Hull)	Mulock
Furniss	Reid
Girouard	Rennie
Gladstone	Rhéaume
Golding	Rickard
Goulet	Rinfret
Grant	Rogers
Heaps	Sanderson
Hill	Sylvestre
Howe	Taylor (Nanaimo)
Hurtubise	Telford
Hushion	Thauvette
Ilsley	Thorson
Isnor	Tomlinson
Jacobs	Turgeon
Jean	Warren
Kirk	Weir
Lapointe (Matapedia-Matane)	Wood
	Woodsworth—87.

CRIMINAL CODE

AMENDMENT TO PERMIT SWEEPSTAKES ORGANIZED BY PROVINCES FOR BENEFIT OF UNIVERSITIES OR HOSPITALS

The house resumed from Friday, May 27, consideration of the motion of Mr. Bertrand (Laurier) for the second reading of Bill No. 28, to amend the criminal code.

Mr. VITAL MALLETTE (Jacques Cartier): There are so many public hospitals in the county of Jacques Cartier that I consider myself in duty bound to speak on this bill sponsored by the hon. member for Laurier which would permit the holding of sweepstakes under provincial regulations and supervision for the benefit of hospitals and legally constituted universities. No doubt hon. members will be interested to have a list of the hospitals which are in my county. In Lachine we have l'Hôpital St. Joseph and the Lachine General Hospital. In Cartierville we have l'Hôpital du Sacré Coeur, better known throughout America as the Hospital for Incurables. At Côte de Neiges we have l'Asile Nazareth, St. Mary's and the Jewish hospital. At St. Laurent there is l'hôpital de Notre Dame de l'Espérance.

It is well known that hospitals are having a hard time financially. In all the cities in Canada annual campaigns have to be held to support the hospitals. In many cases that is not sufficient, and provinces and cities have to guarantee their bonds, and not only the bonds but often the interest coupons as well. Therefore there is no doubt about hospitals being in need of financial support. Fortunately there is a large number of anonymous benefactors who help such institutions. Some generous people help them regularly, others at various times or upon special occasions. Some benefactors adopt a certain institution, sometimes because of religious reasons, sometimes because a hospital specializes in the treatment of diseases in which they take an interest. Hospitals devoted to the care of children seem to have a peculiarly strong attraction for good-hearted people, and derive great benefit from their interest. Leading citizens of both sexes serve on the boards of administration of hospitals and charitable institutions of all kinds. Their services are, of course, given freely; they render them as a duty and often as a hobby as well. They are glad to help their fellow citizens to that extent. This is practical Christianity of a kind of which we are greatly in need. Leading business and professional men deem it an

honour to act in such positions, and occupy them efficiently. Such noble sentiments reflect great credit upon humanity.

A moment ago I gave a list of the public hospitals in my county, and as far as I know every one of them is finding it exceedingly hard to make both ends meet. Still they do not even think of curtailing their services. By some means or other they carry on in spite of the deficit. A striking example is that of the Nazareth Asylum for the Blind, the deficit of which for the year ended June 30, 1937, amounted to $63,169.91. If to this were added what might be the value of the free services given by the Grey Nuns, what the deficit would amount to I leave to the imagination of hon. members. Other hospitals in my county have shown the same devotion to duty and the same deficits. These institutions, of course, make efforts to get help from their supporters and I have made a list of some of the means that are resorted to in order to secure such financial support. These include private subscriptions, bazaars, tombolas, kermesses, drawings, card parties, oyster suppers, soupers d'habitants, soupers du bon vieux temps, theatricals, house to house canvassing, dances, old boys' reunions, strawberry festivals, pilgrimages, and the latest method, bingo. Using all these methods they are sometimes able to lighten the load. This all requires a tremendous amount of work, while at the same time large sums of money leave Canada for another country where they are employed for this very purpose, that is, to help the hospitals. As an illustration in support of my contention, let me quote a short extract from an article that appeared in the Ottawa Journal of March 25, entitled Irish Sweepstakes Become a Major Industry, by Hugh Smith of the New York Times, sent from Dublin:

> If and when any Irish government has the temerity to end the sweepstakes, it will create something akin to a national crisis, since running sweeps has become one of the Free State's most important industries. . . .
>
> When Mr. Cosgrave regime gave legal sanction back in 1930 for running the first sweep for the hospitals, the prize fund was less than £500,000 and only a few hundred persons were employed in running the lottery.
>
> The success of the venture startled even the sweep's own promoters. The prize fund soared to almost £3,000,000 in 1932, and to-day it is seldom below £1,500,000. As millions began to roll in, the payroll increased accordingly. To-day an average of 3,000 people are permanently employed. The last few weeks before each sweep, this number rises above 4,000.

We may ask whether Canadians are taking an interest in sweepstakes. In this connection I have the Montreal Gazette of April 8, which states that $1,100,170 was spent by Canadians in tickets on Irish sweepstakes. Returning for a moment to the hospitals and their value to Canada, I ask how many hospitals have closed their doors since 1929? You will find the number remarkably small, if any have closed at all. They carried on, in the full sense of the word "carried" as it is used and understood wherever the English language is spoken. I have often heard mentioned both inside and outside this chamber the debt which this country owes to the banks for having weathered the depression. I have never heard anything about the hospitals. Far be it from me to minimize the success of our banks; but if people feel like examining achievements performed during the very dark period, I suggest that they might well place in the front rank the survival of our hospitals from one end of the country to the other, a survival which has been due largely to the self-denial of those in charge. If tickets for lotteries operated in other countries are being sold clandestinely in this country, there must be some sort of demand for them, and if this demand persists in spite of the illegality of the procedure, is it not to be presumed that it satisfies some sort of natural craving? Such being the case, are we not a little foolish, a little crazy, to let vast sums of money leave Canada when we need them so much here, especially when the operation of such lotteries would be under the control of the provincial authorities?

It must be borne in mind that the operation of the proposed act will not mean any additional charges upon the already overburdened taxpayers, while it may result in very considerable help to the beneficiaries of the scheme. Moreover, it would ensure that the buyers of tickets would be fairly dealt with. Here I allude to the possibility of moneys paid for tickets in foreign lotteries never being properly remitted.

Perhaps here it might not be amiss to quote a few opinions in support of the bill now under consideration. In this connection let me use the French sentence, "A tout seigneur, tout honneur." I refer again to the Montreal Gazette of March 28, which says that Hepburn—a name well known here—is in favour of sweepstakes. Let me go further and quote from La Presse of April 1:

> The chief argument of those who oppose public lotteries is that people would no longer give money to hospitals. That may have been true in other times, but it is not true to-day. The present generation has become accustomed to strokes of luck and is ever avidly seeking them, as is evidenced by the numerous drawings

of all kinds which reappear despite the efforts of the police. The addiction to such pursuits has spread to all classes of society and it is in order that our hospitals and universities may derive some benefit from it that it is sought to procure an amendment to the criminal code legalizing lotteries. There is no doubt that the immense majority of Canadians are in favour of lotteries, providing they are surrounded by the necessary safeguards.

Again, to give the house the point of view of the province of Quebec, because somehow or other we always have the reputation of being peculiar in Quebec, let me quote from the Montreal Gazette of October 29, 1937:

But in our old province a lot of people don't see a moral issue so long as proceeds of lotteries do good work, are run by government, don't feed racketeers.

I quote further from the same article, which is by Mr. Ashley W. Cooper:

And French logic comes back to the fact that lotteries may be gambling and gambling may be tabu under the criminal code, but you can't legislate people—Canadians included—into being good. Prohibition is cited. And the stream of Canadian dollars that runs to Ireland and other outside spots for periodical lotteries isn't forgotten.

I think this makes our position very clear. When people say we must not gamble in Canada the question naturally arises whether there are any forms of gambling at present tolerated by the law. The reply is very simple. There are race tracks, the stock market, the mining market and the grain market, to take only four of the best known examples. Just as I say my county shines as regards hospitals, so I can say it shines as regards race tracks. With regard to gambling in stocks, when the markets are on the rise we have lots of winners in my county, though when the market is on the decline we do not hear so much about it. Nevertheless money is won and lost by these devices, and very little if any of the profit goes to the hospitals, where it would be put to good use.

So I may summarize this argument by saying that hospitals are numerous in Canada, and there is no doubt they are all having a hard time. Some of the universities are also finding it difficult to keep going; that is generally admitted. In some other countries they have found a way to overcome that difficulty, to a certain extent at least, through the operation of lotteries controlled by the state. It is suggested that this be done here, and in my humble opinion it is a sensible suggestion, for the very good reason that whether or not a lottery is authorized tickets are sold anyway. On occasion they are sold within a hundred yards of where I stand at this moment, and we make the mistake of allowing all this money to go to other countries instead of retaining it here.

I congratulate the hon. member for Laurier (Mr. Bertrand) upon having brought this matter before the house, and I support him. I think I have advanced some very good reasons in support of the bill. I do hope the bill will be carried, because I can see it would be to the great benefit of the hospitals in my constituency, and to at least one of the universities in the province of Quebec.

Mr. J. S. TAYLOR (Nanaimo): Mr. Speaker, I desire to express myself in favour of this bill, and I do so because it makes an attempt, although imperfectly, to remove from the criminal code the effort to regulate the moral and ethical expression of our people. I mean by that I am perfectly satisfied that we should control the abuses in our ethical relationships to each other, and in our morals, as expressed in our economy. But when it comes to regulating and controlling the ordinary expressions of our thoughts, our ideas and our ideals, in ethics and morals, then I contend the criminal code is going altogether too far.

We have had representations from reverend and honourable members claiming that this was really a religious issue. The hon. member for Fort William (Mr. McIvor) brought out a novel interpretation of one of the commandments, and attempted to make that which was really an ethical instruction a religious teaching. In addition, the hon. member for Athabaska (Mr. Rowe) made extravagant statements about what would occur in Canada if we permitted this bill to pass. I am not one who believes that the world is necessarily going to the dogs. We are really bettering all the time. Occasionally we have lapses—sometimes by individuals and sometimes in masses. But in the main our progress is forward. And because of that and because I have faith in our people and in ourselves, I am supporting this bill. If it were a question of national ethics, differing entirely from the individual expression, that might have been brought out by some of the speakers to the bill. But I have not discovered that any of them have found that fact.

Holy Writ has been invoked to show us that we would do wrong. But as I look through Holy Writ I cannot discover that it especially teaches us it is wrong to make a stake or to take a gamble. I have a distinct recollection of a celebrated parable:

Behold, a sower went forth to sow;

And when he sowed, some seeds fell by the wayside, and the fowls came and devoured them up:

Some fell upon stony places, where they had not much earth: and forthwith they sprung up, because they had no deepness of earth:

And when the sun was up, they were scorched; and because they had no root, they withered away.

And some fell among thorns; and the thorns sprung up, and choked them:

But other fell into good ground, and brought forth fruit, some an hundredfold, some sixty-fold, some thirtyfold.

There is another case of the king with ten thousand who took counsel whether he should go up against him who came to meet him, and fight him with twenty thousand.

These things have to be borne in mind if we are going to invoke Holy Writ to support the opposition to the bill. Then, we were told it would corrupt the morals of our people. May I point out that in 1922 there developed in Great Britain what is known as the penny pool. The poorest people subscribe to those penny pools and take their chances. To-day there is an annual turnover of approximately £40,000,000 in those penny pools. The government in the sale of stamps and in the sale of post office and money orders receives a total of £200,000 a week. There are 35,000 persons directly employed in accounting, auditing and other services in connection with the pools.

How are they conducted? The laws in the old country are definitely prohibitive of gambling of this kind. But those who instituted the penny pools have got around it, and each person staking is permitted to forward his statement of what he assumes the results of the various sporting events are going to be. He does this on or before Friday of each week, the results being declared after the events take place on the Saturday. On the Monday each person who has sent in his stakings sends the money, win or lose. In the course of the years they have built up a tremendous number of individuals rich and poor who are honest enough and moral enough to pay their debts, whether they win or lose. In June of last year one of those firms in Liverpool—I believe Littledales is the name—refused £1,000,000 offered by a United States firm who wanted their purged and purified list.

Does that indicate that the morals of those people, poor or rich, have been disturbed? These are things which should prevent our looking at these matters of sweepstakes in an extravagant fashion. We have in our own economy the whole question of insurance. What is insurance? What is the question of making a payment by way of premium for life insurance? It is true that the payments are deduced actuarially on a scientific basis, but all the time each individual taking out insurance is taking a gamble with his money against his existence.

Therefore, when we come down to these facts we find we are already gambling very considerably in our own economy in Canada. Abuse of this matter is the only error; and because I feel that and feel it strongly I would like to see passage of the bill. Large and wide visioned tolerance should obtain in our human affairs. To take a chance is entirely human. Every time we lie down at night we take a chance, and if it were not for the eternal promise we would never rise again.

Some hon. MEMBERS: Nine o'clock.

SUPPLY

VALIDITY OF QUEBEC STATUTE—CONTINUATION OF DEBATE ON STATEMENT OF MR. WOODSWORTH

The house resumed from Monday, May 30, consideration of the motion of Mr. Dunning for committee of supply.

Mr. J. A. BRADETTE (Cochrane): Mr. Speaker, the discussion introduced yesterday by the hon. member for Winnipeg North Centre (Mr. Woodsworth) comes down to a discussion of ideology. It goes deeper than financial or even social matters, and involves principles in which the Canadian nation and also several foreign powers are interested.

It goes still deeper than that. We are compelled in such a discussion to mention internal and domestic policies of foreign nations, although in certain instances nations affected may resent our action. I intend to point out, however, in the few moments at my disposal that the purpose of the discussion is solely in order as forcibly as we can to bring before the house some of the new political philosophies, fallacies and demagogy which have been brought forth in the civilized world in the last fifteen or eighteen years.

In the discussion of the padlock law there is also the matter of internal administration, so far as Quebec is concerned. There is also the matter of morals of which perhaps the people living within the borders of that province are in the best position to judge. They know best the mentality of their own people.

When we consider the Russian revolution we have to try to analyze the feelings, the inclinations, of the people of that nation.

We have to use metaphor. When we do that we realize that the Russian people are entirely different from Canadians. One of the primary results of that revolution was the decision that brains, intelligence and the faculty to manage and direct were not to be considered as being worth any more than common labour. Of course I realize that in suggesting such a philosophy of internal policy I may be opening up a very wide discussion. There is no doubt that in a democracy labour must of necessity have a primary place in the social functions of the nation. However, we must not forget that the Russian revolutionists practically swept away the intelligentzia of the Russian nation. Any one who possessed a university degree could not take part in the government of that country. There was to be only one class, the proletariat, the workers. I want just to leave this thought with the house to digest. We are all familiar with how soon they found that it was absolutely impossible to carry out these ideas.

Another idea, utterly contrary to western civilization, was that religion should not exist, should be destroyed. They contended that religion of any kind was simply an opiate to civilization. That proletariat government tried to erase religion from that great country. We can easily visualize how repulsive such a policy would be to a civilized Christian country. We must realize how foreign such a policy is to the mentality of Canadian people.

Another idea advanced by the Russian revolutionists was that the individual had no right to any personal gain. The individual lost his identity entirely. The only supreme being was the state under Lenin or Stalin who were practically deified. The individual existed purely and solely for the state. This is another philosophy that is absolutely foreign to Canadians and civilized peoples generally. No doubt this revolution was brought about by injustices suffered by the Russian people under the tzarist regime, but the leaders of that revolution were not content to apply the principles they advocated to Russia alone. To them it was more than a political philosophy; it became almost a religion. We saw the zeal generally connected with any new religion exerted on behalf of this philosophy. In their obsession they were not content to apply their ideas to Russia alone; they wanted to spread them all over the white and coloured world. In a few months after the revolution we saw soviet and bolshevist emissaries in China, India, Japan, Germany, Italy, England, Central America, South America and North America.

An immediate reaction set in in many of these nations when they found these missionaries in their midst. Many of the countries in Europe were still suffering from the results of the great war. The result was that we had the spectacle of communism actually being the parent of fascism and nazism. If communism was not the father of these last two isms, at least it was mainly responsible for the functioning of fascism in Italy and nazism in Germany.

We must be very careful in discussing a matter of this kind. We must realize the horizons we have to face. In a discussion of this kind we must visualize the different angles of the situation. You must envisage it within its proper perspective. When you have to deal with a ferocious animal you must take more precaution than when you are dealing with a domestic cat. When you have to deal with a venomous reptile you must be more careful than when you are handling a song bird. In this case we are dealing with something that is very dangerous, not only to the mentality but to the national life of this country. I well remember only three short years ago when I barely escaped with my life during the bushmen's strike in Cochrane. That strike was instigated by communist leaders, and I say with all the sincerity and knowledge I possess that they were in the pay of soviet Russia. There are some members in the house at the present time, these being known as labour leaders, to whom I went three, four or five years ago and told what had happened. They sympathized with me in my situation because they realized that these communist leaders did not desire a solution of our labour problems. They wanted to continue their agitations. They wanted to have sabotage in our mines, in our transportation systems and throughout our industries. They did not have a solution of our problem in their hearts.

I would be the last to say that the labouring people of this country are receiving the remuneration they should receive; that they are living and working under first class conditions. However, I maintain that our problems, especially our labour problems, will never be solved by these agitators in the pay of a foreign institution. I feel free to speak of this. I maintain that this country has no right to try to impose its political beliefs upon any other country; yet communist Russia has tried to spread its beliefs throughout every section of the civilized world. I intend

to employ all my energy and limited talents in the fight against this curse which has been undermining the population in certain sections of our dominion and has also tried to undermine our institutions.

Perhaps you will ask what this has to with the padlock law in Quebec. I know something of that province because I was born there. While I owe my primary loyalty to Ontario, my forefathers for the last four centuries are sleeping their last sleep in the Laurentian hills in the riding of Charlevoix. I know the make-up and mentality of the people of Quebec. I know their fine traditions. I know it will be surprising to many people in Quebec to know there are a few sections in that province, especially in the city of Montreal, where communism seems to have found a fertile field.

(Translation): Mr. Speaker, I now wish to direct my remarks more particularly to my compatriots from the province of Quebec, in order to tell them that many young French Canadians—fine specimens of manhood, and intelligent young men—have played the part of assistant communist leaders during the strikes that have taken place in the forests of northern Ontario and in our mines. I rose on several occasions to tell them that, being the descendants of the pioneers who settled on the shores of the St. Lawrence, and exhibiting all the traits of the French-Canadian race on the north American continent, they should set a good example to the English speaking majority in this country. I told them that the part they were playing was unworthy of French-Canadians. I explained to them that they were submitting to the influence of a group of people who were not even naturalized, who had been in this country for five, ten or fifteen years only, and who had not yet managed to become naturalized; I told them that a French-Canadian was supposed to be a national leader and that he should not allow himself to be deceived by foreigners who were trampling upon his ideals and his principles.

Mr. Speaker, I was anxious to mention that episode in order to bring home to the hon. member for Winnipeg North Centre (Mr. Woodsworth) the fact that there are indeed communists in the province of Quebec.

I hold in my hand a document which other hon. members have no doubt received.

(Text) I believe that this would be the time and place to take up a few moments of the house to divulge some parts of a confidential report covering the pre-convention meeting of the U.L.F.T.A. provincial secretaries of the communist party, which was held at 300 Bathurst street, Toronto, Ontario, on Saturday and Sunday, August 18 and 19, 1934. I am not going to read all the minutes of that meeting, but I believe it would be a revelation to this house and to the whole country of the policies that were then propounded by the communist party, in trying to insinuate themselves into the ranks of labour, for the purposes of destruction and propaganda:

Sharabura recommended that in order to break up all the L.W.I.U. members must speak to the C.B.U. members urging them to join and to expose officials of the various lumber companies, and in the event of a strike, after two weeks if the companies refuse to recognize the demands of the L.W.I.U. trusted members only must be instructed to make efforts to damage the property of lumber companies in question by breaking up the camps, setting fire to the same, and other acts of sabotage.

Later on in the report, at page 4:

To popularize the next strike in each city in order to obtain accommodations for strikers, and mobilization of women and children to take an active part in the strike in collecting food and funds and participating in picket duty.

Later on:

Recommended by Huculak that the miners' local of Kirkland Lake and Sudbury send the L.W.I.U. a few cases of dynamite to be used to blow up the camps and other buildings in the case of prolonged strike. This recommendation was turned down as not practical. Kulik advised that it was an easy matter for the L.W.I.U. to obtain as much dynamite as necessary because this is kept in all lumber camps to be used for blowing up stumps and stone. In the event, however, the dynamite supply in lumber camp runs short, the miners will be notified.

I am not going to read any more of this report. It is in my possession and any member may have access to it. They went so far as to say that they were going to poison the food of the workers who would have the audacity to remain working. I am sorry to say that during the last strike we had in my section, our population did not get the support they expected from some of the authorities in the province of Ontario, and we took upon ourselves to represent these authorities for the support of law and order to the full extent. Why? Because ninety-nine per cent of the strikers who were real Canadians and had been having conferences with the lumber companies at which the conditions were largely remedied, were ready and willing to go back to work; but these leaders did not want those young men to carry on fruitful work; they wanted them to carry on agitation, and you can see how far they wanted them to go. They did not want these workers to be satisfied, but they simply wanted radical agitations to be maintained.

We fed those people for three or four weeks; but still those strike leaders were not satisfied, and when they became extremely bold we took the law in our own hands and gaoled some of the communistic strike leaders because they would not allow men who wanted to work to go to work at fruitful employment.

Having made that statement, I can easily visualize how the province of Quebec reacted against the communist organization and propaganda. Let us never befool ourselves with the idea that communism is not dangerous. Was it a majority of the Russian people which brought about a revolution in that fine big country? It was not; it was an infinitesimal minority. The same applies to-day. Do all the Russian people belong to the communist party? Oh, no; the powers of the Russian state to-day are wielded by only a few men, and a very small percentage of the population belongs to the communist party of Russia. And yet we are invited to be tolerant as regards this new policy. I ask the house this question: How long would the Russian government be tolerant if any emissaries from the Social Credit or the Cooperative Commonwealth Federation or the Conservative or the Liberal party went to Russia and told the people there that their government was not one they could support? What would the lives of those emissaries be worth?

It must be realized that a certain international political affiliation having its headquarters in Moscow is trying to bring into this country something absolutely foreign to our own mentality, eminently disruptive and destructive. We are asked to play with this fire, this dynamite, this disease. Only a few days ago the Department of National Revenue were able, I believe, to prevent admission to this country of a number of magazines of an immoral tendency. There was not a single protest from any section of this country; yet there are some who would like to keep our doors wide open to the admission of the poison which is trying to poison the minds of all nations to which it has had access.

I want to say a few words about the discussion which was started as to the padlock law in the province of Quebec. I have studied that law. Perhaps it is not elaborate enough as far as the definition of communism is concerned. Perhaps some of its features might lead to some abuse of power. On the other hand, as I said last night, in my view it does not in some respects go far enough. Although I might make a small, favourable distinction—a very small one indeed—between communism on the one hand and nazism and fascism on the other, in favour of the latter, at the same time I believe these three isms are absolutely foreign to Canadian thought, and the population of Quebec particularly, and the law, if it was meant to be sincerely and honestly applied—I say this with all sincerity—should have included all the isms that exist in the province of Quebec.

An hon. MEMBER: Liberalism?

Mr. BRADETTE: It will never be as bad as that. I hold in my hand an article which appeared in Maclean's magazine only a few short weeks ago. In it you can see the swastika cross and the leaders of the nazi-fascist party in the province of Quebec. On the second page is a photograph of some nazist forum, attended by quite a number of young men—I notice at least fifty—who are giving the nazi salute and are taking military drill. This is just as foreign to our thought as even communism. I also find here an article in a newspaper called l'Unité, a newspaper in the province of Quebec, which appeared on Thursday, March 24, 1938, issued from Sainte-Therese de Blainville. I have not a translation, and I would not dare to translate it from French into English, but I am going to read it in French:

(Translation) What we want is a genuine revolution. A fierce upheaval that may destroy that impression of security which is still harboured, even in the midst of the vicissitudes which we are experiencing.

I shall not read the whole passage, Mr. Speaker, but this quotation shows where all that is liable to lead us.

Too many schemes are being planned stealthily or openly, and the plotters are so strongly entrenched that it would be impossible to storm their positions. In trying to correct what is wrong, in endeavouring to separate the wheat from the tares, we are liable to destroy what is good, for "so and so" may have a cousin, a friend, a relative who compels him to follow the antinational course he has taken, and deeply-rooted feelings lead him toward the very things he is fighting against. That explains the inefficiency of the "buy home products" campaign. That explains also why political graft is ever flourishing.

A revolution will be like a huge blood-letting. All the impure blood will flow, as well as all purulent matter. What remains will be all the purer. And if, at that fateful moment, a leader can be found who will hold the reins with a firm hand, all will be well, for in that case the nation will have survived the crisis and its power will again be in the ascendant.

These writings, Mr. Speaker, are just as foreign to the French-Canadian and Catholic mind in the province of Quebec as the claims of the communist party's followers.

(Text) No doubt the padlock law was passed because the premier of Quebec fully appreciated the fact that the population of that

province must be made to realize the seriousness of the situation. I have never had the pleasure of meeting the premier of that province personally, but I do not for one moment doubt his Canadianism. I am quite sure that when the great majority of the people of that province fully realize the communistic danger he will find it possible to amend the law which has been described as the padlock law of Quebec. May I point out to hon. members that this matter goes deeper than financial or personal considerations. There is a moral principle involved, and no member of this house, I venture to say, will ever have the audacity to suggest that Quebec has never been a true daughter of confederation. No one will ever doubt her loyalty, her great attachment to her loyal clergy who have so greatly helped to make and mould the people of that province what they are, and who are standing at their side to-day, as during all times of danger in the past, making them realize the danger of communism.

There is no danger of the people of Quebec not fully abiding by the law. There is no doubt as to their broadmindedness and tolerance. Take, for instance, the conference held the other day by some of the social credit members in that fine city of St. Hyacinthe. Social credit, to the people there, was a new theory; but when it was propounded it caused no disturbance; there was no threat to the Canadian democracy; there was no suggestion whatever that our institutions were in danger of destruction.

Mr. MITCHELL: May I make it very clear to the members of this house and to the people of the province of Quebec that social credit is in no way related to or akin to communism?

Mr. BRADETTE: I did not need to have the hon. gentleman's assurance of that; I fully realize it. I mentioned the incident merely to illustrate the hospitality of the people of Quebec and their essential and natural tolerance. Anyone who is worthy of the name Canadian and who has studied the history of Canada, especially of lower Canada, ever since it came into confederation, must know that the French Catholic majority in the province of Quebec have always been tolerant towards the Protestant minority there. Take, for example, this incident that took place in the province some years ago. It so happened, by force of circumstances, that there was no one to represent the English speaking Protestant minority on the municipal board of the city of Quebec, and the premier of the province so amended the municipal act as to provide for such representation. I could cite hundreds of cases to illustrate the splendid calibre and the mentality of the people of that province.

The French-Canadians have made a valuable contribution to confederation. Indeed, it was a British statesman who said that if ever the day came when British civilization stood in need of some element to maintain it on the north American continent, that element would be the French-Canadians. Let me say to the hon. member who started this discussion that there are sixty-five worthy members in this house from Quebec. They know the situation exactly as it exists in that province of Quebec, and I submit that their views would prevail on that subject. I venture to say that if hon. gentlemen from any other province found themselves confronted with a situation such as that which exists in the province of Quebec to-day, they would resent the suggestion that they had not the right to express the views of the people they represent. I am sure they would be among the first to take steps to fight such a menace if it threatened them. I do not want to discipline the hon. member for Winnipeg North Centre (Mr. Woodsworth), but I must say that he has not always been constructive in his utterances. During the last federal election—I am quoting from the newspapers—he told the people in western Canada that they ought to be careful how they voted in the election because in all probability a Liberal administration would be returned by reason of the strong Quebec representation and that there was danger of domination from the province of Quebec. I say that it ill becomes any hon member who aspires to the office of Prime Minister some day to make statements of that kind. I have no doubt, Mr. Speaker, that the authorities in that province of Quebec are fully competent to deal with the question that faces them.

In conclusion, may I say that I am all for freedom in the best sense of the word, but I am opposed to freedom when it comes to invading the rights and the liberties of others. When freedom becomes license of that sort, then I condemn it. I am in favour of the sort of freedom which was so well propounded by Garcio Moreno, that young man who was taken prematurely from this life, that splendid South American statesman. The freedom that he advocated might well find application not only in his own country but throughout the world—freedom everywhere and to everyone except to evil-doers and wrong-doers.

Mr. JOSEPH JEAN (Mercier) (Translation): Mr. Speaker, I wonder what was the intention of the hon. member for Winnipeg North Centre (Mr. Woodsworth) when he called the attention of the house, last evening, to the question of the disallowance of the so-called padlock act enacted by the Quebec legislature last year.

I have no right to impute motives to the hon. member, but he is not unaware that in raising this question he is lending himself to a political game that can easily be guessed. Should we remain silent, the hon. member knows full well that there are in the province of Quebec many persons who will blame us for not having replied to him. Should we speak in favour of disallowance, he knows that another group of people in Quebec will accuse us of favouring the expansion of communism. Should we mark our approval of the act in question, we will be taxed with inconsistency, in view of our attitude regarding Section 98 of the Criminal Code.

The hon. member must realize that a question of that kind transcends the bounds of political parties and that our conscience will not permit itself to be guided by any electoral advantage resulting from our attitude in the matter. It would be easy to reply to him in one way or another. At the elections of 1935 we received a definite mandate from the voters of the province of Quebec and we have acted in consequence.

If, in raising this question, the hon. member for Winnipeg North Centre was thinking only of safeguarding the liberties of the people, as he said last evening, I could easily answer him that if there is in the dominion a province that respects the liberty of the citizen, that province is Quebec, and in spite of the existence of the so-called padlock act, I have no hesitation in stating that it is in Quebec province that Canadians enjoy the greatest measure of liberty, that minorities receive the best treatment and that the preachers of the most varied political doctrines are given the best reception, though the people may not accept their views.

My hon. friends of the C.C.F. as well as of the Social Credit group know full well, and all the more for having experienced it lately, that the citizens of the province of Quebec are ready to listen to them, and that if they have not made more recruits in that province, it is because they have not yet convinced us of the merits of their political system.

But what my hon. friend does not understand—and I wonder whether he ever will understand it—is the conception we in Quebec have of liberty. There may be, even among our own people, narrow minds who seek for petty political purposes to confuse Canadian political liberalism with the liberalistic doctrines condemned by our spiritual leaders. It is possible that our tolerance, I might even say our goodwill towards minorities, is interpreted in some circles as concessions made to error. But such is not, Mr. Speaker, the opinion of the majority of the people of Quebec province.

I shall not undertake to give my own definition of the doctrine of liberty such as we conceive it, for fear of committing an error; I shall quote the opinion of the spiritual leader of the province of Quebec expressed in the now memorable speech which he delivered in Montreal on January 29th last.

> Liberty, said he, is for man the voluntary domination of his talents in order to attain his end, his perfection, his happiness.
>
> Natural liberty is the source from which flow all liberties and the principle at the base of all human rights.
>
> Does it necessarily imply the liberty to do wrong? No, in spite of what is often thought and contended. Liberty is a faculty of the reasonable being. Its use can therefore only be reasonable. Otherwise, liberty is not used, but abused. The power to do right or wrong is certainly a mark of liberty, but it is not the sole mark or the most formal. It is the mark not of an ordered but of a disordered liberty. It is an imperfection, a disease.

We hear cries of liberty, liberty, equal liberty for everyone. Such cries are based on a lamentable, blind misunderstanding, having its source in absurdity. Those who clamour for that freedom are the first to deny it to others. Liberty for everyone to do good, of course. Equal liberty for the child and the grown-up, for the sane man and the mentally deficient, for the law-abiding citizen and the convict, for the defender of the state and the traitor—that is surely not what you want. Beware of any misunderstanding and say rather: Respect for the just liberties of all, and liberty of the individual consistent with his duties. That is better, because it is liberalism without licence. According to that doctrine, every citizen would be free to use his own judgment in his decisions relating to his personal conduct, his choice of a home, his actions, his daily routine, his friends, the use of his property, his right of association, his contracts, etc., but within the limit of what is right that is to say, of natural and divine law and of sound human laws which promote the common good.

And further:

> In the light of such principles, we must form our opinion of other modern liberties—freedom of worship, freedom of speech, freedom of the press and freedom of teaching. Those are real, honest and precious liberties when they are used in matters where freedom is

permissible and within the bounds of moral right, beyond which they become abuses, weaknesses and destructive principles.

It follows therefore that it is never permitted to request, defend or grant freedom to think, to write or to teach, nor indiscriminate freedom of worship, as so many rights which nature has given to man. . . .

It also follows nevertheless that these various species of freedom may be tolerated for reasonable causes, providing a proper temperament prevents them from degenerating into licence and disorder.

To sum up, Mr. Speaker, we of the province of Quebec are in favour of liberty, but not of licence.

We believe that liberty is the natural condition in which man is called upon to fulfil his destiny, but that is a false conception of liberty to seek in its name to spread the most pernicious errors. And communism, I am sure every member of this house will admit, is an error that must be condemned. It is the antithesis of liberty such as we conceive it.

It is possible that the means used by the Quebec government to combat communism are questionable; but, as the right hon. the Minister of Justice (Mr. Lapointe) so judiciously stated last evening, it is not for the moment our business to make any decision in the matter.

The question is under consideration and will be decided, I am sure, in the best interests of the country.

I wished to make these few remarks, Mr. Speaker, so that our hon. friends of the different opposition groups may understand that we, Quebec Liberals, are not at variance with the spiritual and religious authorities of our province in matters of principle and that their directions on such issues will, in the future as in the past, guide our public actions.

Let me add that such a wholesome influence is not to be feared, for should our Christian civilization ever be attacked as it has been in other countries, it is the province of Quebec, its people, its clergy and its loyalty that would be called to its rescue. And should true liberty ever vanish from this land, we would be its last defenders.

Mr. ANGUS MacINNIS (Vancouver East): I am sure the hon. member who has just taken his seat (Mr. Jean) will excuse me if I do not follow him in what he has said. I should like, however, to say a word concerning the speech made by the hon. member for Cochrane (Mr. Bradette). I do not feel called upon to reply to him at length because I do not think anything he said has anything to do with the question under discussion. It is not necessary that I should defend the Russian revolution, if it needs any defence. I had the high distinction of being refused admission to that country to see how the revolution was progressing, so that I need not concern myself with defending it.

[Mr. Jean.]

He referred to the hospitality with which the social credit party was received last Sunday in Quebec. In that connection I would like to point out that if the province of Quebec can enact legislation barring advocates of communism, there is nothing to prevent the province of Quebec from enacting legislation to keep social credit out. That is the danger in the legislation with which we are now dealing. That, however, seems to have been lost on the hon. member for Cochrane.

Before I touch upon the specific points on which I wish to speak, I will refer briefly to some remarks made last evening by the hon. member for Dorchester (Mr. Tremblay). To me his statements were amazing. If the point of view he expressed were to be generally accepted and to become a guiding principle in Canadian affairs, we could say goodbye to confederation and to all hope of making this dominion a united nation. He said in effect that what was done in Quebec was exclusively the concern of the people of that province. In this parliament we cannot hold to that theory. If we accepted that doctrine, it could not stop with the province of Quebec. If it is a good principle for Quebec, it is equally good for Alberta or any other province. If the people of this dominion want unity of purpose in its affairs, that unity cannot be attained or maintained on that basis. The hon. member is reported at page 3379 of Hansard as saying:

If a majority of the citizens of my own province think they should oppose those who preach opinions which we do not approve in that province; if they think that we should have such a law, it is up to them, because we are still living in a democracy, and while I do not think the majority should dictate, at the same time the will of the majority should prevail.

I point out to the hon. member that to the extent that they have such legislation as the padlock law, to that extent they have not democracy. The democracy they have they have in spite of that act and not because of it. My understanding of the rights and privileges guaranteed to us by the constitution of

this country is that I may hold and preach whatever opinions I please, as long as I do so in accordance with the laws of the land. For the benefit of the hon. member I should like to quote a brief excerpt found in the Votes and Proceedings of this house of March 4 last, from the joint opinion of the Chief Justice of the Supreme Court of Canada and Mr. Justice H. H. Davis. The learned judges were giving their opinion in regard to Bill No. 9, an Alberta bill entitled, "An act to ensure the publication of accurate news and information," and they said:

> Any attempt to abrogate this right of public debate or to suppress the traditional forms of the exercise of the right (in public meeting and through the press) would, in our opinion, be incompetent to the legislatures of the provinces or to the legislature of any one of the provinces, as repugnant to the provisions of the British North America Act, by which the parliament of Canada is established as the legislative organ of the people of Canada under the crown, and dominion legislation enacted pursuant to the legislative authority given by those provisions.

There is no ambiguity in that language; there can be no misunderstanding of the opinion of the learned judges in regard to the rights of the people, as to where the law begins and where it ends. Let me direct the attention of the house to the central thought in that quotation, which is:

> Any attempt to abrogate this right of public debate or to suppress the traditional forms of the exercise of the right . . . would, in our opinion, be incompetent to the legislatures of the provinces or to the legislature of any one of the provinces.

The hon. member for Dorchester (Mr. Tremblay) continued:

> In the province of Quebec we are different from our fellow citizens of the other provinces of this dominion. But surely no one in this house will forget that we love British institutions; we are attached to them; we owe our liberty to British institutions.

My hon. friend did not say whether he supported or opposed the "padlock" law, but after he made that statement I was wondering what British institutions were being conserved by that law. He did not tell us, and I am at a loss to know. I remember reading in the Manchester Guardian a short time ago that the padlock law was unique in British legislation; that there was nothing of the kind in any other British dominion. As a last word in regard to the remarks of the hon. member, I should like to say that every British institution which we hold dear to-day was dearly bought by people who dared to stand up against great odds and give expression to the faith that was theirs. These institutions were not won by people who were afraid to express an opinion that at the time might be not only unpopular but dangerous. So the hon. member for Dorchester had better declare himself as to where he stands in regard to the padlock law.

This act was first brought to the attention of this house fourteen months ago yesterday, March 30, 1937, six days after it had been assented to by the lieutenant governor of Quebec. On that occasion the hon. member for Winnipeg North Centre (Mr. Woodsworth) directed the attention of the Minister of Justice (Mr. Lapointe) and also the attention of parliament, to the dangerous nature of this legislation. He pointed out that the "padlock" law seriously interfered with rights and privileges which the British people had won for themselves through centuries of struggle and sacrifice, rights and privileges now considered a part of our heritage. The hon. member for Winnipeg North Centre pointed out at that time, and he reiterated it last night, that Canadian citizens had rights as Canadians regardless of what province they might reside in, and I think that is amply proved by the quotation I read from the opinion of the chief justice and Mr. Justice Davis of the Supreme Court of Canada.

The hon. member for Cochrane (Mr. Bradette) said quite a lot about communism. I have before me an editorial that appeared in Toronto Saturday Night of May 1, 1937, commenting on a speech delivered by Hon. T. J. Coonan, minister without portfolio in the Duplessis government. Among other things, Mr. Coonan said that communism was not defined in the "padlock" law because no half-dozen people in the country would be able to agree upon such a definition, and because many people are communistic and do not know it. He added that in passing this legislation the Duplessis government was taking a leaf out of the communist book. Let me direct the attention of the hon. member for Cochrane to that remark. I do not believe we can overcome obnoxious doctrines, doctrines that we do not like, by accepting them and incorporating them into our laws. I am afraid we shall have to find some other way, and if I were to choose a way I think I would adopt the suggestion offered by the Minister of Justice in a speech delivered last year, I believe, in which he said that the way to overcome communism was to improve the conditions under which people lived and to make those conditions better and easier. We cannot overcome such doctrines by suppression. Suppression led to the revolution in Russia, and suppression will lead to revolution everywhere, sooner or later.

In commenting on the statement of Hon. Mr. Coonan, Toronto Saturday Night said:

Of the accuracy of this last statement there can be no doubt.

That is, the statement that the Duplessis government was taking a leaf out of the communist book.

In that one respect at least Mr. Duplessis and Mr. Coonan are "communistic," though not apparently without knowing it. But surely there are certain serious risks about undertaking to suppress a thing concerning which no half-dozen people agree as to what it is. We have had a large quantity of legislation of this sort in Germany, and it has been reflected in the kind of prosecutions from which many of Mr. Coonan's fellow-religionists in that country are now suffering. It is an accepted doctrine now, in both Germany and Russia, that a crime does not need to be defined in advance, does not need to be recognized as a crime by the person who commits it, does not need to be regarded as a crime by the mass of the citizens. All that is necessary is that the authorities should say it is a crime (after it has been committed), and it thereupon becomes one. That this power of determining what is a crime without reference to any statutory definitions is of the very essence of personal, autocratic government; that it was driven out of the British system after a tremendous struggle several hundred years ago; that it invariably leads to the deterioration of the authorities themselves, to the rise of tyranny in the rulers and the decline of spirit and independence in the ruled—these facts seem to have no weight in the minds of our modern advocates of the star chamber and the "preventive arrest."

I should like the hon. member for Cochrane to read that over, and think it over; and I have hopes that then he would deal with this question from an altogether different point of view from the one from which he considered it to-night. When my leader opened this discussion he, followed by the hon. member for Vancouver North (Mr. MacNeil), demonstrated by evidence which has not been challenged that Canadian citizens are being denied their lawful, constitutional rights in the province of Quebec because of the operation of this act. In my opinion they have given ample reason why the government should act in the matter, and also why that action should be no longer delayed. According to the statistics of the Quebec government, from November 2, to the beginning of May, 124 raids have been made on offices and private homes. Let it be noted that most of these raids were on private homes. We find that 532 books dealing with communism have been seized, and that is not all the books which have been seized. These are books seized and not returned, books which have been confiscated.

Let me point this out: The decision as to whether a book deals with communism or is communistic in character is decided by a professor of the university of Montreal. How the professor became an expert in communism, we are not told. There does not seem to be any appeal from the professor's decision. If he says a book deals or books deal with communism, the book or books must be confiscated. If in the professor's opinion books do not deal with communism, they may be returned to the owner. It would seem that if the professor of the university of Montreal decided that Alice in Wonderland, the Pilgrim's Progress or Macaulay's History of England were communistic literature, that would be the end of them so far as the owner was concerned. There is no appeal. That is a state of affairs which the people of Canada should not be asked to tolerate, and which, if we are going to hold the freedom we now have, we cannot tolerate.

I noticed last night when speakers on this side were pointing out how the act was operating in Quebec, some hon. members opposite were smiling. I wonder if they would smile; I wonder how they would feel if in their own provinces their homes were raided, their books and papers taken away for examination by some professor, and only those books returned to them which, after examination, the professor decided they should have returned. Let me say that such a thing may happen. If it can happen in the province of Quebec; if we are content to let it happen in that province, is there any reason to believe it may not happen in other provinces? If we allow it to happen in Quebec, how can we prevent it in any other province? There is a principle involved here which this government dare not ignore. This is a matter in which a great principle is at stake, and it must be considered on the basis of principle if we are going to deal with it adequately.

I think it would be appropriate to bring to the attention of the house by way of comparison the expedition with which the Minister of Justice and the cabinet acted in another case respecting questionable provincial legislation. On August 6, 1937, the government of Alberta passed three acts, namely "An act to provide for the regulation of credit of the province of Alberta"; "An act to provide for the restriction of the civil rights of certain persons"; "An act to amend the judicature act."

These acts were assented to by the lieutenant governor of the province on August 6. On August 10 they were received by the Secretary of State at Ottawa. On the same date, August 10, the Minister of Justice prepared a long and elaborate report on these acts—on

the same day as they were received in Ottawa. That report contains almost five pages of typewritten foolscap, single spaced. The Minister of Justice recommended disallowance of the provincial legislation, a procedure which he stated less than six months earlier could not be easily exercised. But it did not seem very difficult to exercise, and certainly it did not take very much time in the Alberta case. Then seven days later, on August 17, the three Alberta acts were disallowed.

I draw attention to the fact that copies of the Alberta acts were received in Ottawa on August 10, according to sessional paper 221, and on the same date the statement of the Minister of Justice was prepared recommending to the governor in council that the acts be disallowed. I am not complaining about the haste; the minister thought it was justified. I am not going to dispute the point with him. But compare the speed with which the Alberta acts were challenged with the slowness of action in the case of the padlock law.

This act was assented to by the lieutenant governor of Quebec on March 24, 1937. On March 30, six days later, the hon. member for Winnipeg North Centre brought the matter before parliament. The Minister of Justice said he had not seen the act, and that he could not make a statement in regard to it until he had seen it. We are told an authentic copy of the act reached Ottawa on July 8, three and a half months after it was assented to. This may have been the "first convenient opportunity" required by the British North America Act, but it is strange that an act could come from Edmonton, Alberta, in four days, whereas it took three and a half months to come from Quebec.

On January 28, the Canadian Civil Liberties Union, with the support of forty other organizations, presented a formal petition to the Minister of Justice for disallowance or for reference to the supreme court. Speaking in the house on February 4, seven days later, the Minister of Justice complained as to criticisms leveled at him because he had not dealt with the padlock legislation. He said it was unfair to ask him for a decision so soon, because he had had the petition before him for only a few days. But he prepared the report on the Alberta acts the day they were received in Ottawa. He prepared that report and recommended disallowance without a petition. May I point out that he had the padlock law before him from July 8 until January 28, when the petition was presented for disallowance or reference to the supreme court.

Here is a comparison in reference to a serious matter about which we should have some explanation. It took less than one day's consideration for the minister to recommend disallowance of the Alberta acts—just one day for the government to call for a reference before the supreme court. Only eleven days intervened between assent and disallowance of the Alberta acts, whereas with respect to the "padlock" law, fourteen months have passed since assent, and the minister promised that a reference to the supreme court would have his serious consideration.

I do not like to reflect on the phrase "serious consideration", but the lapse of time in the present instance is an added justification for the smile which comes to people's faces when "serious consideration" is mentioned. More than eight months have elapsed since the first request for disallowance, four months since the first formal petition and two months since hearing counsel in support of the petition. I do not think the minister can say we have been impatient; any more patience in the matter and it could surely be said that patience had ceased to be a virtue.

I have a great many resolutions before me asking either for disallowance or for a reference to the supreme court. As the minister has probably had more than I have had, I shall not take the trouble to read them to the house. May I conclude with only one or two further observations, which I make as seriously, sincerely and as kindly as possible. There are many reasons why the "padlock" law should be either disallowed or referred to the supreme court for a decision as to validity. These reasons have been explained time and again. There is one reason, however, which I believe should weigh heavily with this government. It claims it is anxious that the unity of the Canadian people be maintained. We are all anxious that national unity should be strengthened, but I say in all earnestness that unity in Canada cannot be maintained if one province is going to be treated differently from another.

Mr. P. J. ROWE (Athabaska): Mr. Speaker, I feel it my inescapable moral and legal duty to join in the protest which has been made by some hon. members against this legislation. I regard it as an awful invasion of the age-old liberties which we of the Anglo-Saxon race have always referred to with justifiable pride and reverence. These liberties have been won as the result of a thousand years of struggle, and in my judgment they have been violated by this legislation. Those thousand years of struggle were marked by considerable personal sacrifice and risk on the part of those who won them for

us. We are the recipients and heirs of the results of those efforts and we are also the guardians for the future. We must pass on to those who come after us these liberties sound and intact.

It seems incredible that in the year 1938 it is possible that there should be upon the statute books of one of our great provinces a law that permits the encroachment upon and the setting aside of what we have always regarded as the elementary rights of ordinary citizens. Here is what is possible under this legislation. An executive officer is enabled to punish a man by padlocking his house before a court has found him guilty. The burden of proof of innocence is placed upon the person thus attacked, and there is no appeal from the decision of a single judge of the superior court. Any peace officer is enabled to seize literature, not only of a communistic nature—the interpretation of what constitutes communism is left to the uncontrolled discretion of the party who pleases to decide the matter—but of any sort of literature tending to produce communism. I quote from the petition sent in from the Canadian Civil Liberties Union:

> This act violates fundamental principles of the Canadian constitution. The preamble to the British North America Act states that Canada is to have a "constitution similar in principle to that of Great Britain." This phrase is based on Quebec resolution No. 3, which speaks of following "the model of the British constitution." Elementary principles of British constitutional government are freedom of speech, of the press and of public meeting subject to the limitations of the criminal law; the right of a man to a fair trial in open court if charged with an offence; a presumption of innocence in the accused until he is proven guilty; and freedom of the home from arbitrary search and interference by executive officers acting without judicial warrant.

There can be no doubt that all of these principles have been violated by this act. It was with astonishment that I listened to an hon. member read a list of the books and periodicals which had been seized. The whole thing struck me as being absolutely ridiculous. It is almost unbelievable that the speeches of Lloyd George, the books of Charles Dickens and of Sidney and Beatrice Webb have been seized. The Minister of Justice (Mr. Lapointe) has often stated in this house that the way to stop subversive activities in this country is to remove the cause. Has it ever occurred to any hon. member that there may be very definite causes for what are loosely referred to as subversive activities? I should like to quote from an article which I read this morning in an Edmonton paper, the People's Weekly of May 1938. The writer of this article is Mr. S. Lapedes, secretary and organizer of the United Garment Workers of America. He says:

> Eighty per cent of those gainfully employed in Quebec receive wages lower than the minimum required for a decent standard of existence. In a parish near Quebec city a firm employs seventy-five workers at a maximum wage of eight cents an hour and a minimum of five cents. The minimum wage in Quebec is forty per cent lower than in Ontario.

Mr. LAPOINTE (Quebec East): The man who wrote that wrote a lie.

Mr. ROWE (Athabaska): I have given the name and date of the periodical and the name of the writer.

Mr. LAPOINTE (Quebec East): It is slander.

Mr. ROWE (Athabaska): The minister may look it up in the reading room. If this article is not correct, he may take whatever action he deems advisable against one who has allegedly published an inaccurate statement.

Mr. HANSELL: We should have a press act to make them publish the truth.

Mr. ROWE (Athabaska): I have heard the Minister of Justice repeatedly make the statement in this house that the way to correct subversive activities is to remove the cause. It is our business to see that these inhumanities are removed. I cannot describe this legislation as other than frantic, hysterical and altogether outrageous. It is just another melancholy example of the utter and complete bankruptcy of ideas which characterizes present day government and leadership. The attempt is made to treat the symptom rather than the disease. The attempt is made to rearrange the consequences rather than to discover and remove the causes. I have said over and over in the house that the resources of labour and material in this country are capable of producing an abundant and happy living for all our citizens, provided we use sound, scientific principles of production and distribution. Yet we are clinging to the carcasses of a dead system and a dead policy.

I appeal to my French-Canadian colleagues in the house. Over a period of centuries old France has produced a great number of brilliant and courageous defenders of democracy and freedom, and so has French Quebec. I shall not name them because they are well known to every hon. member. How does this legislation square with the immortal words of that great Frenchman who said:

> I may disagree with everything you say, but I will defend with my life your right to say it.

I suggest that we should keep those words in mind and try to square our legislative enactments with them. May I suggest that we turn our attention to the urgent problem of preserving our political and industrial democracy here in new France? The Minister of National Defence (Mr. Mackenzie) suggested in the house about ten days ago that we should be prepared to endure "sore travail" in order to defend the democracy of old France. Let us get firmly established the industrial democracy of new France. Let us work on the principle that democracy, like charity, begins at home.

The hon. member for Vancouver East (Mr. MacInnis) has referred to the alacrity with which the government proceeded to disallow certain legislation when the interests of rich and powerful people in this country were in jeopardy or were questioned. One cannot help contrasting that with the fact that fourteen months have gone by, and we heard last night a recital of the terrible injustices and the serious invasions of the elementary principles of the rights of the people that have been going on in that province for fourteen months, and apparently no attention is paid thereto. This inaction on the part of the government raises a question which one hears being asked all over this country. Is there one law for the rich and another for the poor? I am reminded of the satirical remark made by another illustrious Frenchman, Anatole France. He said in one of his books:

> The law in its majesty equally forbids the rich as well as the poor to sleep under bridges and steal bread.

It may be, and I believe it has been argued that the government should not exercise its powers of disallowance until an application seeking such action has been presented to it. But, I suggest, in the case of such gross, flagrant and palpable transgression of the elementary rights of private citizens the government should be empowered to act without unreasonable delay.

CONCENTRATION OF SINGLE UNEMPLOYED MEN IN VANCOUVER—RESPONSIBILITY ATTACHING TO HOLDERS OF NATURALIZATION CERTIFICATES

Right Hon. R. B. BENNETT (Leader of the Opposition): Before the house resolves itself into committee of supply, I desire to direct attention to a few matters which, I think, constitute grievances that the government should take early steps to remedy.

First, the public property of Canada is vested in the crown in right of the dominion. The post office property of Canada is vested in the crown in right of the dominion, and has been constructed by the taxpayers of Canada for public use.

Second, it is the duty of the government of Canada to see that the property owned by the Canadian people for Canadian purposes is available for the purposes for which it was provided.

Third, a post office is a public place under the provisions of the criminal code.

Fourth, during the last several days the entrance hall of the post office at Vancouver has been completely filled with large numbers of idle and unemployed persons. It may be true that there has been a failure on the part of the national government to take appropriate steps to provide for them. That, however, is entirely beside the question. It is not my purpose or intention to indulge in any discussion with respect to that matter, except to point out that there is a large measure of sympathy on the part of many citizens of Vancouver for those who thus find themselves unemployed.

Fifth, under the law of this country, when persons thus unemployed or persons who have nothing to do but loiter in a public place—and under the code a post office is a public place—they are trespassers.

Sixth, the criminal code of this country has provided that it is the duty of the owner of property that is held, as a post office is, by the crown in right of the dominion, to remove with as much force as may be necessary those persons who are trespassing upon that property. Further, the criminal code has provided that in the event of trespassers resisting attempts to remove them, they are deemed to commit an assault without justification or provocation. That is section 61 of the Canadian criminal code.

I should like you Mr. Speaker, to realize that this country is now being held up before the world as a country in which there is no longer respect for law and order. Blazoned upon the headlines of great journals throughout the American continent is the statement that sit-down strikes are now the order of the day in Canada, and that the public property held by the crown in right of this dominion, not of the province, is no longer available for the purposes for which it has been constructed, but that men by hundreds are sitting there, not for hours but for days. I have no suggestion to make as to the solution of the difficulty between these individuals and the crown as represented by either the province or the dominion, by the government of the one or the other, but as a

Canadian I protest against the continuance of public property being held by those who are trespassing upon it. I feel quite certain that if this matter were put before them as it should be, and they were asked to leave this property at once, as trespassers, this would have the desired result; for these men are not ignorant men. The evidence of the press indicates that, in many instances, they are men of education, understanding and appreciation, and yet to enforce their demands they are carrying on a sit-down strike in the post office at Vancouver. Last year the Minister of Justice (Mr. Lapointe) declared in this house in bold terms, as reported at page 2114 of Hansard, that sit-down strikes should not be tolerated in Canada. It is true that what he had reference to at that particular time were sit-down strikes in industrial and commercial properties; but whatever may be said with respect to sit-down strikes in commercial and industrial properties, however much you may declare and inveigh against them, you must realize that a sit-down strike by those who are trespassers upon public property is one of the most serious things that could happen in this dominion.

The press in Vancouver has been directing attention to this matter. As I say, it is now being blazoned in the public press of other countries. I ask the administration to take immediate steps, on behalf of the Canadian people, to vindicate the majesty and authority of the law and see to it that those who trespass upon public property in defiance of the laws of the country are requested peaceably, honourably and fairly to leave the public property upon which they are trespassers; failing which, the steps provided for by the criminal code should be taken without delay. It is that, Mr. Speaker, to which I wish to direct the attention of the house at this time. It is a real grievance which does not affect the community of Vancouver alone. It is a grievance that affects every Canadian, whoever he may be, who is interested in the fair name and fame of this dominion and has any respect for its reputation among the peoples of the world.

I now direct attention to the second grievance about which, I think, the people of this country are greatly concerned. I hold in my hand what I dare say has been seen by many people, namely, a statement made by a returned Italian named Vincent Scappatura, in the North Bay Nugget on May 27, 1938, couched in terms which I think the right hon. the Minister of Justice will admit should not be permitted to be used by any man who is a naturalized British subject in Canada, in which statement he refers to our institutions as being so lacking in vigour and strength as compared with the institutions that have been set up in Italy; that England had to back down; that Mussolini "just wont scare"; that when the British fleet was concentrated in the Mediterranean, Mussolini could have sunk it, and that the British navy was too weak and unorganized to do anything about it. And so far as Canada is concerned, he points out that Canada cannot do certain things in connection with certain matters with which we deal every day, because in this democracy we are unequal to it and the only way in which we can deal with these matters is through the application of certain principles. To quote the words attributed to him:

> "When there was a lack of employment among farm workers, the fascists sent agents to survey the farms," related Mr. Scappatura. "Work and repairs that were needed were advised to be done. Not next week or when the farmer felt like it but now!"

And then he goes on to point to the regulations that are applied with reference to the life of the farmers and others in Italy. I am not going to take up the time of the house reading it, but there are nine proposals which he asserted in this country and which are not only a reflection upon this dominion but a reflection upon the British crown and upon British public men as well as upon our institutions and our form of government. This man is a naturalized Canadian. He has been absent from this country for several years, and he came back the other day. He says that he is going to get a passport to go back to Italy; that he will sell out his property there and then come back to this country.

I ask the government of the day to enforce the provisions of the statute which was placed upon the statute books by common consent—not by a party measure. I refer to the Naturalization Act, being chapter 138 of the Revised Statutes of Canada, 1927, the first subsection of section 9, which reads as follows:

> Where the governor in council, upon the report of the minister, is satisfied that a certificate of naturalization granted by the minister under this act or granted under any Naturalization Act heretofore in force in Canada has been obtained by false representation or fraud, or by concealment of material circumstances, or that the person to whom the certificate was granted has shown himself by act or speech to be disaffected or disloyal to His Majesty, the governor in council shall by order revoke the certificate.

Mr. LAPOINTE (Quebec East): It is done frequently.

Mr. BENNETT: Yes; that was what I was about to say in my next sentence. It is very frequently done, and I hope that as long as we have a country it will continue to be done on appropriate occasions, as I believe it will be by all governments and under all circumstances. I direct public attention to this matter rather than the attention of the Minister of Justice personally, in the first instance, because I think it is of the utmost importance that it should be known by those who have come to this country, who have made their homes here, who have secured naturalization certificates, who have received the benefits and advantages of our institutions, that it is to their advantage to realize that they must conduct themselves as citizens of this new country and not as citizens of the old. I know that the Minister of Justice not only holds that view but has had occasion frequently, very frequently, to exercise the power that is involved in the cancellation of certificates; and my grievance—I put it frankly, not on my own behalf—is that such a statement as I shall hand to the minister should be made by any man in this country and that he should come back to Canada after an absence and declare that he is going to get a passport for the purpose I have indicated. My suggestion is that a commission should at once issue for the purpose of investigating the matter which I thus bring to the attention of the government.

I shall not, of course, make any pronouncement as to the authenticity or otherwise of the statements that appear in the public press. I saw them in the press and debated with myself as to what my duty was in the premises. I think, having regard to the troubled times in which we live, it is highly important that those who obtain naturalization certificates in Canada should realize that these certificates may for just reason and cause be cancelled. I was told only a few days ago that if that were generally understood by some in this country, we would have less occasion for worry in connection with certain types of unrest which manifest themselves in one or two sections of Canada.

These are the two matters to which I direct the attention of the government at this time before we go into supply, in order that the government may have timely notice of a situation which later undoubtedly will engage this house in debate. I have endeavoured not to make any statement that is controversial in the sense of not being strictly within the terms of the information which is in my possesion. Had I read from the public press of Vancouver some of the statements which have appeared there, the statement that I have made would be much stronger than it now is. I have not for many reasons read at length the statement that appears in the North Bay newspaper; for I might thereby be deemed to be accepting it as wholly accurate, when it might be that the naturalized Italian would say that it was an improper appreciation of what he meant to say. I do believe, however, that one of the best methods by which we can deal with this whole situation—the last one to which I have referred—is for an authoritative statement to be made at the appropriate time by the Minister of Justice as to the liability and responsibility attaching to those who have obtained naturalization certificates in this country through their residence and through their oath of allegiance which is, of course, a condition precedent to the certificates being issued under our statute.

Hon. W. D. EULER (Minister of Trade and Commerce): I should like to make some reference to the remarks of the leader of the opposition (Mr. Bennett) with regard to the situation in the post office at Vancouver. He has described it as a sit-down strike.

Mr. BENNETT: I said it was so described.

Mr. EULER: I am quite willing to accept the words of my right hon. friend, but I think that possibly it is not quite a parallel case to the so-called sit-down strikes in the United States, in that the sit-down strikes there were carried on by employees on property which was not their own. I am making no excuses whatever for what has taken place; but I might say that possibly the post office property being public property, unless extremes are resorted to, the public has a certain right to be in these lobbies. I am not saying for a moment that they are not trespassing and that they will not have to be dealt with, but I think hon. members will admit that the situation is a rather trying one. I dare say there is a certain amount of public sympathy, but it seems to me that cannot be permitted to interfere with the proper functions of the Post Office Department. We had hoped that, instead of perhaps playing into their hands by way of ejecting them by force, the common sense of these men would, after all, lead them to leave the premises voluntarily.

Mr. BENNETT: They have been there for ten days now.

Mr. EULER: And perhaps by avoiding any violent action, the precipitation of something worse than has so far occurred may have been avoided. I am inclined to agree with the

leader of the opposition that there is something due to the majesty of the crown; the property belongs to the crown, and nothing should be permitted to interfere with the normal use of that property. When I say that, I would also add that one of the reasons why no drastic action has been taken is that the service in the Vancouver post office has not been interfered with. I should like to refer to what was said here the other day, I think by the hon. member for Kootenay East (Mr. Stevens) who stated that there were being carried on in the post office lobby, games, races and activities of that kind, which I understood him to say were seriously interfering with the work of the post office. That is not the case. I stated at the time that I as acting Postmaster General had had no information to that effect but that I would make immediate inquiry. I did so, and the district director forwarded the following telegram on that point:

Activities are not indulged in during hours lobby open to public. On the evening of Victoria day concert held and foot-races run in lobby. This was done in orderly manner and no damage resulted. Wednesday men requested to keep quiet as possible during the evening to avoid distracting sorters. This request complied with and when lobby was closed unemployed clean out debris and assist washing floor.

I read that to indicate that during the post office business hours there was no interference whatsoever with the functions of the post office. I am also free to say that while I and the government had hoped that the whole matter would dispose of itself; that the men perhaps would come to more normal ideas of what is right and proper and vacate the premises, I am quite willing to say to the house that in my opinion, speaking for myself, the matter cannot continue indefinitely; and some action will have to be taken if the men do not vacate the post office property. I notice the right hon. leader of the opposition is shaking his head and indulging in a bit of merriment, I suppose at my expense.

Mr. BENNETT: No, far be that from me, but I thought it rather strange that a property belonging to the crown should be converted into a theatre.

Mr. EULER: Well, it was after hours. But I admit he might take the view he does. While it was on a holiday, May 24, I admit it is not a proper place to carry on that sort of thing. But I also say that when he evidently makes the suggestion—I do not want to misinterpret what he said—that violence should immediately have been used in ejecting these men—

[Mr. Euler.]

Mr. BENNETT: He was very careful to say exactly the opposite. Why did my hon. friend say he endeavoured not to misconstrue? I said to request these men to withdraw quietly, and then if they did not do it, did not understand it, to use such force as might be necessary, under the criminal code.

Mr. EULER: That bears out exactly what I said. My right hon. friend used the word "force." These men have been asked to withdraw; they have not withdrawn; now my right hon. friend repeats himself; he advocates or suggests the use of force.

Mr. BENNETT: The criminal code provides for it.

Mr. EULER: The law provides for many things, and if we had proceeded as drastically as might be done under the law and immediately upon this thing taking place had proceeded to eject these men by force if they did not leave when asked it is just possible—without making any excuse for them—that such action would have precipitated a condition which later we might have had cause to regret. I am free to say again this thing cannot continue indefinitely, and so far as I am concerned I think some action will have to be taken to ensure that the lobbies of the Vancouver post office shall be used in a proper way for the carrying on of the post office business.

Mr. MacINNIS: I do not know whether I am entitled to speak again, this being a new subject, but if I am in order—

Mr. SPEAKER: The hon. member has spoken twice on the motion to go into supply.

Mr. MacINNIS: I have spoken only once on the motion to go into supply. If I am out of order—

Mr. LAPOINTE (Quebec East): You are.

Mr. MacINNIS: Then there is nothing I can do, but I would like to have said a few words which I think might be of interest.

Right Hon. ERNEST LAPOINTE (Minister of Justice): As far as the matter mentioned by my right hon. friend is concerned, I shall see to it that this report is given to the Secretary of State, whose department deals with naturalization matters, and I have no doubt my right hon. friend will receive some report as a result of it.

Mr. H. C. GREEN (Vancouver South): I should like to say a few words as a citizen of Vancouver, stressing more particularly the necessity for the government to do something

to place these men at work. That is a responsibility from which the government cannot escape. These men are single unemployed transients. I believe several thousand of the men of that class now in Vancouver do not even belong to British Columbia; they are men from the other provinces of Canada. The stand taken by this government and the provincial government is that they will ship back to their respective provinces those men who do not belong to British Columbia. But the difficulty is that when these men get back to their home provinces they are treated there as transients; they cannot establish any claim to relief, and so naturally enough they will not go. The men are not criminals in any sense of the word, although I think they are being wrongly led. Quite apart from the men who are in the post office and the art gallery, there have been some going out during the last week begging for money, shaking little tin cans before the citizens, whereupon the city police pick them up on a charge of obstructing the police. The reason that charge is laid is that it is an indictable offence and therefore the province has to pay for their keep. Actually they are not obstructing the police at all; they hop into the police wagon and go off with smiles on their faces.

That is the position in my city, and the sad part is that it is breaking down the spirit of the citizens, breaking the morale of the city. It is something they see every day, talk about every day; it is right there on their doorstep. The result is that business is slowed down; there is no chance for more jobs in the city; it will simply mean that there will be more unemployed. I suggest to the government that the main reason why this problem is not being dealt with, was not dealt with last week, is because Ottawa is 3,000 miles away from Vancouver; our people are out there over the mountains on the Pacific slope, out of touch, and the government here does not realize how serious this question is for the people of Vancouver. If the same situation existed in Toronto, with three times the population of Vancouver, you would have 15,000 single transient unemployed there, and you would have 3,000 men camped in the Toronto post office and the Royal Ontario museum. No one in this house can tell me that if that state of affairs existed, the government here would not have taken action a long time ago. If it were in Montreal, you would have 20,000 single unemployed, and 4,000 of these men parked in the post office there and the art gallery. Then the members of the government here would realize the seriousness of the situation.

I suggest to the government that the Minister of Labour (Mr. Rogers) should go to the coast at once, where he could see the situation for himself. I suggest also that some of the forestry camps be reopened until it is possible to give these men work on the works projects. Almost a month ago I told the minister this trouble was coming, and as I pointed out then, these men have been kept all winter in forestry camps; they are not like the men on the prairies or in Ontario who have been kept on the farms, and can go on with farm work in the summer. These men have been in the forestry camps, which are closed each spring. The men are turned loose, and they all drift to the one city. That is how the trouble came about. We have had the same thing each year for the last two or three years, and I submit to the ministers who are here to-night that some action should be taken at once. I am not saying anything about using force, but I place emphasis on the need for giving these young men work. If you do that, there will be no trouble at all about getting them out of the post office and the art gallery.

Mr. A. A. HEAPS (Winnipeg North): Mr. Speaker, we are a long way from Vancouver, and in a matter of this kind I would far sooner let the officials of the government in that city look after matters than try to deal with the difficulty at such long range. So far as I know, and I think so far as the government have been informed, the men about whom we are speaking this evening have been fairly well behaved under the circumstances. They are not in exactly a normal frame of mind in a great many instances. If they had desired to do harm in that city, they were in an art gallery, where they could have done incalculable damage in a very short space of time, but the fact that they have kept discipline there and do not want to damage property at least speaks well for the behaviour of the men involved. It may sound almost humourous to think that on crown property these men were almost guilty of having a pleasant evening. Well, Mr. Speaker, I would far sooner find the men doing that and behaving with a sense of decency than attempt to remove them by force and possibly have them barricade themselves in these public buildings. Instead of condemning the government for the action they have taken, I think there is some commendation due them, particularly those officials in charge in Vancouver, for the patience that has been shown under the circumstances. Further, I think the people of

Vancouver have shown a great deal of sympathy and have given a great deal of support to the men involved.

When a moment ago I said they were not entirely normal I meant that they were not leading entirely normal lives. For several months previously they were in camps in the country. Then they came to the city and found no one willing to assume responsibility for their maintenance or even to help them obtain work. I would suggest, following the last speaker, that the government should exert every possible endeavour to see that these men are given a guarantee of some kind in regard to food, clothing and shelter, and then they should be provided with work. I think, if they were given some assurance of work in the near future, the trouble in regard to these men would soon be ended.

Hon. GROTE STIRLING (Yale): Mr. Mr. Speaker, this is Canada, and day by day we are looking at and hearing about a most extraordinary state of affairs that exists in the Vancouver post office. I cannot listen to these stories without my mind going back again and again to the situation with which the late administration had to deal at a time when depression was much worse and unemployment far more widespread. At that time the government of the day had to handle matters as they found them, and in devising methods to meet the situation with which they were confronted the government met with nothing but remonstrance, criticism and obstacles on the part of the opposition of that day. I remember the methods employed by the late administration to deal with that portion of this problem which fell to the dominion through agreement with the provinces, that is, the care of the single, homeless unemployed; methods which gave satisfaction to a very considerable number of those men, who were glad to receive shelter from the storm and subsistence, and to do work which was laid out for them. But everything that was done by the late administration for this class of men was condemned and ridiculed by those then opposed to us.

How has the problem changed? Those camps were closed. It is true that some of the camps have been reopened by other organizations for this purpose. When the camps were closed, the numbers in them having been greatly reduced, an arrangement was made between the present government and the two railway companies to employ these men for a certain length of time. When we endeavoured to get information at the end of that period as to what had become of the men who had been in the camps, we found it extremely difficult to find any trace of them. But they have turned up since in the persons of these single, homeless, unemployed still not dealt with by the dominion government. So we look on the situation in that province to the west, which has always had the most difficult part of this problem to look after, and which has had to handle it largely by itself, and we see a condition of affairs the news value of which is being exploited by the press of the world, with the result that the people of the world are smiling at Canada.

Mr. R. M. WARREN (Renfrew North): Mr. Speaker, I do not propose to tender any advice to the government on how to deal with this problem. There is only one angle of it that I propose to mention, and it is the manner in which we have educated numbers of our single men in this country in the idea that if they fail to find jobs for themselves, a generous government will turn in and provide them with a home, with food to eat and with raiment to wear. To my way of thinking that is one of the greatest injuries we have done to the young men of this country; we have robbed them of their initiative, destroyed their ambition to go out and find work, to do any job they can find. I am afraid it is only too true that once a young man works on a government job it is very hard to get him to work for a farmer or a contractor. If he gets work with the government one year, working eight hours a day and not being pushed too hard, he wants that job the next year, and if he does not get it then it is going to be just too bad for all concerned.

My suggestion is that some way be found of getting our young people away from this idea that they must eternally depend on some governing body to look after them. As I understand it, these young men in British Columbia were offered transportation back to their home provinces. They were taken into those camps under the youth training scheme, given employment during a time of stress, and then had the chance to go back to their own provinces where very likely they would have been able to find some kind of work.

Mr. MacNEIL: Where is the work?

Mr. WARREN: I venture to say that many of these men, at all events, could find work on the farms of the different provinces if they wanted to; but that is the trouble; you cannot get them to take that work after they have been doing government jobs. They do not want that kind of work.

Mr. MacINNIS: Are there any unemployed in the other provinces?

Mr. WARREN: Not in the rural districts. There are plenty of farmers looking for men.

Mr. MITCHELL: Is the fault that of the men who are in the post office and art gallery of Vancouver, or is it the fault of this nation which has not been able to meet their needs for work?

Mr. WARREN: I think it is greatly the fault of the young men there, that they did not get out of Vancouver when they had the money and the price to get out where work was to be found, and to take on the work available.

Mr. MITCHELL: Does that clear us of our responsibility?

Mr. WARREN: I do not see why any governing body should have to take the responsibility for taking care of all of its citizens. If we are going to adopt that sort of attitude—well, what are we drifting to?—just a dictatorship; that is all.

Mr. MacNEIL: Is the hon. member aware that a large number of young men are from the drought areas and could not return to the conditions which obtained there without being a great burden upon those municipalities.

Mr. WARREN: I suppose they are putting in crops in the dried-out areas this year, and in doing that they require help. If they have moisture, they will naturally want to put in crops, and in doing that there would be employment for numbers of these men.

Mr. MacINNIS: The hon. member says that he supposes; is there any indication that a person would get employment if he arrived there? You cannot go to the prairie provinces only on a presumption.

Motion agreed to and the house went into committee of supply, Mr. Sanderson in the chair.

POST OFFICE DEPARTMENT

Inspection and investigation, $1,046,840.

Hon. W. D. EULER (Acting Postmaster General): We discussed this item the other day.

Mr. BENNETT: What changes have been made? I understand there is an increase in the inspection department in some of the provinces. Perhaps the minister would give us the information so that the item could be disposed of.

Mr. EULER: There has been one additional inspector of postal services.

Mr. BENNETT: Where?

Mr. EULER: Stationed at Toronto district.

Mr. BENNETT: And that is the only addition?

Mr. EULER: Yes, and a superintendent of the investigations division and another superintendent of the service division, both in Toronto, and one senior postal clerk at Quebec.

Item agreed to.

Progress reported.

ST. LAWRENCE WATERWAY

TABLING OF NEW PROPOSALS FOR DEVELOPMENT OF GREAT LAKES SYSTEM

Right Hon. ERNEST LAPOINTE (Minister of Justice): On May 28, the Secretary of State of the United States addressed a note to the Canadian Minister at Washington setting forth new proposals for the development of the great lakes-St. Lawrence system for navigation and power. That note was accompanied by a draft treaty, and the government of the United States, we are informed, desires to publish this to-morrow. So it is only fair to the house that I should lay on the table four copies of both the note of the United States Secretary of State and the proposed draft treaty. Of course we have not considered it yet.

Right Hon. R. B. BENNETT (Leader of the Opposition): May I suggest it probably would be very much appreciated by every hon. member of the house if that could be printed in the votes and proceedings. I believe that would be desirable.

Mr. LAPOINTE (Quebec East): I have not the slightest objection, and I move accordingly.

Motion agreed to.

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

Wednesday, June 1, 1938

The house met at three o'clock.

REPORTS OF COMMITTEES

BANKING AND COMMERCE—THIRD REPORT AND DRAFT BILL RESPECTING INTEREST ON SMALL LOANS

Mr. W. H. MOORE (Ontario) presented the third report of the standing committee on banking and commerce, together with a draft bill entitled, An Act respecting Interest on Small Loans.

Hon. CHARLES A. DUNNING (Minister of Finance): This is a very lengthy report. I suggest that inasmuch as no action is proposed to be taken on it to-day we might dispense with the reading of it and let it appear in the votes and proceedings.

Mr. STEVENS: It is an excellent literary production. It ought to be heard by hon. members.

Mr. DUNNING: There will be time to do that.

STANDING ORDERS—CONCURRENCE IN SECOND REPORT

Mr. S. W. JACOBS (Cartier) moved that the second report of the standing committee on standing orders, presented to the house on May 31, be concurred in.

Motion agreed to.

MAIL PRINTING COMPANY

AMENDMENT TO ACT OF INCORPORATION RESPECTING VALUE OF REAL ESTATE HOLDINGS

Mr. A. G. SLAGHT (Parry Sound) moved the first reading of Bill No. 130 (letter J-2 of the Senate), respecting the Mail Printing Company.

Mr. CAHAN: Explain.

Mr. SLAGHT: Mr. Speaker, this is a bill to amend the act of incorporation of the Mail Printing Company, which was enacted in 1880. The only amendment proposed is the substitution of "one hundred thousand" for "thirty thousand" in the clause in the original bill which provides that real estate held by the corporation at any one time shall not exceed in annual value the sum of thirty thousand dollars. By reason of the increase in value since 1880 and the new premises acquired by this corporation, they find it desirable to have the annual value of the real estate that they may hold increased to one hundred thousand dollars.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 131, respecting the Globe Printing Company.—Mr. Slaght.

Bill No. 139, for the relief of Irene Thomas Smith.—Mr. Walsh.

Bill No. 140, for the relief of Sylvia Salzman Udashkin.—Mr. Lawson.

Bill No. 141, for the relief of William Dougald Stanley Campbell.—Mr. White.

Bill No. 142, for the relief of Mildred Varner MacLeod.—Mr. MacLean (Prince).

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

PUBLIC WORKS DEPARTMENT HEATING STAFF

Mr. HYNDMAN:

1. How many hours per week are actually worked by the chief engineer, or engineer in charge, during the heating season on buildings under the Public Works department?

2. How many in the summer season during the "overhaul" of the plant?

3. How many men come under this category?

4. If on duty over the 44 hours per week specified in the civil service regulations and also by P.C. 670, 27th March, 1930, do they receive monetary compensation for overtime?

5. Do they receive time in lieu therefor?

Mr. CARDIN:

1. 48 hours.

2. 44 hours.

3. 18.

4. No.

5. Time in lieu is allowed for working over a 48-hour week in the heating season and a 44-hour week in the summer season.

Mr. HYNDMAN:

1. Have shift engineers and firemen on the heating staff of the Public Works department been working continuously for more than one week without receiving the 24 hours off weekly, in accordance with the Lord's Day Act, and also P.C. 1537, 7th September, 1925?

2. If so, how many, and what periods were thus continuously worked during the heating season 1937-38 by each?

3. Have these men received monetary compensation for such extra days?

4. If not, have they received time in lieu thereof, and has such time been equitably arranged so as not to penalize by compelling them to work a predominant number of night shifts?

Mr. CARDIN:

1. Yes.

2. (a) 44.

(b)

Name—Period continuously worked, 1937-38

W. J. McInnch, February 21-March 5.
W. J. McInnch, March 7-April 2.
R. J. Gorman, November 1-November 13.
R. J. Gorman, November 15-December 24.
R. J. Gorman, January 3-April 30.
F. Dumoulin, February 6-February 19.
T. J. Doyle, March 15-March 27.
J. Abbott, October 11-November 1.
J. D. Stratton, November 1-February 20.
J. D. Stratton, March 16-April 30.
J. F. Donoghue, January 3-January 15.
J. F. Donoghue, January 17-February 5.
C. J. Aubrey, October 22-December 5.
P. Farro, September 23-November 5.
P. Farro, January 27-February 9.
R. H. Russett, November 1-December 4.
R. H. Russett, February 7-February 26.
R. H. Russett, February 28-March 12.
H. Groulx, October 11-November 6.
J. M. Jackson, November 1-November 20.
H. J. Poaps, November 1-November 22.
W. E. Murray, September 15-November 18.
E. Nunn, November 19-December 19.
E. Nunn, December 28-January 29.
E. Nunn, January 31-March 5.
E. J. Caldwell, October 31-January 13.
F. S. B. Murray, October 16-November 1.
F. S. B. Murray, November 4-November 20.
F. S. B. Murray, November 22-December 11.
F. S. B. Murray, December 13-January 8.
W. J. Hemphill, March 28-April 9.
W. J. Hemphill, April 25-May 9.
A. V. Wells, November 15-November 27.
A. V. Wells, March 28-April 9.
F. Deavy, November 1-January 16.
F. Deavy, February 1-April 20.
M. Brown, November 1-November 21.
W. S. Keating, November 1-November 19.
W. S. Keating, February 6-February 18.
F. Moore, September 13-December 30.
W. McLean, January 17-February 5.
W. McLean, April 18-May 8.
N. Christian, January 27-February 21.
H. R. Clarke, November 1-January 12.
H. R. Clarke, January 14-February 7.
H. R. Clarke, February 25-March 9.
S. G. Hawes, October 11-November 6.
S. G. Hawes, January 26-March 7.
S. G. Hawes, April 23-May 8.
J. H. Hemphill, November 22-December 4.
J. H. Hemphill, December 6-December 18.
J. H. Hemphill, December 20-January 1.
J. H. Hemphill, January 3-January 15.
J. J. McLarnon, October 4-November 23.
H. J. Newin, November 15-November 27.
H. J. Newin, November 29-December 11.
H. J. Newin, December 13-December 25.
H. J. Newin, December 27-January 8.
H. T. Parent, February 19-March 3.
F. G. Shepherd, September 16-November 5.
R. G. Whalen, October 15-November 21.
R. G. Whalen, November 23-December 17.
R. G. Whalen, December 19-January 2.
R. G. Whalen, February 8-February 25.
E. Deschenes, February 10-February 22.
T. E. Leonard, October 13-November 2.
H. Adams, January 15-January 27.
W. J. Bates, December 29-January 10.
E. Charron, April 2-April 14.
C. Graham, November 1-January 10.
C. Graham, January 23-March 14.
C. Graham, March 25-April 10.
W. Larkin, January 27-February 8.
W. E. McBride, February 2-February 14.
E. Prindiville, January 31-February 27.
E. Prindiville, March 2-April 9.
E. Prindiville, April 15-April 30.
F. Duncan, February 18-March 15.
T. Laronde, January 11-January 23.

3. No.

4. (a) Time in lieu thereof is allowed during or after heating season as can be most equitably arranged. (b) Yes.

EDOUARD HEBERT

Mr. BROOKS:

1. Was Mr. Edouard Hebert, parish of Shediac, Westmorland county, New Brunswick, timekeeper or otherwise employed in connection with Pointe du Chene wharf, Westmorland county, in the year 1937?

2. If so, on what dates was Mr. Hebert employed as such timekeeper or otherwise, and what amount did he receive for his services?

Mr. CARDIN:

1. Yes, as a labourer.

2. (a)

April 20 to 24 and 27 (6 days).
May 3 to 7, 10 to 14, 17 to 20 (13½ days).
June 11 to 22 and 24 to 30 (16 days).
July 1 to 9, 12, 14, 15, 20 to 24, 28 to 31 (20 days).
August 2, 3, 11 to 18, 25 to 31 (15 days).
September 1 to 3, 6 to 17, 20 to 29 (23 days).
October 1 to 15 (12½ days).
November 5 to 10, 12, 13, 16, 17, 19 to 23, 25, 29 (14½ days).

(b) $289.20.

Note: Also paid $57.20 for use of car (rate 10 cents per mile) for trips in connection with materials and repairs required on the work.

EXPORTS OF WHEAT

Mr. LACOMBE:

1. What quantity of wheat was exported from Canada during the years 1932, 1933, 1934, 1935, 1936 and 1937 to: (a) the United Kingdom; (b) other countries?

2. What was the value of such exports during each of the said years?

Mr. EULER:

1.

Calendar Years	United Kingdom Bushels	Other Countries Bushels
1932	140,234,539	87,985,216
1933	121,043,260	71,231,601
1934	113,959,349	53,953,706
1935	123,876,920	41,795,751
1936	165,438,629	77,602,901
1937	73,927,157	22,081,184

2.

Calendar Years	United Kingdom	Other Countries
1932	$ 75,965,723	$52,420,010
1933	76,574,815	46,112,871
1934	88,192,258	42,965,459
1935	103,805,139	33,347,668
1936	154,872,712	72,041,051
1937	95,794,483	28,645,096

QUESTION PASSED AS ORDER FOR RETURN

QUEBEC POSTAL DISTRICT EMPLOYEES

Mr. BOULANGER:

1. How many persons in the Quebec postal district are at present temporarily employed by the Post Office Department and without having passed the civil service examination?

2. What was the date of first appointment of each of these employees, the nature of his work and his salary?

3. How many persons in the postal district of Quebec successfully passed the last civil service examination for positions as clerks, postal helpers, mail porters or letter carriers?

4. How many of the successful candidates at the last examination have actually secured employment in the Quebec postal district?

MOTION FOR PAPERS

CANADIAN NAVAL SERVICE

Mr. STIRLING:

For a copy of all orders in council, letters, forms of tender, bids or tenders, cables, telegrams and correspondence of all kinds, relating to the construction of ships for the Canadian naval service prior to the 1st day of January, 1913.

Mr. MACKENZIE (Vancouver): Subject to the usual reservation with reference to documents that may be confidential, there is no objection to the motion passing.

[Mr. Cardin.]

ANTICOSTI ISLAND

PROSPECTIVE SALE TO FOREIGN INTERESTS—MR. EMIL KARL GERHARDT

On the orders of the day:

Hon. FERNAND RINFRET (Secretary of State): Yesterday the leader of the opposition (Mr. Bennett) asked me to ascertain whether or not Mr. Karl R. Gerhard or anyone with a similar name has been naturalized in this country in 1938. The reply is as follows:

There is no record of the naturalization in Canada of any person bearing the name Emil Karl Gerhardt.

There is the record of a certificate of naturalization having been issued, on November 19, 1937, to Karl Rudolf Gerhard, of 3463 Shuter street, Montreal.

The petition of Gerhard for naturalization was filed in the office of the clerk of the circuit court for the district of Montreal, on the 2nd June, 1937. The petition was heard by His Honour Judge Bumbray, on the 22nd October, 1937, who made a favourable report. The oath of allegiance was taken by Gerhard on the 12th November, 1937, and a certificate was issued to him in the regular course.

According to his own statement, confirmed by the records of the immigration branch, Department of Mines and Resources, this Karl Rudolf Gerhard, then aged twenty-two, farm labourer, destined to the Lutheran immigration board, Montreal, landed at Halifax on March 15, 1930, ex the SS. Stuttgart.

The particulars of his residence in Canada were given as follows:

At Eden, Ontario, 1930-32, % N. O. Stillwell, storekeeper.

At London, Ontario, 1932-33, Huron college and university.

At Waterloo, Ontario, 1933-34, % Jack Conrad, 34 Young street.

At Montreal, Quebec, from September, 1934, until 1937.

At the time of his application, he described himself as a journalist. He further stated that he had made a three months' visit to Germany in the summer of 1936.

There is no record in the Department of State as to whether this Mr. Gerhard made a trip to Europe during the course of this year or whether he was in Rome at the time of Mr. Hitler's visit.

UNEMPLOYMENT

CONCENTRATION OF SINGLE UNEMPLOYED MEN IN VANCOUVER—OCCUPATION OF PUBLIC BUILDINGS

On the orders of the day:

Mr. C. G. MacNEIL (Vancouver North): Has any progress been made towards the peaceful evacuation of the Vancouver post office by the single unemployed?

Hon. W. D. EULER (Minister of Trade and Commerce): The situation is just as it was described yesterday. The men are still in the lobby of the post office.

Mr. STEVENS: And still playing games.

Mr. EULER: I have no knowledge of that; in fact I doubt it very much, just as my hon. friend's information was incorrect the other day.

Mr. STEVENS: Not at all.

CANADIAN NATIONAL RAILWAYS

REPORTED LAY-OFF OF EMPLOYEES AT EDSON, ALBERTA

On the orders of the day:

Mr. A. H. MITCHELL (Medicine Hat): I wish to address a question to the Minister of Transport (Mr. Howe) and the Minister of Labour (Mr. Rogers). A telegram has come to-day addressed to the hon. member for Jasper-Edson (Mr. Kuhl), from the town of Edson, Alberta, a divisional point of the Canadian National Railways. It states that an already heavy relief burden is being further aggravated by the lay-off of railway employees at this point. The citizens there are expressing anxiety and they ask for an early solution. What assurance can the government give the people of Edson that these men will be adequately provided for so that a crisis which appears to be impending there may be averted? I notice that the ministers of transport and of labour are not in the chamber at the moment, and I trust that the Minister of Justice will direct their attention to the question.

Right Hon. ERNEST LAPOINTE (Minister of Justice): My two colleagues are engaged elsewhere to-day, but this matter will be called to their attention and I hope to give my hon. friend an answer to-morrow.

EXCISE TAX AMENDMENT

MISCELLANEOUS ADMINISTRATIVE CHANGES INVOLVING NO ALTERATION IN RATES

Hon. J. L. ILSLEY (Minister of National Revenue) moved the third reading of Bill No. 123, to amend the Excise Act.

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

SUPPLY

POST OFFICE DEPARTMENT

Railway mail service, $10,323,670.

Mr. GREEN: In the details of the vote given on page 169 it appears that there is only one grade for all railway mail clerks. About six weeks ago a delegation from the railway mail clerks appeared before the civil service committee, asking that a recommendation be made that there should be at least two grades of railway mail clerks, one for the junior men and one for the seniors who have charge of the different lines. We understood subsequently from the chairman of the civil service commission that the Post Office Department had asked for a regrading. Will new grades be established?

Hon. W. D. EULER (Acting Postmaster General): I am told that the matter has to be discussed with the civil service commission, but that has not yet been done. Action will follow as soon as the parliamentary committee on the civil service has completed its work, when the department will consult with the civil service commission as to what steps should appropriately be taken.

Mr. GREEN: Is the Post Office Department in favour of such a regrading?

Mr. EULER: No definite decision on that can be given until all the details have been thoroughly examined by the officials of the department. The department on its own initiative has referred the matter to the civil service commission for discussion. I do not know whether my hon. friend can gather a favourable opinion from that or not. But the matter will be discussed later on.

Mr. GREEN: The civil service commission gave us to understand that they were quite agreeable to it, but that the initiative had to come from the Post Office Department.

Mr. EULER: It has already been taken.

Mr. STEWART: I notice an increase of $327,600 in this item. Referring to page 169, mail service by railway, we find that the

amount last year was $6,950,000 and this year $7,150,000, representing practically all the increase. How does this increase come about? Is there an extension of the service, or is it an increase in rates?

Mr. EULER: Almost the whole increase of $200,000 in this item is due to increased services. The following is a list of some eighteen new services that have been added, which accounts for $170,000 of the increase of $200,000:

Mail Service by Railway

The increase of $200,000 is to provide for the following services:

Route—Service	Annual cost
Hartney and Virden—Baggage car to postal car	$ 1,710 14
Montreal and Toronto—Baggage car service (new)	6,947 20
Ottawa and Brockville—Baggage car service (new)	1,601 60
London and Hamilton—Baggage car service (new)	1,014 12
Sudbury, Capreol and Winnipeg (trains 94, 97, 3, 4)—Baggage car service (new)	5,081 96
Sudbury, Capreol and Winnipeg (trains 95, 3, 1, 2, 4, 96)—Baggage car to postal car	88,350 52
Capreol and Field—Baggage car service (new)	473 40
Pembina and Winnipeg—Baggage car to postal car	3,153 48
Melville and Winnipeg—Baggage car service (new)	582 00
Toronto and Sudbury junction—Baggage car service (new)	3,405 44
Toronto, North Bay and Timmins—Baggage car to postal car	7,470 58
McLennan and Hines Creek—Baggage car to postal car	2,946 84
Senneterre and Val d'Or—Baggage car service (new)	1,802 88
Edmonton and Dawson Creek—Increase in frequency, postal car service	10,944 18
McLennan and Hines Creek—Increase in frequency, baggage car service	1,372 08
Toronto, London and Windsor; London, St. Thomas and Simcoe; Toronto and Stratford—Rearrangement of train service	2,093 92
Richmond and Sherbrooke—Baggage car to postal car	1,408 50
Montreal and Winnipeg—Overflow space	30,000 00
	$170,358 84

Mr. BAKER: Is this money equally divided between the two railways?

Mr. EULER: It is impossible to make an arbitrarily equal division of the services. It depends on the points served by the different railways.

Mr. ELLIOTT (Kindersley): Does the increase in parcel post weight limit involve an increase in staff or equipment to handle that extra business?

Mr. EULER: Not up to this time.

Mr. ELLIOTT (Kindersley): What was the reason for increasing the weight?

Mr. EULER: Chiefly to give an extra service to people in rural districts; and I think the department hopes for a little heavier income from the parcel post service on account of that increase.

Mr. SENN: The minister stated that this increase was not divided arbitrarily on an equal basis between the two railways. Of course there are places served by only one railway system. On the other hand there are many places reached by both railways. What is the system followed by the department in such cases? Is the service divided between the two railways or is one used exclusively? What is the governing factor?

Mr. EULER: I am informed that where both railways are available no one railway gets the business exclusively; there is a division. I cannot say whether it is always an equal division.

Mr. BARBER: I have in mind services in British Columbia. Are not the through mail contracts from the east to Vancouver held altogether by one company?

Mr. EULER: I am not sure that I can answer that question entirely to the satisfaction of my hon. friend. There is a difference in favour of the Canadian Pacific Railway, which I understand is largely accounted for by the fact that it was the pioneer railway, and reaches more completely the towns and villages in that locality than does the Canadian National. Naturally the business would go by the Canadian Pacific where they can serve the communities best. Through mails from the Atlantic to the Pacific, coming in by Canadian Pacific steamships, account for a very large proportion.

Mr. BARBER: I have in mind the lower Fraser valley. The mails have been carried by the Canadian Pacific on the north side of the river for many years, perhaps since mail cars first commenced to run. But from places situated on the Canadian National on the south side of the river the mails at present go to Vancouver via Canadian Pacific and then come back by the British Columbia Electric to points in the Fraser valley, which means that although there is a train on the Canadian National coming in at 7 a.m. which

could deliver our mail, we do not receive it until noon. And there is the same delay with outgoing mails; they go to Vancouver or a point near Vancouver and are taken across and placed on the Canadian Pacific. The minister mentioned baggage car service. I think that district could be well served with a baggage car service between Kamloops and New Westminster. It is a service which we very much desire. It has been discussed from time to time, connecting with the Canadian Pacific from Rosedale to Agassiz. If this could be arranged, to give us a baggage car from those points at any rate, it would solve the problem. I am speaking of one of the largest settlements, which is served by several rural routes, that is the Chilliwack area on the Canadian National.

Mr. EULER: I assure my friend that we shall be glad to give his suggestion every consideration.

Mr. BARBER: The baggage car rates would not be very high.

Mr. EULER: I am told that the cost would be very little more, though I cannot say precisely what it would be.

Mr. BARBER: It would be a great convenience to the people of that district, the business people particularly; it would mean a difference of several hours.

Mr. EULER: We shall be very glad to consider it.

Mr. SENN: May I ask if buses are used to any extent at all in carrying mail from one point to another, and whether that comes under this item. I understand that from time to time newspapers are carried by bus, but I do not know whether or not the cost is borne by the newspaper companies themselves. I should like to know if there is any use made of the buses.

Mr. EULER: The bus service comes under the following item. This has to do with the railway mail service.

Mr. ISNOR: To me this item dealing with railway mail service has to do with a very important branch of the Post Office Department. The railway mail clerks are chosen from the best of the postal clerks. Their hours are long, and I am wondering just what protection they receive in the way of accommodation. We remember that last year or the year before the Dominion Railway Mail Clerks' Association made a protest in regard to cars of a certain type, and I should like the minister to advise us whether the department has any control over the type of car which is provided for the use of the railway mail clerks.

Mr. EULER: I am told that representations in this regard are being made constantly to the railway companies and the railway commission, and improvements are made from time to time.

Mr. ISNOR: Who makes the representations?

Mr. EULER: The Post Office Department.

Mr. ISNOR: I should like a little more light on this point. Are the representations made from the association to the department and then from the department to the railways? Is that the procedure?

Mr. EULER: That is usually the case.

Mr. ISNOR: Is steel equipment now being used throughout or are the older types of cars still in use?

Mr. EULER: The change has not been made in all cases, but it is being made gradually and progressively from the wooden cars to the steel cars.

Mr. ISNOR: I thank the minister for that information. I sincerely trust that in the very near future the change will be completed so that steel cars will be used throughout; because, as I said before, this is a most important branch of the service and the men are compelled to work very long hours. They are not like the men on duty in the ordinary post office, who are working in a fireproof building. These men carry on at all hours, day and night, and it is necessary for them to complete their work by stated times. For that reason I think they should have every protection possible.

I should like to take this opportunity of thanking the department for inaugurating a better, quicker and more satisfactory service between Boston and Halifax via Yarmouth, which I understand comes into operation on June 25. I think it only fitting that I should express my thanks and appreciation at this time.

Mr. SPENCE: In these days when business is declining sharply and when business people are more or less up against it, and with so many people out of work, I wonder if there is any real necessity for an added expenditure of $327,000 to give this extra service. Does the minister really believe this is a necessity?

Mr. EULER: I did not actually make up these estimates, of course, but I am quite sure the business people themselves demanded improved service, and in response to these demands we are making these extensions and additions. I cannot say anything further with regard to the matter. I think the extensions and additions that are being made are thoroughly justified. This is a growing business; Canada is a growing country, and while at the moment there may be what might be termed a slight recession, we hope it will be only temporary.

Mr. SPENCE: Business people are just like other people; they want anything they think they can get as long as they do not have to pay for it. It is up to the department to refuse to give them anything that does not pay the department. It is really a waste of money to give too much service when the financial position of the country does not warrant it.

Mr. McGREGOR: How much of this money goes to each of the railways?

Mr. EULER: For 1936-37 the figures are as follows: The Canadian Pacific received $3,550,789.32, and the Canadian National, $2,901,703.10.

Mr. WOODSWORTH: At the present time, as we all know, there is a decided drive on the part of the Canadian Pacific railway to bring about some sort of unification, and one of the reasons is that it would result in some saving to the taxpayers. I have been looking over the amounts granted to the Canadian Pacific for the carriage of mail. I am quoting from an article that appeared in the Winnipeg Free Press of May 28, and I assume that these figures are correct:

1925	$3,552,416
1926	3,607,036
1927	3,727,444
1928	3,715,032
1929	3,741,391
1930	3,693,153
1931	3,565,386
1932	3,621,875
1933	3,490,697
1934	3,519,697
1935	3,537,456
1936	3,584,823
1937	3,599,676

These are very large sums. For the life of me—and I have raised this question before—when we have our own Canadian National property, supported by the taxpayers of this country, I cannot see why we should not give the Canadian National Railways, wherever possible, the business of carrying the mails. I asked this question several years ago and could not get a satisfactory answer. I do not think there is one forthcoming; at least, if the minister can give it I would like to have it. Even in the case of mail carried on Canadian Pacific steamships I cannot see why, when it reaches this country, it could not for the most part be carried over the lines of the Canadian National Railways, or at least to half of the territory covered. Certainly, through mails could be carried in that way.

I should like to have a further explanation from the minister. If there is anything in the plea Sir Edward Beatty is making, that we ought to try to save money for the taxpayers, then is this not one way in which it could be done.

Mr. HOWDEN: I would like—

Mr. WOODSWORTH: May I have an answer from the minister, before we pass from this point?

Mr. HOWDEN: I was going to ask a question along the same lines.

Mr. EULER: Perhaps two or three years or more ago I might have made the same sort of speech as the hon. member has just made, because in those days I drew attention to the same conditions with regard to the mail service of the two railways. And I would not say for a moment that at the present time I am in disagreement with the hon. member. At the same time I am informed that the differential is gradually diminishing; that is, the two railways are approaching more nearly the same amounts which they receive from the government for the carrying of mail.

There are many reasons, and probably I should give them here, for the difference between the two contracts. For example, mail carried on Canadian Pacific railway ships across the Atlantic and routed to western Canada would naturally, I suppose, be carried on Canadian Pacific railway trains. That which is carried on the Cunarders, which may not be so widely patronized, would go on the Canadian National Railways. When the Canadian Pacific railway was built into western Canada it was the pioneer road. It passes to the south and through the larger towns and cities such as Brandon, Regina, Moose Jaw, Calgary and on to Vancouver. Probably for that reason it receives more for the carrying of mail than would the Canadian National Railways passing farther to the north. Then, radiating from the main line of the Canadian Pacific railway are many branch lines. I do not know just what the number is, as com-

pared with the branch lines of the Canadian National Railways. I am informed, however, that they are more numerous and would naturally get more mail business than would the Canadian National system.

I do not believe the same argument would apply in eastern Canada because at least in western Ontario I believe the Canadian National lines are as numerous.

Mr. WOODSWORTH: But even if they are—

Mr. EULER: I am granting that. I do not say that the same argument would prevail in eastern Canada. At this time I am not going to make an explanation of the situation. I am saying nothing as to the policy of the present government, whether or not there is any well-defined policy with regard to the matter or whether the fact that the one is publicly owned and the other privately owned should have any bearing whatsoever on the amount of business that should be given to each. I have heard it strenuously argued that the Canadian National Railways should not be favoured at the expense of the privately owned line. I will admit I have always felt—

Mr. WOODSWORTH: Is that the government policy?

Mr. EULER: I am not making a declaration of policy. The one policy that is being followed is, I believe, the policy which has been in vogue for many years—and I say this subject to correction from members of previous governments—namely, that there was not to be any discrimination in favour of either the publicly owned or the privately owned line.

Mr. WOODSWORTH: But these figures seem to indicate that there is discrimination.

Mr. EULER: These are not discriminatory. The Canadian Pacific Railway Company happen to get more contracts and more money because their lines run in the places where they can best give the service. I am told that is the explanation.

Mr. WOODSWORTH: Is there a greater Canadian Pacific mileage than Canadian National?

Mr. EULER: No. But especially in western Canada the Canadian Pacific passes through the more thickly populated parts, and the cities which receive more mail.

Mr. CAHAN: There is a greater volume of postal business.

Mr. EULER: Yes. In western Canada there is a greater volume of mail received along the lines of the Canadian Pacific than along those of the Canadian National.

Mr. WOODSWORTH: The minister has said the difference is decreasing. Will he give details for the last ten or twelve years as to amounts given to the Canadian National Railways?

Mr. EULER: I can give examples in the last three years. In 1935-36 the difference was about $668,000. In 1936-37 it was only $665,000, or a reduction of $13,000, and in 1937-38 it was reduced to $620,000, or $35,000 less than it was the year before. That is why I say the differential is diminishing.

Mr. WOODSWORTH: But not very rapidly.

Mr. HOWDEN: I should like to follow up the interrogation of the hon. member for Winnipeg North Centre. What is the policy of the Post Office Department with regard to the distribution of railway mail contracts? Are they let by tender? A minute ago the minister said that because the Canadian Pacific railway has direct connection with certain steamship lines, he assumes it would be given transference of the mail from those lines. I do not believe that is a sufficiently good reason. It is the custom of the government generally to let contracts by tender. If those mail contracts are not let by tender, how are they let? I ask that because it is evident the Canadian National Railways have been getting the worst of the deal all along the line for many years.

Mr. EULER: That question is easily answered. The space rates on the cars are fixed by order in council, and are the same for both railways. The allotting of the contracts is on the basis I suggested a moment ago, namely to whichever railway can give the better service.

Mr. HOWDEN: The two railways carry passengers from one coast to the other. My information is that the Canadian Pacific has all the through mail contracts, and if that is so it certainly looks like discrimination.

Mr. EULER: I can give no explanation other than the one I have already given, that it is not correct to say that the Canadian Pacific carries all the mail to the Pacific coast—

Mr. HOWDEN: All through mail.

Mr. EULER: No, not all the through mail. But for the reasons I have given they

have the greater proportion. There may be other reasons with which I am not conversant.

Item agreed to.

Air and land mail services, $8,052,005.

Mr. BARBER: What portion of the vote last year was expended on this service? The minister might also indicate the revenues from the service.

Mr. EULER: In 1937-38 there was an expenditure of $6,087,888.56 out of a vote of $6,325,000. The air appropriation in that year was $705,000, with expenditures of $375,400.79. A large part of the appropriation was not expended.

Mr. BARBER: What was the revenue?

Mr. EULER: I am afraid I cannot give the detailed items of revenue because the amounts have not been divided. The net revenue was $35,546,161.25.

Mr. BARBER: Is that the total revenue from the post office?

Mr. EULER: The total revenue from all post office services.

Mr. BARBER: What is the amount from the air mail service?

Mr. EULER: It is impossible to segregate the revenue from the different items.

Mr. STEVENS: The sale of air mail stamps would show that, would it not?

Mr. EULER: So far as the mail service on land, stamps on cheques, and so on, are concerned, those are not really postal revenue.

Mr. STEVENS: But the air mail postage is.

Mr. EULER: The estimated revenue from the air mail service is $631,043.88.

Mr. BAKER: Do I understand the minister to say that only $400,000 was spent on the air mail service? My thought was that it would be profitable, and I think it is, which is creditable. Has the department considered developing the air mail service?

Mr. EULER: We are doing that.

Mr. BAKER: But even more than at present? I would go so far as to say that even if the air mail service was not profitable, it should be developed, because then in case of emergency you would have a well trained force that might prove very useful.

Mr. EULER: We are extending the air mail service all the time. The Trans-Canada air mail service will begin about July 1. It is an extensive addition to the present service. Another service is being inaugurated this summer from Regina to Prince Albert, and there are others under consideration, one from Vancouver to Fort St. John, joining up with the line from Calgary and Edmonton to White Horse. The department is as fully air-minded as any other part of the populace, I think, so far as air mail service is concerned.

[Mr. Euler.]

Mr. BAKER: I am glad to hear of the extensions of the service that are being made. I should like to see the Post Office Department encourage an even greater extension of the service, even at a loss within certain limits, because in addition to giving an air mail service it would provide us with a magnificent, trained force to call upon.

Mr. MITCHELL: In the details given on page 170 of the estimates there is an item, mail service by air, $1,573,435, an increase from $705,000 the previous year. May I ask what is included in that item?

Mr. EULER: Does my hon. friend refer to just the increase?

Mr. MITCHELL: No; I want to know what mail service by air includes.

Mr. EULER: The increases are accounted for very largely by the inauguration of the air mail service on the Trans-Canada Air Lines, which will begin about July 1. If my hon. friend desires a list of the services, they fill about three pages and total between forty and fifty.

Mr. MITCHELL: I wanted to know what that $1,500,000 was expended on.

Mr. EULER: It is for the carrying of mails by air.

Mr. MITCHELL: Are there contract payments to air companies, including the Trans-Canada?

Mr. EULER: Precisely.

Mr. MITCHELL: How are these contracts let for air services? Are tenders called for?

Mr. EULER: Under the provisions of the Post Office Act tenders are called for in most cases, but that is not the case with the Trans-Canada Air Lines because it is owned by the Dominion of Canada, and the companies are paid a price fixed by the government for the carrying of mails. The service from Regina to Prince Albert, for example, is done by tender, and most of the other services are by tender.

Mr. TUSTIN: The minister said the estimated revenue was $680,000. Is that for air services for the coming year?

Mr. EULER: That is not for this year, but for 1937-38. We can, of course, expect much larger revenues this year because we are inaugurating further services like the Trans-Canada Air Lines and others.

Mr. TUSTIN: That is why I asked the question. I notice that about $800,000 more is being provided for expenditures on air service.

Mr. EULER: That is almost wholly for new services, chiefly the trans-Canada, which will bring in further revenue.

Mr. McKENZIE (Lambton-Kent): I should like to say a word on behalf of the rural mail carriers. No body of men in any department give more efficient or faithful service than do the rural mail carriers. Day after day, summer and winter, they carry on their work in all kinds of weather. They have made requests to the department from time to time that they be remunerated on a more adequate basis, but the reply has been that the contracts are let by tender, and if a lower tender has been submitted, it is their own fault. But that is not altogether true because I find on looking up the records that there was a departmental ruling in 1932-33, when probably postal revenues were a little low, the effect of which was this: If a contract was unfortunate enough to fall due in that period, the contractor was told that he could not renew if the rate was over $35 per mile; under that rate, they would renew the contract. The result was that those rural mail carriers who were unfortunate enough to have their contracts expire in that period had to take a reduction in price. This has created an unfortunate situation because in many post offices we have men getting $40 per mile and other men, through no fault of their own but just because their contracts expired in that earlier period, getting $35 per mile. I have asked the department on several occasions to restore the pay of these men to its former status, but the reply is that they cannot raise the price without calling for tenders, but they can lower it. That seems to be a peculiar state of affairs, because if you can change the contract one way surely you can change it the other. They have presented their case from time to time in clear and moderate terms, and their claims should be given sympathetic consideration. They have given the best service possible and are maintaining it at a high standard of efficiency. I think it should be possible for the department to establish a minimum amount, because when the tenders are opened it is frequently found that some people, who have not much knowledge of what the work involves, put in a tender much lower than it can be reasonably done for. For that reason I believe there should be a minimum rate set. I might add while I am on my feet that I think the department could very well restore some of the holidays they have taken from these men in years gone by.

Mr. SPENCE: During some years that I have been in this house, the rural mail service has been criticized by hon. members of all political views; it is an annual affair. I agree that some of these men are working for practically nothing; they are not getting sufficient to maintain their truck or their car or horse or wagon, as the case may be; but the fault is their own; they tender too cheaply, that is the difficulty. I cannot see how the department can change it, although I should be very glad to see it changed. Someone has mentioned that the people are getting air-minded. To my mind the people are "in the air", and the post office department are leaving them to it. In this item we are discussing and the three items above it there is an increase of over $1,600,000. I wonder how long eleven million people can stand the drain that is coming through in the estimates this year. The estimates of every department have been increased; there is to be no reduction in anything. Is business getting any better? Are the people any better off? Just feel your own pocket and ask yourself.

An hon. MEMBER: The Liberals are in power.

Mr. SPENCE: The Liberals cannot make good times any more than anyone else can. Nobody can do it.

Mr. EULER: In spite of what the hon. member says, the money which is spent in the air mail service comes back to us. It is a paying business.

Mr. SPENCE: The minister cannot show much revenue coming back from it. I believe it is like the Post Office Department; they do not know whether they are making money or losing it. We have not been given the true standing of the Post Office Department since I have been in the house. The minister is not to blame.

Mr. THOMPSON: On several occasions when these estimates have been before the house I have called the attention of the committee to the condition of the rural mail carriers, and I want to say a word in that connection in support of what the hon. member for Lambton-Kent (Mr. McKenzie) has said. It has been stated here that these men are paid the value they place on their own

services. I say that is quite unfair. Why should the rural mail carrier be treated any differently from the city or the town mail carrier? There is a fixed salary for the man in the city or town who is delivering the mail. In this case they ask for tenders and they select the man whom they or the civil service commission think is best qualified to discharge those duties. But they go out into the country and say, "Now, you fellows bid against each other, and we will give the contract to the lowest bidder", and they are continually employing the men who put the lowest value upon their own services. That is absolutely unfair to the rural mail carriers. Also there is a certain amount of patronage involved—I will not say in the appointments, because the lowest tenderer invariably gets it if he can obtain two sureties with whom the department is satisfied; but when the four-year contract expires the man who has the patronage in that riding, either the member sitting on the government side or the defeated candidate if his party should be in office, is written to and asked if he would recommend that the contract be renewed or whether it should be put up for tender; and his advice is always followed. Now, why should the job of the man who has been faithfully discharging his duties for four years be subject to the whim of some man who thinks that he did or did not support his party? I say it is unfair.

I should like to see a mileage rate set. Some routes may be run cheaper than others. The highway which is ploughed out in the winter time and is always easy of access by car or horse may be more cheaply run than one in the back country where the roads are not in such good condition. A mileage rate should be set upon every rural route; ask for your tenders and then select from them the man whom you feel is the most competent to do the work; do not leave the tenderers at the mercy of the man who has the patronage of the riding. I know of several cases where people who were hard up have bid for these rural routes below what they should be run for. I remember saying to one man, "Why did you put in a tender for that route at that figure?" He said, "Well, I am hard up. I have a boy of about fourteen who has just come out of school, and he can take one of the horses and run that, and I have that much money coming in." "But," I said, "it will scarcely feed your horse." What I want to see done is to have the rural mail carriers placed upon the same footing as the city mail carriers. Let there be no difference between them. Further, let these appointments be made by the civil service commission, and let no man be discharged from his office except for cause. That is the only way that you will get the rural mail on a satisfactory basis. At the present time it is universally acknowledged, I believe, that an injustice is being done to our rural mail carriers.

Mr. SPENCE: There is just one thing I want to emphasize. I agree with all the previous speaker (Mr. Thompson) has said, but in the city of Toronto there is always competition for carrying the mails from substation to station, railway station to post office, and so on. I do not know the amount of the tender of the man who got the last contract in my district, but he cut out the man who had been doing the work for several years. So it is evident that there is competitive bidding, as in the rural mail routes, although I do not know whether that applies in every city.

Mr. THOMPSON: It is the delivery of letters we are talking about.

Mr. MITCHELL: My constituency is very largely rural, and I wish to support the remarks made by the hon. member for Lanark (Mr. Thompson) concerning the problems of the rural mail carrier. I know that in the Medicine Hat constituency the mail carriers often have to travel over exceedingly difficult prairie roads, and to make the journey in all kinds of weather, and they are expected to break the trail. The people in the neighbourhood always look to the rural mail carrier to do that trail-breaking for them, because they know that he has to make the journey. I have noticed that their outfits—their cars or whatever they are using to break the trail—are the most ramshackle ones in the community, largely because of the work they are called upon to do and the small revenue they are able to get out of their contract. I have known of rural mail carriers in my constituency who have had to drop their contracts before completion, and the guarantors have had to supply substitutes and pay them out of their own pockets. While I have not personally made a special study of the case of the rural mail carriers, I have every reason to agree with and to support the plea of the hon. member for Lanark that the contracts be placed on a definite mileage basis rather than left to the cupidity of individuals to outbid one another on a minimum scale. Surely it should be possible to improve on that method.

Mr. EULER: And make them civil servants?

Mr. MITCHELL: If need be. I disagree very much with the patronage method of appointing rural mail carriers. It does not seem to be the kind of thing that ought to be a reward for political virtue, and since it is a public service that delivers mail to Liberals, Conservatives, Social Crediters and whatnot, everywhere, it ought not to be a political prize. I object to it.

Mr. WALSH: I rather like the reference to political virtue. It sounds appetizing. May I ask the minister the names of the persons serving on the directorate of the Trans-Canada Air Lines representing the Post Office Department?

Mr. EULER: The representative of the Post Office Department is Mr. Herring.

Mr. WALSH: He is an official of the Post Office Department?

Mr. EULER: He is the chief superintendent of the air mail service.

Mr. WALSH: How many directors are there on the Trans-Canada Air Lines?

Mr. EULER: That is really in the Department of Transport. I believe that there are two transport men on the board but I do not know what the total number is.

Mr. WALSH: I ask the question for this reason. I recall a bill going through the house some time ago when Trans-Canada Air Lines was first put into operation. In that bill there was a clause providing that after 1940 the cost of the mail carried on that route would vary with the surplus or the deficit which the airways might have encountered during the course of the previous year. I cannot recall the clause definitely, but the purport would be that any deficit sustained by the Trans-Canada Air Lines would be borne by the Post Office Department beginning with the year 1940. Probably the minister has reference to section—

Mr. EULER: Section 17.

Mr. WALSH: Yes. It appeared to me even at that time that it was not a fair clause to put in a bill of this kind creating an air service from one end of Canada to the other, which was not altogether for the purpose of transferring mail from one point to another, and making the Post Office Department responsible for any deficit that might be created. I recall that at the time the suggestion was made, and it was repeated later, that there would be no deficit in connection with the trans-Canada airways. We were told that we need have no fear so far as deficits were concerned, that it would be a surplus-producing operation and it would be run at a profit. We all hoped that. I can remember the optimistic reference which an early report on the railways made in connection with our railway operations when the government took over the railways in the early twenties. We were given to understand at that time that we would very soon be receiving returns in the way of surpluses. Here was another encouraging report by a responsible minister of the crown suggesting that this new enterprise was going to be run at a profit, that there would be a surplus. I am sorry that the minister is not in his place but I know that he will have no objection to a reference to a previous statement made in this house, and made also before the committee on railways, canals and telegraph lines in the course of their meetings this year.

This surplus is only a presumption; it is quite possible that there will be no surplus, but there is likely to be a deficit, and the Post Office Department is to be saddled with that deficit. My contention is that the Post Office Department should protect its interests and see that the clause is eliminated from the bill incorporating the Trans-Canada Air Lines.

Mr. EULER: Would it not be a little late now to do that? The time was when the bill was put through.

Mr. WALSH: It was urged at that time, but the government thought it advisable, and they had the necessary power to incorporate that provision in the bill. I wish to urge again, however, now that the Post Office estimates are before us that the point I am making be given consideration. I do not think it is fair to ask one department to bear the responsibility for the success or otherwise of an undertaking that is managed altogether by another department. If the Post Office Department had on the board of directors of the Trans-Canada Air Lines an equal number of directors with those from the other departments of government they could probably protect their own interests; but with only one director out of five or seven the Post Office Department can scarcely be protected, and yet according to this clause their interest happens to be very vital inasmuch as they have to bear the responsibility for the success or failure of the enterprise financially. I urge that as a point worthy of consideration, particularly in view of the fact that this is 1938 and this clause is to come into effect in 1940. Before it is put into effect I hope that the Post Office Department will see that their rights are more adequately protected than they seem to be at the present time.

Mr. EULER: I am afraid that any action now to reverse what was done in a government bill last session would be rather premature. I think it must be presumed that the government followed that policy after mature consideration, and I should hardly feel like urging that it be reversed before it has been tried. The hope is that neither the Post Office Department nor the Trans-Canada Air Lines will lose money, after the policy has had a fair trial.

I should not like my hon. friend from Lambton and others who have spoken with reference to the mail carriers dilemma, if you like to put it that way, to think that I am neglecting to note what they had to say. Every year since I have been a member of this house—twenty-one years—I think this matter has been agitated by hon. members sympathetic to the cause of rural mail carriers. I also feel some sympathy for them. But the question has many sides; it is a matter of policy. It is now the law that rural mail contracts shall be let by tender and the contract given to the lowest tenderer—

Mr. STEWART: Except—

Mr. EULER: —except the Postmaster General thinks it is not in the public interest or something of that kind. But, generally speaking, I think the principle of tendering is a just one. It is applied in other departments; when a public building or public work is to be undertaken plans are submitted for tender and the lowest tender accepted. That is generally the way in which private business is done; I think it is a fair principle in regard to government contracts. Comparison has been made with city mail carriers, who are civil servants and receive a fixed remuneration. There is room for argument; it may be urged that rural mail carriers should also have a fixed salary. As to a tender per mile—well, there could not be a tender if you fix a price per mile. How would you award the contract?

Mr. THOMPSON: To the man considered most competent.

Mr. EULER: In accordance with the provisions of the Civil Service Act. I am not in a position to say whether the government has any thought of changing the policy. The Post Office Act would have to be changed. This would have to be considered, that if rural mail carriers were paid in anything like the same proportion as carriers in the cities the post office would be a losing proposition. Some years ago there was, I believe, a bill introduced which, if it had become law, would have increased the cost of carrying these rural mails by about $10,000,000 a year.

Usually one likes to pay for service about what it is worth, and while I have no fault to find with giving mail delivery to people in rural areas, anyone who knows anything about the matter knows that rural mail delivery is a losing proposition. Whether we should say that people in the country should get this service even if we lose still more heavily is something for consideration; perhaps they should. But if any such method as putting these carriers under the civil service commission were adopted, there would be a very substantial deficit in the Post Office Department. However, it is a matter for consideration. I am only the acting minister; the observations that have been made will no doubt be brought to the attention of the Postmaster General for his consideration.

Mr. THOMPSON: If the tender system is a fair one, as the minister has said, why is it not carried out in other departments of the government?

Mr. EULER: It is.

Mr. THOMPSON: It is not in other departments. It may be in contracts for a public building, which is an altogether different matter from hiring a man to perform certain duties. If that principle is a fair one, why not apply it to other departments, and to mail carriers in the cities?. I maintain that it is a very unfair principle, and that some remedy should be found for this rural mail situation. The present system cannot be defended in fairness or justice. I have known people who have faithfully carried the mail for four years and who at the end of that time have found their route put up for tender by the man handling the patronage of the riding, and the pay beaten down to less than half what it was before; twenty or twenty-five people bidding against one another. These things are not in the best interests of good service. I feel very strongly on the matter. Of course, as the minister has said, this matter has been brought before the house every year for many years. If put on a basis comparable with city carriers, it would entail a large expenditure; nevertheless the present basis is unfair and should be changed.

Mr. STEWART: As the minister said, this subject is not a new one. I admit it presents considerable difficulty. There is, however, a principle which I think the minister will recognize, that is that the labourer is worthy of his hire. He deserves fair compensation. I think it is not beyond the capacity of the officials and inspectors of the department, who are highly efficient and have a good organization, to undertake a survey

of these rural routes and to classify them in three or four categories. On some of these routes we know the mail carrier makes a little incidental revenue. On other routes there is no revenue. Some routes are ten or twelve miles, some twenty or thirty miles; some are over good roads, some over bad roads, in winter and in summer. It is a complicated proposition. So, if action is to be taken, I think it should be in the way of putting each route in its own class. We must remember also that in most cases it is only a part-time job, and therefore it is difficult to compare it with the work of the city mail carrier. But that is not an unsurmountable difficulty, and I am sure the Post Office Department inspectors have knowledge enough to put a fair price on each and every rural mail route under four or five different classifications. Then, if they established rates of $20, $30, $40, $50, a month, that would be the basic rate, and those who desired to carry mail on that basis might be advertised for and a selection made.

Mr. EULER: By whom?

Mr. STEWART: Well, that raises the question whether it should be under the civil service commission or the Post Office Department. There is a lot of mean, petty patronage now in connection with these rural mail routes.

Mr. EULER: I should like my hon. friend to interpret that word "now" a little more definitely.

Mr. STEWART: Oh, I am not particular; I will say there has been ever since rural mail delivery was established, if that will give the minister any comfort. There is now, has been, and I will say always will be, as long as the present system is continued. It is desirable that that be removed. I think the minister will agree that in rural communities these miserable little contracts are a source of grievances and bitternesses that persist and are out of all proportion to the importance of the contract. So I suggest that for the purpose of doing away with this miserable, petty, contemptible patronage, the system that has been suggested should be adopted. Perhaps the selection should not be made by the department; I would be prepared to trust the inspector of the department or the minister, but it would be always under the suspicion that there was patronage in it. So perhaps the civil service commission is the only organization that is free from patronage or the suspicion of patronage in that direction. They could make the selection.

Once a man has a contract he must equip himself; he has to buy a motor car or some sort of vehicle, and he has his contract for only four years. Then up comes the patronage question again. The member of parliament is bothered; he is notified of the expiration of this contract and asked whether he recommends that it be renewed or that it should be put up for tender. He is the victim of pressure in his own community, and it would be better for him if he had nothing whatever to do with it.

Mr. EULER: Quite right.

Mr. STEWART: It would be much better for him. The member of parliament is in a position of responsibility to this house at all times, but a defeated candidate has no such responsibility. Regardless of that, he is just as zealous about this little matter of patronage—perhaps more so—as the member of parliament who has the responsibility of representing the constituency. His friends go to him and he goes to the department, if you please, and makes representations. Though the unfortunate man who had the contract may have given good service and performed the work at a price satisfactory to the department, this defeated candidate, if you please, says, "I want this put for tender," and his request is complied with. That is the unfortunate part of it. As I say, he has no responsibility whatever, but his request is complied with and an injustice may be done to a man who has served faithfully and who has the support of the people on the rural route, who want him retained. That does not make any difference; the route is put up for tender again on a patronage basis. That, I think, is the worst evil in connection with the whole thing.

In order to put the service on something like a reasonable and fair basis for the man performing the work, I think a basic rate should be established. Then let the applicants go to the civil service commission; let a selection be made and let that be permanent. That should be the end of it, as long as that man discharges his duties satisfactorily, just as it is the end of it with any other public servant. These are the suggestions I make to the minister in connection with the rural mail service, realizing the difficulties and the fact that these discussions have taken place year after year though no action has been taken. I think if we resolved to put it on a fair basis and eliminate patronage, we would be doing a real public service; we would be saving money, and we would be putting the relations of the people in these communities on a much firmer and better basis.

It would be better for the members of parliament and for the defeated candidates as well. That is all I desire to say on that point.

There is one other observation I desire to make. I noticed in connection with the last item, for the railway mail service, a substantial increase; and I notice another substantial increase in the amount for air and land mail service. I believe the minister has made it clear that so far as the mail service by air is concerned, the receipts have been greater than the expenditures for the past year. I notice that the expenditure for the coming year is to be $1,573,435, as against $705,000 for last year, or more than double, which forces one to the conclusion that the mail service of Canada for the next year is going to cost a considerable amount more than it cost last year. Then, when we come to the supplementary estimates, we find that for the railway mail service there is a further amount required of $34,000 and for air and land mail services a further amount of $168,000, which brings the total cost of the mail service considerably in excess of what it was last year.

Mr. EULER: Of course the revenues will be up as well.

Mr. STEWART: One would hope so, but the point I wish to make is this: In establishing these additional air services shall we reduce the cost of the rail service, or shall we simply have a duplication? It is an improved service, of course; but is it really a duplication, or are we cutting down on the cost of our rail service through the establishment of the air services? In which direction are we going? Are we just building up a duplicate service that will cost more each year, even though the revenue may increase; or are we going to be able to eliminate some of these other services to balance up?

Mr. EULER: With regard to the extension of the air mail service and whether it is just duplicating the land service, my answer would be that this is not the case to any great extent. Many of the air mail services go to places in the interior, mining districts and so on, where they have no railway service at all. With regard to the Trans-Canada air mail service I would judge that possibly when a man sent a letter by air mail he would not send a duplicate letter by the train service; but of course it must be remembered that while there may be some diminution in the amount of mail carried by rail, the rate received for carriage by air is twice the rail rate, six cents as compared with three cents.

[Mr. Stewart.]

With regard to the increased expenditure, the increase is due almost entirely to the extended air mail service, more particularly the Trans-Canada service, and we hope to obtain a revenue commensurate with the added cost.

Mr. McIVOR: I had a little experience during the past year with the post office officials, and I should like to pay my tribute to their courtesy and efficiency. I received notice that the salary of our rural mail carrier, who is an efficient man with a family of ten good children, was being objected to; that some people thought he was receiving too much; that his salary should be cut or that somebody else should have a chance to tender. I do not know whether that man was a Conservative, a Liberal or a member of the social credit party, but I do know he belonged to a group just as important as any of these parties; I refer to the fact that he was a returned soldier. I wrote just as plain a letter as my intelligence would permit, stating that this man's salary should be increased instead of being cut down. I received a most courteous reply stating that there would be no change for this year, and I would inform the acting minister and the officials now that as far as I am concerned there will be no change next year. When that man drives his car summer and winter, sometimes digging himself through snow four feet deep, he earns every dollar he receives. I must say however that I could not have got better treatment or more courteous replies from any department than I got from the Post Office Department.

Mr. WOOD: I should like to make one or two observations at this point, and probably I may mention several facts, as the discussion has been rather broad. I am sorry to see the hon. member for Leeds (Mr. Stewart) leaving the chamber because it seems to me that his references to rural mail carriers have been totally different in the last two or three years from what they were previously. May I point out that the hon. member for Lanark (Mr. Thompson) was also aware of these facts when for five years he supported a government, but I have not seen any indication of action that was taken at that time.

I do not speak because I have not sympathy with the ideas expressed by the hon. members, but that which has impressed me, a new member in the house, has been the attitude of those who had the opportunity during those five years to make the corrections. I would suggest that the acting Postmaster General has made a satisfactory defence, and that there is something to be said in favour of his statements.

While I must admit I am sorry to see rural mail contracts let at low rates, yet it may be that we as members of parliament have some responsibilities in the matter. For my part, may I say that this morning I sanctioned three contracts in connection with the Post Office Department. I did not know the political complexions of the applicants. I was not at all concerned with that aspect of the matter. If they want the positions, then so far as I am concerned I should like to see them have them.

The hon. members for Lanark (Mr. Thompson) and Leeds (Mr. Stewart) referred to petty bickering and patronage; possibly that can be traced to their own weakness. I believe we as members of the House of Commons should do all we can towards correcting this injustice.

There is another section of the community which does not enjoy the advantage of house to house delivery; I refer to small towns with populations under a certain amount. The record before me shows that there are fifty-three towns in Canada with post office revenues of $20,000. In those towns are energetic and ambitious people, and they feel they would like to have the advantage of postal services equal to those enjoyed by the people in the larger industrial centres.

It seems to me that there has always been unfairness in connection with deliveries. It would appear that if you live in a large community it is possible to get better service than can be obtained in a rural community. To my mind that is an injustice, but as such it is probably comparable with everything else pertaining to rural and urban centres. For some reason it would seem that special privileges are given to those in the large industrial centres. Undoubtedly there are energetic people in the smaller towns—living there because of their association with small manufacturing concerns—who are making wonderful contributions to our national life.

A resumé which I made of figures showing returns to the Post Office Department from smaller centres discloses that in some of the smaller places larger returns are made to the department than from large centres. For the benefit of hon. members from Toronto may I point out that for every dollar of expenditure in that city the return is only $2.84, whereas in the little town of Paris for every dollar of expenditure in the post office and sub-post office there is a return of $3.64. Even in the city of Ottawa, the capital city of Canada, the return is only $1.27 on each dollar expended. If we study the figures with respect to Vancouver we find that the post office in that city is running at a deficit, and that we are losing about $100,000. Yet we continue to give the people in those centres the advantage of postal delivery, while people who live in small towns, showing post office revenues of $20,000 per year, have to trail down to a post office to get their mail. I suggest they are entitled to some consideration.

I doubt very much whether the expense would be much greater if better business principles were applied in connection with the administration of some of those offices. In my own constituency, if I may be permitted to make some personal observations, a great deal of rearrangement in connection with rural routes has taken place since I had the opportunity of representing the constituency. If those changes were summed up I believe they would show that the cost of the service is now much less than it was previously, despite the fact that there are several hundreds of people who, through a readjustment of routes and the elimination of certain other routes, are to-day receiving a better service than they did previously. Certain business principles have been applied, with the result that they are getting better service.

I would ask the acting Postmaster General to give these matters some consideration. In these particular times the changes I suggest might give employment to more people, would bring about a better service, and would have the effect of equalizing the service in the smaller towns with that in the larger centres. I believe these changes could be made without a great deal of extra expense. I understand the answer has always been that there would be additional cost, but I believe that by the application of proper business principles and a possible readjustment of some of the wage scales in larger centres, places where administration costs are far in excess of the service given, the smaller centres could be served. It seems to me that a better service could be extended to people who are just as worthy as those in the larger centres.

Mr. MacINNIS: Mr. Chairman, may I associate myself with the hon. member for Lanark (Mr. Thompson) and with other hon. members who have said a word for the rural mail carriers. I realize, as has been pointed out by the acting Postmaster General, that to change the system we now have would require a great deal of study and consideration. In other words the whole question is bristling with difficulties and would be somewhat difficult to change. But if I have appraised properly the temperament of the acting minister I would conclude that he is a person who would enjoy attacking a difficult problem. Because it was difficult it seems to me would

be no reason why he should not tackle it, provided he is convinced that the present arrangement is not equitable.

I believe all hon. members are convinced that the present arrangement is not an equitable one. The acting minister has said that the rural routes were given out on a basis of tender, in conformity with the principle applied in much of the government's business. I think the minister will agree with me that while competitive tenders may be quite equitable in some instances, they are not necessarily equitable in others. As a matter of fact, in a great part of the business which the government now gives by tender there is no real competition at all. I know enough of the business of giving out government and municipal business by tender to know that generally speaking there is very little competition; but here is a field where the competition is almost unlimited, and where persons for various reasons, sometimes not exactly because they need the business at all, tender at a very low figure that would not give anything like a decent standard of living if there were not some other sources of income on which to draw. In other matters, such as fair wage contracts, we have adopted a minimum wage to ensure that a person shall receive at least a subsistence standard of living, because we know very well that if there were no bar at all to competition in services of that kind, employers of labour would get the services they require for almost nothing, particularly in times like these. If it is a good principle to apply in that direction, I see no reason why it should not apply in the matter of rural mail delivery.

The minister said that the practice has now become law, but our laws are not the laws of the Medes and Persians which cannot be changed. We change our laws every day, and let me say again that if the law is wrong, if it upholds or encourages a system that has become inequitable, there is no reason why that law should not be changed and every reason why it should be changed.

I am always surprised when I hear hon. members on both sides of the house talk about patronage. Members on this side criticize patronage, and then members on the other side say: "Oh, yes, but you indulged in patronage when you had the opportunity." Patronage apparently has never been considered on the basis of whether it is a good or a bad thing.

An hon. MEMBER: Oh, yes.

Mr. MacINNIS: Oh, no, it has not. The hon. member for Kingston, I think it was, spoke about patronage and somebody replied: "You did it."

[Mr. MacInnis.]

Mr. TOMLINSON: What does the hon. member think about it?

Mr. MacINNIS: I think it is wrong, and I make no bones about it.

Mr. TOMLINSON: You have no patronage.

Mr. MacINNIS: No, and I do not want any. I do not consider it wrong simply because I do not have any. There is a principle involved, and I have to consider the matter on that basis. I know there are many members in this house who have just as much patronage as my hon. friend who would like to get away from patronage altogether, and they express that opinion in his presence. I say again that patronage ought to be considered apart altogether from the fact that we can give out a little bit of a job, making big fellows of ourselves in our constituencies by doing that sort of thing. If I cannot get support without having to give out favours, I would not seek support at all, and I do not see why anybody else should try to get support through some little influence he may have in giving out patronage. Let us consider patronage as the evil thing it is and try to get rid of it. I would suggest to the acting Postmaster General that he has quite a number of competent officials in his department, and there are others throughout the service, who should give consideration to this grievance of the rural mail carriers so that before we deal with the post office estimates another year some way may be found of meeting the present situation. I am quite in agreement with the minister that it is a very difficult problem, but no problem is so difficult that a solution can not be found for it.

Mr. WALSH: May I revert to the question of the air mail services? I was speaking on the subject a few minutes ago and I would draw the attention of the acting minister to a clause in the Trans-Canada Air Lines Act, chapter 43, 1937, section 17, reading as follows:

> If in the preceding year the corporation incurred a deficit, the rate or rates for the current year shall be fixed so as to produce an increase in the sum total to be paid on account of the said rates equal to the deficit in the preceding year.

If that clause could be amended, we would eliminate some of the difficulty so far as the post office is concerned. Then, in clause 16 of the same statute we have these two paragraphs:

> (1) The governor in council may authorize the Postmoster General to enter into a contract with the corporation for the transport of mails by means of the Trans-Canada lines.

(2) Such contract shall provide for the transport of mails at a rate or rates to be fixed, in respect of the initial period of operation, by the terms of the contract, and thereafter, as hereinafter provided by this act.

Has a contract yet been entered into by the Post Office Department with Trans-Canada Air Lines Limited for the current year?

Mr. EULER: The contract has not actually been drawn up, but the arrangement has been made. As my hon. friend will notice, there is an item in the supplementaries to provide for an addition to the rate per mile as contemplated in the main estimates. It was fifty cents a mile in the main estimates; but the government has decided that the rate shall be sixty cents a mile, and for that reason an additional $58,000 is provided in the supplementary estimates.

Mr. WALSH: The rate next year will be sixty cents a mile as fixed according to the terms of the act.

Mr. EULER: It will be sixty cents from the day of the inauguration of the service.

Mr. WALSH: How much of the vote for the Trans-Canada service is represented in the total of item No. 261?

Mr. EULER: I have not the exact figure at the moment, but there is an item of increase under "mail service by air" of $768,435, and almost the whole of that is due to the Trans-Canada air contract. It will depend, of course, on the day the service commences—we are expecting it to commence on July 1—and second, on the number of miles that will be travelled.

Mr. WALSH: The minister cannot break down this figure into increase in air mail service and increase in land mail service?

Mr. EULER: It would be only an estimate, after all, with regard to air mail service, because, as I said a moment ago, it is at sixty cents a mile, and it will depend directly on the number of miles the mail will be carried and the date upon which the service commences. As I said, we hope to have it commenced by July 1. If it is not begun by then, we shall not spend so much because there will not be the service.

Mr. WALSH: Can I make this suggestion to the minister in connection with the estimates of the Post Office Department for next year; referring to item No. 261, is there any particular reason why these two services should not be distinguished, by having one item for land mail service and one for air mail service? I think the acting minister can see the reasonableness of a demand of that kind—

Mr. EULER: It is in here now.

Mr. WALSH: —because we have been discussing item No. 261 this afternoon, and the discussion has gone from the air to the land and back again; really we have been discussing two separate, distinct items.

Mr. EULER: If my hon. friend will look at the summary, he will see that "mail service by air" is listed separately, and "mail service by ordinary land conveyance" is listed separately, the former costing $1,573,000 odd and the latter, $6,381,000 odd. They are distinguished there.

Mr. WALSH: In order to separate the discussions next year, could they not be put in two separate categories? We are discusing now, I assume, item No. 261.

Mr. EULER: They are separated there just as I read them.

Mr. WALSH: I know they are separated in fact; but as the minister knows, he has been receiving questions in connection with air mail, and he is receiving questions in connection with land mail, all under the same item, whereas if we had these two separated the discussions would also be separate; we should not be jumping from land to air.

Mr. EULER: That may be worth while considering.

Mr. BARBER: The minister mentioned sixty cents. That means sixty cents per 100 miles?

Mr. EULER: No; sixty cents per mile travelled by the airplane carrying mail, for all mail.

Mr. BARBER: It does not make any difference how much there is?

Mr. EULER: For all mail carried. It does not make any difference.

Mr. BARBER: Are the western services now operating from Winnipeg to Vancouver? If so, what points in British Columbia are being served and what points are likely to be served?

Mr. EULER: There is a day service from Winnipeg to Vancouver touching Regina, Lethbridge and Vancouver.

Mr. BARBER: Are there any other points in British Columbia that it is intended to serve direct?

Mr. EULER: The plane does not alight anywhere between Lethbridge and Vancouver. Of course the Trans-Canada will provide a fuller service. It will be a night service. This is only a day service that they have now.

Mr. TELFORD: May I suggest that the minister should consider the feasibility and the possibility of making the carrier service on the rural routes permanent appointments; that he should just adopt the present contractors and make them permanent? If that were done, if any carrier thought his contract was too low he could resign. Then his successor would be appointed either by the civil service commission or by the Postmaster General.

Mr. EULER: I would be very glad to take the representations and the arguments into consideration, and I certainly will refer them to the Postmaster General himself when he returns.

Mr. ROWE (Dufferin-Simcoe): This is a most important department and a most important branch of the service. I wish further to emphasize what has already been said with reference to the low wages paid rural mail carriers and the service as it is affected by so-called patronage. In my opinion the low wages which are paid under our present tender system seriously affect the rural mail service. The acting minister looks surprised, but I think he will agree with me that the cheapest service is usually the slowest. Mail service, like most other services to-day, is improved by speed. Many mail carriers in certain districts where roads are suitable for cars, are unable to use automobiles merely because their salaries are so low. Very often they are driving lame or slow horses, and their equipment is of a very poor class, because they are unable to buy new equipment. I quite agree with what has been said by hon. members that at least a minimum rate of pay for rural mail carriers should be established. Personally I should be glad to see the rural mail carriers of this country given their appointments through the civil service commission. I realize that would not be so satisfactory to some who wish to retain the power to recommend mail carriers in their respective districts. This, however, is one of the most important branches of the department, and the low wages which have been and are being paid seriously affect the service. A rural mail carrier, who drives on all kinds and conditions of roads, winter and summer, is just as much entitled to a reasonable rate of pay as his urban brother who travels under more favourable circumstances, very often and, in fact, mostly for a higher fixed rate. Proper service to the people, which must be the chief objective of the department, could be attained to a large extent were more modern equipment used by the rural mail carrier, but that is impossible under present conditions. The patronage system which has been in effect, also seriously affects the service to the boxholder. Very often a man is removed upon the recommendation of a government candidate, merely to make room for someone more favourable to the government.

Mr. FURNISS: Is he necessarily removed?

Mr. ROWE (Dufferin-Simcoe): I think he is unnecessarily removed by the political patronage system.

Mr. FURNISS: The hon. member said he was removed on recommendation. As I understand it, the recommendation does not necessarily remove him.

Mr. ROWE (Dufferin-Simcoe): No, Mr. Chairman, but it puts the route—

Mr. FURNISS: It puts him in competition.

Mr. ROWE (Dufferin-Simcoe):—puts the route up for tender.

Mr. FURNISS: Competition.

Mr. ROWE (Dufferin-Simcoe): And very often nothing is taken into account other than the lowest tender, and very often the lowest tenderer is recommended for political purposes.

Mr. EULER: The lowest tenderer gets it by law.

Mr. FURNISS: Does the hon. member mean that the lowest tenderer gets the position or gets the contract through the recommendation of the member?

Mr. ROWE (Dufferin-Simcoe): I did not make myself as clear as perhaps I might have done. The lowest tenderer is given the contract providing—

Mr. REID: He must be, by law.

Mr. ROWE (Dufferin-Simcoe): Not necessarily. The lowest tenderer is given the contract providing the sitting member or the government candidate does not oppose his appointment.

Some hon. MEMBERS: No.

Mr. EULER: I am sure my hon. friend does not wish to do an injustice, but that is strictly not the case.

Mr. ROWE (Dufferin-Simcoe): It is, provided he is shown to be unfit to carry the mail.

Mr. EULER: I do not wish to interrupt, but this matter ought to be cleared up. There is absolutely no patronage in the allotting of tenders. Under the Post Office Act the lowest tenderer must receive the contract, unless in the opinion of the minister, it is not in the public interest that he should receive it.

Mr. ROWE (Dufferin-Simcoe): Who advises him?

Mr. EULER: An investigation must be made regarding his credentials.

Mr. ROWE (Dufferin-Simcoe): I do not want to be misunderstood, nor do I want to misrepresent the case. Under the present system the lowest tenderer is accepted unless it is shown that the tenderer is unfit to carry the mail—if he is a criminal or is in any respect unfitted for the work, or has not sufficient equipment, or if he is not a responsible person. It happens very often that when the lowest tender is accepted the tenderer in a year's time finds that he has not the proper equipment and cannot afford to supply it. Over a number of years scores of rural mail carriers have come and asked me what they could do under such circumstances, because while they did not care to throw up the contract they could not afford to carry on. Quite often a man who has not had experience puts in a tender at a figure at which it is impossible for anyone to carry on, while someone else has the proper equipment and is prepared to take on the contract. Anyone can often see at a glance how impossible it is for a rural mail carrier to give proper service on the basis of the tender he has put in. I am sure the acting minister has had evidence of that.

Mr. EULER: There are cases.

Mr. ROWE (Dufferin-Simcoe): Certainly, and that in itself affects the service. I do not wish to say that a man's tender is accepted on a political recommendation, but I do believe that if two tenders were the same, some consideration would be given to the tender put in by the government candidate.

Mr. EULER: That very seldom happens, I imagine.

Mr. ROWE (Dufferin-Simcoe): The minister says it does not happen.

Mr. EULER: It has not come to my knowledge.

Mr. ROWE (Dufferin-Simcoe): The acting minister has not been associated with the department for any great length of time. I am glad he is introducing something new into the Post Office Department, because that probably has been the practice for a number of years. In my opinion the service in the outlying districts is as essential as that in the urban centres. There is one case in my own district which I wish to bring particularly to the minister's attention. I refer to the post office at Egbert, which has been in existence for about sixty years. The store in which that post office has been located for a number of years changed hands recently and it is quite evident that the new purchaser did not please the government candidate. While there was no question about the gentleman's character—in fact politically I believe he is a supporter of the government—he was not recommended by the government candidate in the district. I have here a petition signed by no fewer than seventy-six or seventy-eight of the box-holders in the district, practically every one on the route. I will hand it over to the minister. The petition points out that their service will be severely impaired by the change. In the first place, it will add six or eight miles to the route served from Thornton post office. It is adding miles in a district which is difficult of transportation, a very hilly district and one in which it will be almost impossible for deliveries to be made until late in the day.

I appeal to the minister to give more consideration to the service in the outlying districts rather than to patronage, which unfortunately has so much to do with that service. I realize that in many districts it has been considered wise to eliminate small post offices. It has been part of the departmental policy to eliminate these small post offices where the service can be as efficiently carried on through the route. For instance, there may be a good road with five or six or eight miles of a drive, and the mail carrier may be using an automobile, so that he is able to give prompt and speedy service. But in outlying districts where the mail carrier drives all day, often missing train connections in bad weather and under bad road conditions, it is difficult for any mail carrier to give that type of service to which the people are entitled. I urge the minister, in considering this petition, to take into account the features I have pointed out.

I am not going to delay the estimates at this time by reading the petition in full. I will simply present it to the acting minister in the hope that he will give it the most

serious consideration. In conclusion, I wish to support the recommendation made by others in the committee, that the government seriously consider a different system with respect to rural mail carriers. Personally I do not believe that any rural mail carrier should be dismissed or his route put up for tender unless for some legitimate cause, unless it is shown that he is not giving efficient service to the boxholders, or unless it is proved by governmental inspection that his rate of pay is entirely too high. I venture to say that there are very few mail carriers in Canada whose remuneration is too high. On the other hand, too often, for very minor reasons a route is put up for tender and services are seriously impaired because there is so little understanding of what is involved in the upkeep of such equipment as will give the service required. I do think that if the rural mail service could be put under the civil service commission it would be far better for all concerned, both government supporters, and those whom the rural mail carriers are supposed to serve, and who are entitled to as efficient service, notwithstanding that they may be in the back concessions, as is given to urban dwellers by employees receiving better remuneration.

Mr. McCUAIG: I should like to add something to what was said by the hon. member for Dufferin-Simcoe (Mr. Rowe). He was very fair in saying that the person who received the postmastership did not receive it on account of politics, because the person who bought the store was a Liberal and had been all his life. But there is another element which was not explained by the hon. member, that is that the person who owned the store tried to make a profit by selling the post office. The former owner of the store died. Then the executor tried to sell the post office and the store. He found he could not sell the store alone because there was not enough revenue for a storekeeper in that small village unless the purchaser was guaranteed that he would also receive the post office. Therefore the executor was trying to benefit by the sale of the post office. The first tender for that store I understand was $800; they obtained other tenders, and the person who tendered the last time, thinking he would also receive the post office, offered about $1,400. Therefore the estate was trying to benefit by selling the post office.

I wish also to express my agreement with the hon. member for Dufferin-Simcoe in regard to a minimum rate. I have in my own riding one rural mail route which has been carried by the same man for many years. The distance is about twenty miles and he receives $443. I do not know what he is in politics; I never saw him, but I wrote to him about a year ago telling him his contract was ready for renewal. I told him I did not think he was receiving enough and that it should be put up for tender again. He said he was afraid to throw it open for tender because people at the present time are tendering so low that he might not get it again.

I think there should be a minimum rate, and then a choice made from those who tender at that rate. We could decide whether to let the member or the defeated candidate make the choice or have it done in some other way. All we are interested in is good service and fair remuneration for mail carriers. As far as my riding is concerned, there have been very few dismissals in recent years. That is probably due to the fair-mindedness of the men who preceded me; they were Conservatives for many years, and I find that in very few cases did they ask for the mail route to be put up for tender. I have followed their example. In the last three years I think only two mail routes have been thrown open for tender; and I would advise hon. members that the fewer mail routes they open for tender the less grief they will have.

Mr. ROWE (Dufferin-Simcoe): I want to answer the hon. member for Simcoe North (Mr. McCuaig) in regard to that estate. I realize that my hon. friend did not want to air any family quarrels from Simcoe here. I think his remarks might be misconstrued as suggesting that the estate took any undue advantage of the fact that the post office was in the store. I believe it is generally conceded that in a community where there is practically no other place to put a post office it is usually left in the store. In fairness to the estate I wish to say that the estate received no assurance from anyone that the post office would be left there, and sold the property only on the ordinary assumption that it would be. Then the purchaser of the store pointed out to me that the government candidate in the riding had assured him that there would be no change. So, if there was any misrepresentation, it certainly was not on the part of the estate. I think the hon. member did not wish to convey the suggestion that the estate had taken that advantage.

Mr. GOLDING: In view of the opposition to the patronage system as expressed by the hon. member for Leeds (Mr. Stewart) and the

hon. member for Dufferin-Simcoe (Mr. Rowe), I should like to ask them why they supported the late government in throwing into patronage all post offices with revenues running from $400 to $3,000. Prior to that action it was only post offices with revenues under $400 that came under the patronage system. In view of their opposition now to patronage in regard to rural mail service I should like to know why they supported that policy.

Mr. LAWSON: May I answer that, as I happen to be in possession of the facts?

Mr. GOLDING: Yes; the hon. member was one of them.

Mr. LAWSON: I happened to be chairman of the committee on the civil service which sat that year, which committee consisted, according to my recollection, of four Conservative members, two Liberal members and one Labour member. That committee, after inquiring very exhaustively into the post office situation, came to the conclusion that it was not possible to administer the appointments to these post offices with revenues ranging between $400 and $3,000 on the so-called merit basis as required by the Civil Service Act, and that attempting to do so was bringing the whole merit system in this country into disrepute. The committee, therefore, recommended unanimously that the step referred to by the hon. member be taken, and since it was the unanimous recommendation of the committee to the government of that day the government saw fit to enact measures necessary to implement the report of the civil service committee.

Mr. GOLDING: If my hon. friend thinks it was not possible to operate the merit system in regard to offices with revenues ranging between $400 and $3,000, does he think it would be possible to apply it in connection with rural mail services?

Mr. LAWSON: Frankly I would not like to answer my hon. friend's question, because I do not know what the subject of the discussion is. I came in just a few minutes ago; I did not hear the discussion. I rose merely to answer the question asked by my hon. friend because I happened to be the chairman of the committee which made the recommendation.

Mr. LOCKHART: There is one matter to which I would invite the attention of the minister. I think the departmental officials have knowledge of it. While evils may creep in, if honest men are administering the department they can easily find ways to overcome such difficulties as have been referred to in this discussion. A man in my neighbourhood had a rural mail contract and carried on his work faithfully and well. He has a small piece of improved road, but mostly his route is on cross concessions where the mail has to be carried by a light type of horse. These mail carriers probably use machinery and a heavy type of horse in their farming operations. This man wrote to the department, in view of the fact that the contract was coming up for renewal, stating that he would have to get a light horse and some new equipment in the way of a conveyance in order to carry on, and asking if there was any way by which he could be assured that the contract would be renewed, after having carried on the work faithfully for the term of the contract. I think the minister will agree that under the present regulations the departmental officials could do nothing else than write back and say that if the person having the patronage for the constituency recommended that the contract should be opened for tender, that would have to be done. In other words this man could not receive any assurance such as he asked.

I want to concur in a great deal of what has been said to the effect that this service should be systematized so that a man doing good work would be continued in his position, but in particular I wanted to point out to the acting minister these specific instances where men could not be given any assurance whatever but had to wait until the contract expired. If somebody said the contracts were to be thrown open for tender, these men could make no provision for new equipment.

Mr. SLAGHT: I commend to the acting minister and his department very earnest consideration of this difficult problem in the hope of devising some method other than that at present in vogue, which I understand we inherited from the former administration, by which rural mail carriers may receive adequate compensation for the important duties they perform. In my riding there are very many rural mail carriers. In my investigation of this matter, my connection with the renewal of old contracts and the granting of new ones, it seems that the men performing this service have been woefully underpaid. We have extreme climatic conditions, under which sometimes they have to open up their own roads in the winter time, and they perform this service for a mere pittance. Perhaps no administration can be held responsible for this state of affairs, but with the brains of the present administration and the officials in the department we ought to be able to find a remedy.

The hon. gentleman who suggested a minimum mileage rate, as I understood him, offered a suggestion that might help. The difficulty is that a minimum mileage rate in some parts of Ontario where there is an all-year service would be entirely inadequate as a standard for a similar service performed in some other part of this province. I do feel, however, that a body of men who are in his majesty's service, handling his majesty's mail, performing one of the most loyal and important public services that the country demands, ought to have better treatment than they are receiving at the present time. In saying that I desire to make it clear that I do not intend to indict any administration or any particular body of officials. But, if with their knowledge of the working of the system as it has been in vogue for the last twenty years, something can be done for the betterment of the lot of our rural mail carriers, I should endorse it most heartily.

Mr. RICKARD: I would like to say a word about these rural mail carriers and the Post Office Department generally. I agree with the other hon. members who have spoken in regard to the mail carriers. I believe they are a class of men who are entirely underpaid. How that situation is to be remedied is up to the department, and I believe it may be very hard to find a solution.

What I rose to say, however, was this: Since I have been in this house, particularly on the estimates of the Post Office Department, we have heard a great deal about patronage, principally from the party to my left. Today the hon. member for Dufferin-Simcoe (Mr. Rowe) made particular reference to the dismissals that have occurred in some post offices. I should like to bring to the attention of the committee one case that occurred in the county I represent concerning an appointment made under the previous government in 1934. We had a postmaster receiving a salary of less than $3,000 a year. It is true that he was an old man, seventy-six or seventy-seven years of age, but in the office he had two very competent girls, one of whom happened to be from a Liberal family and the other from a Conservative family. There was quite an agitation to have this man dismissed, but apparently the officials of the department were none too anxious to do that. However, there was sufficient pressure brought to bear upon the government of the day and this man was dismissed, on the recommendation of the president of the Conservative association and of the member for my constituency then sitting on the government side. As I say, this man had two girls working in the office. The new appointee was the secretary of the Conservative association for that riding, a returned man who had been in the constituency only a year or two. When he was appointed he dismissed the Liberal girl but retained the Conservative girl. If that is not party politics I do not know anything about it. I have nothing against the present postmaster, who is a first class man. When I was elected I was asked to do my best to have him dismissed, but I refused to do so because he is a good man, carrying on the work efficiently.

I could go further with this matter, but I do not think it necessary. However, if any hon. members wish to look up the records of the department they will see exactly how this dismissal was made. On many occasions in this house when the estimates have been under consideration I have heard discussions of patronage, but certainly that patronage existed from 1930 to 1935.

Mr. ROWE (Dufferin-Simcoe): I did not suggest that patronage existed only on one side or under only one party; I was pointing out the viciousness of the principle that has been in force for many years.

With further reference to my own riding I wish to point out to the acting Postmaster General that the post office at Egbert is not in the riding of my hon. friend from Simcoe North; it is in the riding of Dufferin-Simcoe. Even though I have handed the minister the petition, I should like to know whether any recommendation has gone out for the closing of the Egbert post office.

Mr. EULER: That post office is being reopened.

Mr. ROWE (Dufferin-Simcoe): On behalf of the petitioners I wish to thank the minister.

Mr. GREEN: To get back to the air mail service, would the minister give the figures for mileage and weight of air mail carried during the fiscal year ended March 31, 1938? How do those figures compare with last year?

Mr. EULER: The amount was 1,260,909 pounds.

Mr. GREEN: And the mileage?

Mr. EULER: I regret I have not the mileage.

Mr. GREEN: Could we have placed on Hansard a list of the air mail services? That was done last year, and for purposes of comparison it would be very useful.

Mr. STEWART: That will be satisfactory.

Mr. EULER: I shall be pleased to do that. The list is as follows:

Air Mail Service Fiscal Year 1937-38

Service	Distance miles	Trips perf.	Mileage travelled	Weight of mail carried (lb.)	—
Atlin–Telegraph Creek	146	22	3,212	5,162	
Cen. Man. & N. Ont. Mining Areas—					
Kenora–Red Lake	105	454	47,660	99,120	Superseded by Kenora–Red Lake–Cole, Mar. 1, 1938.
Sioux Lookout–Casummit Lake	212 r.t.	286	29,616	36,749	
Sioux Lookout–Red Lake	116	371	42,848	30,179	
Winnipeg–Diana (Cen. Manitoba)	148	595	65,883	93,976	
Charlottetown–Magdalen Islands	106	84	8,904	28,675	
Dryden–Gold Rock	35	230	8,050	8,207	Inaugurated May 17, 1937 and superseded by land service Nov. 12, 1937.
Edmonton–Fort St. John	443	104	46,072	15,971	
Edmonton–White Horse	957	77	73,077	2,275	Inaugurated July 5, 1937.
Fort St. John–Fort Nelson	190	35	6,650	3,764	
Gods Lake–Cross Lake–Norway House	177	26	4,567	3,909	Superseded by Ilford–Norway House–Cross Lake, Mar. 1, 1938.
Haileybury–Belleterre	50	107	5,800	8,904	Superseded by land service Nov. 4, 1937.
Ile a la Crosse–La Loche	96	41	3,477	5,503	
Ilford–Gods Lake	120	9	1,080	2,361	Inaugurated March, 1938.
Ilford–Norway House–Cross Lake	188	5	930	973	Inaugurated March, 1938.
Kenora–Golden Arm–Cole	115	443	10,548	12,747	Superseded by Kenora–Red Lake–Cole.
Kenora–Red Lake–Cole	125	96	6,000	9,204	Started Mar. 1, 1938.
Kenora–Whitefish Bay	40	96	4,280	5,475	
Leamington–Pelee Island	22	178	3,916	28,401	
Mackenzie River District	.....	869	238,272	116,009	Edmonton–Goldfields added to new contract starting Nov. 1, 1937.
Cameron Bay–Coppermine	165				
Ft. Chipewyan–Goldfields	108				
Ft. McMurray–Aklavik	1,459				
Ft. Resolution–Port Radium	428				
Goldfields–Fond du Lac	42				
Edmonton–Ft. McMurray–Goldfields	496				
Moncton–Charlottetown	100	625	62,500	255,513	
Montreal–Albany	200	280	56,938	41,547	
Montreal–Burlington	73	194	14,162	1,094	Inaugurated Aug. 10, 1937.
Montreal–New York	134	115	37,676	2,976	Performed from May 15, 1937 to Sept. 30, 1937.
Montreal–Rimouski	309·5	57	17,165	31,511	
North Shore—					
Quebec–Rimouski	175	28	4,900	2,649	
Rimouski–Sept Iles	183	96	17,568	45,153	
Sept Iles–Natashquan	205	54	12,764	24,358	
Natashquan–Harrington Harbour	112	16	1,792	3,862	
Havre St. Pierre–Port Menier	45·6	16	728	5,715	
Rimouski–Baie Comeau	67·6	86	5,790	19,285	Inaugurated Dec. 1937 (close of navigation).
Special Flights (North Shore)	varied	34	6,991	13,862	
Oskelaneo–Chibougamau	130	68	8,840	4,840	Discontinued Oct. 26, 1937.
Ottawa–Montreal	108	392	42,336	2,771	Discontinued Feb. 15, 1938.
Prince Albert–Goldfields	465	41	19,065	5,213	Superseded by Prince Albert–Stony Rapids via Goldfields, Fond du Lac and Norite Bay July 12, 1937.
Prince Albert–Ile a la Crosse–Lac la Ronge	177	191	29,503	29,022	
	133				
Prince Albert–Stony Rapids	515	169	72,742	25,145	Superseding Prince Albert–Goldfields July 12, 1937.
Prince George–Ft. Grahame–Ware	275	18	3,846	4,152	Extended to Ware Mar. 12, 1938.
Prince George–Takla Landing	389 r.t.	88	16,350	18,367	Germansen Landing added as point of call Jan. 26, 1938.
Sioux Lookout–Central Patricia	125	539	67,375	76,843	
The Pas–Cumberland House	70	36	2,520	3,568	Inaugurated Sept. 8, 1937.
The Pas–Herb Lake	95	124	11,780	20,548	Inaugurated Aug. 17, 1937.
Vancouver–Seattle	122	633	77,226	48,584	
White Horse–Dawson	309	62	18,027	1,391	Inaugurated Nov. 1937.
Winnipeg–Gods Lake and Ilford	795 r.t.	159	58,257	70,973	
Winnipeg–Pembina–Fargo	210	881	76,250	42,041	Extended to Fargo Oct. 1937.
Winnipeg–Red Lake	170	503	59,061	23,797	
Winnipeg–Vancouver	1,180	46	38,484	15,792	(Experimental) started Mar. 1, 1938.
Special Flights	varied	99	22,563	9,836	
	.....	9,778	1,474,041	1,367,972	

Mr. GREEN: Earlier this afternoon the minister said there was to be a new air mail route from Vancouver to Fort St. John, connecting there with the Edmonton-Yukon air line. I wonder whether or not that has been definitely decided. I hope not, because there has been serious trouble in connection with the matter. I believe opinion on the coast is strongly in favour of having the air mail carried by the direct route from Vancouver to the Yukon, going up through Quesnel, Hazelton and Telegraph Creek. I understood the department was going to have a survey made of the latter route, which is quite a bit shorter and which during the last seven or eight months has been successfully flown by passenger planes. I should like to know whether the department has decided not to have the mail flown by that direct route.

Mr. EULER: I regret to tell the hon. member the decision has been made. I do not know that I should express regret. I can give the reason why that which the hon. member has described as the direct route—which I am told is not really shorter—has not been accepted by the Post Office Department. I am told that the comparative risks of flying near the coast, through those ranges of mountains, are so great that the decision was made to carry it the other way. I am told, further, that the route which has been chosen is really the shorter one.

Mr. GREEN: The route chosen is on two sides of a triangle; I do not know how it could be shorter than the direct one. Was an investigation made of the routes this spring?

Mr. EULER: Of course the thought is that the route ties up Vancouver with the Peace River district, a condition which I believe has been desired by the people of Vancouver. At any rate, the decision has been made, and I may make that statement definitely to the hon. member. It has been decided to adopt the route I have indicated, and I believe the most important reason for doing so has been that it would be too dangerous to fly along the route suggested by the hon. member, one which passes through the mountains.

Mr. GREEN: What is the contract price, and what number of flights have to be made?

Mr. EULER: The contract has not actually been made yet.

[Mr. Euler.]

Mr. GREEN: Well, cannot the minister give us the price? Apparently it has been decided to send the mail that way, and the name of the firm to do the flying is known.

Mr. EULER: My information is that there are two tenders, although I have not the figures before me. One is considerably lower than the other. Perhaps I should not have made a statement in the matter, but I believe one figure is something like thirty cents and the other about forty cents. So that there would be no doubt as to who would receive the contract. Undoubtedly the lower tender would be accepted. The recommendation has not yet been prepared to give to council.

Mr. GREEN: Has there been any survey made this spring of the direct route by any department of the government?

Mr. EULER: There is a report on both routes from the civil aviation branch, a branch of the Department of Transport.

Mr. GREEN: Is that a new report or an old one? Was it not made a year or two ago?

Mr. EULER: I am afraid I cannot tell my hon. friend that. But hon. members are aware that the civil aviation branch of the Department of Transport has not been in existence very long, so that I should judge it would be fairly recent.

Mr. MacNEIL: On what evidence did the minister condemn the more direct route from Vancouver to the Yukon suggested by the hon. member for Vancouver South (Mr. Green)? On former occasions representations were made, and the assurance was given that the whole matter would be carefully explored. We are given to understand that a private company has undertaken survey work and has demonstrated successfully that the more direct route can be flown safely. I now ask that some consideration be given to this matter by the department. Has any survey been made recently to indicate clearly that the direct route is out of the question?

Mr. EULER: I believe I answered that question a moment ago. I stated that we had had reports from the civil aviation branch of the Department of Transport. As a result of that it was decided to take the route I have indicated, rather than the one through the mountains.

Item agreed to.

To provide for payment to W. J. A. Stewart, a former employee of the Halifax post office, of the amount of $3,509.65, representing the difference between the amount of civil pay he received between the 25th September, 1915, and the 20th July, 1919, while absent on active military service overseas, and the amount he is entitled to under the provisions of order in council of the 11th August, 1914, P.C. 2102, $3,509.65.

Mr. STEWART: Is this a new item, or is it voted annually?

Mr. EULER: In a sense the item is somewhat peculiar. It has to do with a Mr. Stewart who enlisted for overseas service. He was supposed to have enlisted on December 25; therefore the military pay would be deducted from his civil service pay. Recently it was discovered that he actually had enlisted on September 25, 1915, and therefore no deduction should have been made. This matter involves the sum of $3,509.65. After all an agreement was made with the man, and it is only fair that he should be paid. That is all there is to it.

Item agreed to.

Pensions and other benefits: To provide for the payment of compassionate allowances to employees injured while in the performance of their duties, or to other persons injured while performing duties in any way connected with the postal service, or in protecting His Majesty's mails, or to the dependents of such employees or other persons who may be killed while so engaged; payments to be made only on the specific authority of the governor in council, $5,000.

Mr. MITCHELL: How much of this item was not expended last year?

Mr. EULER: Last year there was no expenditure. The year before there was one of $750 and the year before one of $3,500. I hope none of this amount will be expended; it is voted to cover cases of emergency.

Item agreed to.

Departmental administration, further amount required, $16,800.

Mr. STEWART: What is the explanation concerning this item?

Mr. EULER: It is in connection with the increase of the weight of parcel post. It is intended to inform the public concerning the facilities which have been given, and in connection with certain charges for the issuing of a special booklet dealing with the increase in the weight of parcels carried by the department.

Item agreed to.

Post offices, including salaries and other expenses, headquarters and staff post offices, and supplies and equipment for revenue post offices, further amount required, $335,000.

Mr. STEWART: I notice there is a substantial increase in this item, which one would have expected to see in the main estimates. Why did it not appear in the main estimates?

Mr. EULER: This is due to more or less of a change in policy. At one time the night service men were paid on the basis of seven hours instead of eight hours, seven hours night service being regarded as equivalent to eight hours day service; but under the last administration, for purposes of economy, that practice was discontinued, and it has now been restored, at an additional cost of $110,000. The $160,000 is for further temporary assistance.

Mr. BARBER: Is this further temporary assistance required by the new regulations closing post offices on holidays? Is it to keep the service going on holidays?

Mr. EULER: The answer is in the affirmative.

Mr. LOCKHART: Are the salaries of all the post office employees back on the original basis before the five per cent cut was made?

Mr. EULER: They have all been restored.

Mr. LOCKHART: In every department?

Mr. EULER: Yes.

Mr. LOCKHART: Thank you.

Item agreed to.

Inspection and investigation—further amount required, $8,000.

Mr. EULER: This is to provide for an overdraft in previous years.

Item agreed to.

Air and land mail services—further amount required, $168,000.

Mr. GREEN: What arrangements have been made for transatlantic air mail service?

Mr. EULER: No actual arrangements have yet been made. The British government is still making experimental flights, and the matter has not been brought to a definite conclusion.

Mr. GREEN: Is it expected that there will be any air mail flown this summer?

Mr. EULER: Quite doubtful.

Mr. GREEN: Are there any negotiations under way for transpacific air mail service?

Mr. EULER: No; we are not at the moment doing anything on the pacific.

Item agreed to.

Pensions and other benefits—payment to the widow of the late Lorne C. Pethick, a former employee of the Orillia post office, $1,000.

Mr. STEWART: Would the minister explain this? It seems to be an extraordinary item.

Mr. EULER: The details are as follows:

It is to provide for payment of $1,000 to widow of the late Lorne C. Pethick, former employee of the Orillia post office, who, as a result of a fall on a slippery sidewalk while on his way to work, broke two ribs which punctured his lungs, and resulted in death on 26th December, 1937, from pneumonia.

Mr. Pethick was employed as a temporary letter carrier in the Orillia post office from 9th April, 1937, to 26th December, 1937, date of death, from circumstances set forth above. He was a returned soldier.

The department understands that the widow has been unable to establish any claim against the city of Orillia due to lack of witnesses, and she is not eligible for compensation under the Workmen's Compensation Act as the injury was not sustained while Mr. Pethick was on duty, but on his way to work. It is recommended that, on compassionate grounds, an amount of $1,000 be paid his widow, who is represented to be in destitute circumstances.

Mr. STEWART: I am afraid this opens up a line of cases that may cause the minister some difficulty in the future. Does he know of any precedent for a case of this kind? It often happens that a person is injured on his way to work, and at the moment of receiving the injury is not an employee of the government or a company or an individual for whom he may be working, and if he has no action against the city, for example, on account of the condition of the sidewalk, he is without legal remedy. Such cases occur quite often. Does the minister know of any case where similar action has been taken?

Mr. EULER: No; I do not know; but the man was on his way to work, and he might be regarded as being actually in the service of the department. Quite frankly, I would say that it is a case of showing perhaps too much sympathy, but we felt we might perhaps err on the humanitarian side. That is the whole story.

Item agreed to.

Progress reported.

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

Thursday, June 2, 1938

The house met at three o'clock.

REPORTS OF COMMITTEES

BANKING AND COMMERCE—FOURTH REPORT

Fourth report of the standing committee on banking and commerce.—Mr. Moore (Ontario).

STANDING ORDERS—CONCURRENCE IN THIRD REPORT

Mr. S. W. JACOBS (Cartier) presented the third report of the standing committee on standing orders, and moved that the report be concurred in.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CANADIAN NATIONAL RAILWAYS—EMPLOYEES LAID OFF

Mr. MASSEY:

1. How many employees of the Canadian National Railways, in all departments, have been laid off in the past six months?
2. How many in Ontario?
3. How many in the past month in: (a) Ontario; (b) all Canada?

Mr. HOWE: The Canadian National Railway management state, in reply to the above questions, that the information is not kept in the form requested, and could only be obtained at the cost of much labour and expense.

The railway does report certain figures to the dominion bureau of statistics showing the count of employees as at the end of each month, and the following figures are taken from such reports:

Number of employees in all classes on Canadian National Railways: April 30, 1938, in Canada, 65,423; in Ontario, 21,705. March 31, 1938, in Canada, 66,456; in Ontario, 21,561. October 31, 1937, in Canada, 70,599; in Ontario, 23,207.

These figures cannot be interpreted to mean that the difference represents employees laid off, as seasonal changes are reflected therein.

QUESTION PASSED AS ORDER FOR RETURN

ST. LAWRENCE STEVEDORING COMPANY

Mr. LACROIX (Quebec-Montmorency):

1. What conditions are imposed by the St. Lawrence Stevedoring Company for the use of its unloading plant on the coal wharf set apart for the use of the public in the harbour of Quebec?

2. Is the St. Lawrence Stevedoring Company a subsidiary of the Canadian Import Company?

3. Is the president of the St. Lawrence Stevedoring Company an officer of the Canadian Import Company?

4. What would be the approximate cost of a complete unloading plant if it were provided and installed by the National Harbours Board of Canada?

UNEMPLOYMENT

CONCENTRATION OF SINGLE UNEMPLOYED MEN IN VANCOUVER—OCCUPATION OF PUBLIC BUILDINGS

On the orders of the day:

Mr. C. G. MacNEIL (Vancouver North): In consequence of a telegram received to-day, I desire to ask several questions of the Minister of Labour (Mr. Rogers) in regard to the single unemployed situation in Vancouver.

1. Have the departmental representatives been in direct negotiation with the representatives of the single unemployed to discover some basis of settlement of their grievances?

2. What was the date of the last issue of deferred pay vouchers, and what was the amount for each individual?

3. Is it possible to undertake a registration of the men to ascertain the following facts: the number of men with domicile in British Columbia; the number of veterans with domicile in British Columbia; the number of those with domicile in other provinces for whom work may be available if transportation is accepted?

Hon. NORMAN McL. ROGERS (Minister of Labour): The hon. member gave me notice that he intended to ask this question to-day, but I received the questions in the form in which he has presented them only a few minutes before three o'clock. I shall deal with them, therefore, on the basis of such information as I have.

The answer to the first question is that the representative of the Department of Labour who has been in Vancouver for some time past has been in consultation with the provincial government but has not been in direct negotiation with the representatives of the single unemployed.

In reply to the second question, according to our information the last of the deferred pay vouchers were redeemable on May 15. I am not able to give the exact amount of money due to individuals, owing to the fact that the amount would depend upon the length of time they passed in the camps.

In answer to the third question, I may say the provincial government did undertake the registration of all single unemployed men who passed through the forestry conservation camps. It was on the basis of that registration that the minister of labour of British Columbia made his proposal that these men who came to British Columbia from other provinces should be returned to their homes in such other provinces. As to work that may be available for those who entered British Columbia from other provinces, I can only say that these men when they return to their homes will be eligible in the same way as others in the same position with respect to youth training plans and such works projects as may be in progress within the provinces to which they go.

Mr. ANGUS MacINNIS (Vancouver East): Would the minister answer a supplementary question in this same matter? This situation in Vancouver is no doubt causing just as grave concern to the government as to those of us who represent that city. The meagerness of the information we have at the present time—

Some hon. MEMBERS: Order.

Mr. MacINNIS: My question will be very brief, but it needs a little explanation. In view of the meagreness of the information given in reply to the questions asked by the hon. member for Vancouver North (Mr. MacNeil) would the government provide an opportunity this week for discussion of this matter, either on an item in the Labour department estimates or by some other means?

Mr. LAPOINTE (Quebec East): We might have discussed that instead of the padlock law the last two days.

Mr. MacINNIS: Well, that is entirely in the hands of the Minister of Justice.

Mr. ROGERS: There was a discussion some time ago on this very question, as my hon. friend is aware, which occupied the greater part of an afternoon. I am far from suggesting that such a discussion exhausted the possibilities of debate on a question of this kind. But I should like to assure my hon. friend, if he needs such assurance, that the government is fully aware of the situation, and certainly members of the government are equally anxious that it shall be remedied quickly and in the proper way.

BUSINESS OF THE HOUSE

INQUIRY AS TO SITTING ON THE KING'S BIRTHDAY

On the orders of the day:

Mr. SAMUEL FACTOR (Spadina): May I ask the Minister of Justice (Mr. Lapointe) whether the house will sit on Thursday, June 9, the king's birthday?

Right Hon. ERNEST LAPOINTE (Minister of Justice): I have looked over the record of the last ten years as to the sitting of the house on the king's birthday. In four of the past ten years parliament was not in session. In two of the ten years the house observed the holiday by not sitting. In two others the house adjourned for some time during the day. In 1929 we were having morning sittings at that time and the house adjourned at one o'clock. In 1935 the house adjourned from three-thirty to eight o'clock. In 1936 parliament prorogued on the king's birthday, at five o'clock in the afternoon.

The government would be willing to ascertain what the feeling of the house is with regard to this matter, and I think there would be no better way than to instruct the whips to confer together and report. We shall be quite willing to meet the wishes of the house.

Mr. BENNETT: On some of the occasions to which reference was made the garden party was held in the afternoon, and the house adjourned to permit hon. members to attend.

MEMBER FOR MOOSE JAW

REPORTED STATEMENT IN SASKATCHEWAN WITH RESPECT TO SASKATCHEWAN RIVER WATER PROJECT

On the orders of the day:

Right Hon. R. B. BENNETT (Leader of the Opposition): I desire to ask a question of the government. Which member of the government may answer it I do not know, but presumably it would be the acting Prime Minister (Mr. Lapointe).

The press carries a dispatch indicating that a member of this house, namely the hon. member for Moose Jaw, Mr. J. Gordon Ross, stated publicly on May 31 as follows:

> I am therefore making this definite statement, that if the Patterson government is returned on June 8 the Saskatchewan river water project will be completed this fall.

My inquiry is whether or not there is any warrant for such a statement being made on behalf of the government of this country.

Right Hon. ERNEST LAPOINTE (Minister of Justice): Of course my right hon. friend cannot vouch for the accuracy of that newspaper report; neither can I. I think the thing to do first is to—

Mr. STEVENS: Wait until after the Saskatchewan election.

Mr. LAPOINTE (Quebec East): —ascertain whether it is a correct statement. Then I shall be glad to give a further answer to the question.

[Mr. Factor.]

Mr. BENNETT: I may say that I have made some inquiries, and I have a telegram—which obviously I cannot read—indicating that it is correct. But it is a rather serious matter for a private member of this house to undertake to promise expenditures of public money which have to be voted by the parliament of Canada.

Mr. LAPOINTE (Quebec East): Well, the hon. member for Moose Jaw is a pretty intelligent man, I should be surprised if he got himself into such a difficulty.

Mr. BENNETT: The right hon. gentleman is the only one who would be surprised.

Mr. STIRLING: Meantime it is a Liberal joke.

Mr. BAKER: It is no joking matter.

CANADIAN NATIONAL RAILWAYS

REPORTED LAY-OFF OF EMPLOYEES AT EDSON, ALBERTA

On the orders of the day:

Mr. A. H. MITCHELL (Medicine Hat): Yesterday I addressed a question to the Minister of Transport (Mr. Howe) and the Minister of Labour (Mr. Rogers) and asked the Minister of Justice (Mr. Lapointe) to direct their attention to it. Might I have an answer to that question to-day?

Hon. C. D. HOWE (Minister of Transport): My attention has been called to the question, which has to do with staff reductions on the Canadian National Railways. These are not matters of which the Department of Transport has knowledge; they are a detail of railway management. Staff reductions are taking place, partly seasonal and partly due to a serious reduction in traffic in certain areas. If my hon. friend would like to question the management on this and will place his question on the order paper, it will then be referred to the management in the ordinary way for such answer as they may care to give.

PENITENTIARIES COMMISSION

INQUIRY AS TO BRINGING DOWN OF LEGISLATION THIS SESSION BASED UPON REPORT

On the orders of the day:

Right Hon. R. B. BENNETT (Leader of the Opposition): Would the Minister of Justice (Mr. Lapointe) tell the house whether it is proposed during this session to proceed with legislation based upon the report of the penitentiaries commission? Because if it is, obviously we shall have very little opportunity to give the matter the study that its importance demands.

Right Hon. ERNEST LAPOINTE (Minister of Justice): I think there may be preliminary legislation as a result of the report, but it would be physically impossible to deal with all the matters and recommendations of the report at this present session. I think when my right hon. friend gets the report he will see that it will necessitate long and careful study and consideration.

Mr. BENNETT: When may we expect the report?

Mr. LAPOINTE (Quebec East): Some time next week.

MUNICIPAL IMPROVEMENTS

AUTHORIZATION OF LOANS TO ASSIST MUNICIPALITIES IN MAKING SELF-LIQUIDATING IMPROVEMENTS

Hon. CHARLES A. DUNNING (Minister of Finance) moved the second reading of Bill No. 143 to assist municipalities in making self-liquidating improvements.

Hon. H. H. STEVENS (Kootenay East): Well, Mr. Speaker, is this bill going to pass without any discussion at all? It was presumed the minister would on presentation of an important measure of this kind make a statement in regard to the bill.

Mr. DUNNING: My hon. friend could not have been in the house the other day.

Mr. STEVENS: I was in the house.

Mr. DUNNING: I made a very complete statement on the resolution, and at this stage I cannot add anything to what I then said. When the bill gets into committee I anticipate a fairly general discussion on the application of the individual clauses. On second reading, however, I can add nothing to the very full statement I made in the debate on the resolution.

Mr. STEVENS: One is somewhat under a handicap in discussing this bill, which is a very important one, particularly on second reading, when the principle is accepted, because naturally in committee we are limited to the discussion of sections and the details of sections. That is particularly so in view of the fact that no notice was given and there has not been any further statement by the minister. At least the minister will remember that when the resolution was being discussed there were several points raised to which the minister replied that these would be disclosed with the introduction of the bill. That I think occurred on at least two or three occasions.

Mr. DUNNING: I do not think my hon. friend can quote one case where that occurred on this bill.

Mr. BENNETT: Yes.

Mr. STEVENS: I am quite sure of it, though I speak subject to correction. If the minister says he did not say so, of course I accept his word, but my recollection is that he did. For instance, I am reminded that the question of unorganized districts was raised, and it was said that this would be dealt with when the bill was brought down.

Mr. DUNNING: No; I said it would be covered in the bill, and it is covered in the bill in so many words.

Mr. STEVENS: At least we might have expected some statement from the minister on the introduction of his bill. In any case, despite all these handicaps, I think there should be a discussion of the bill.

Mr. DUNNING: Very well.

Mr. STEVENS: This is the point about which I am concerned, and I am sure other hon. members are concerned about it as well. In the consideration of this bill or any of its sister bills, if I might use that term, we are dealing with the policy of the government in regard to the whole unemployment problem. I have no desire to object in so far as this particular bill is concerned, as far as it goes, to a very limited degree, in dealing with the question of unemployment. It will be recalled that during the discussion of the resolution it was also repeatedly emphasized by the minister, I think, and others, that the very essence of this measure was the question of unemployment, that it dealt with unemployment. Therefore I think it is competent for a member, while approving of this bill, at the same time to call in question the adequacy of this or any other measures I have seen so far to deal properly with the question of unemployment.

I notice that this bill provides for $30,000,000 to be loaned to municipalities for works which are described as self-liquidating projects. While one is naturally inclined to give approval to the move, still one is reminded somewhat of the policy of what are known as small loan companies. There are certain needy borrowers, and these companies hold themselves out as domestic physicians, qualified to deal with domestic problems. They invite the borrowers to come and consult them in regard to the solution of their domestic difficulties; then they lend them money at two per cent per month. Here the federal government, knowing the distress of the municipalities; knowing the domestic

problem, if I might apply that term, that exists in Canada with regard to the financing of the municipalities, says to the municipalities, "Now, we will lend you a certain limited amount of money." In some instances it will be a matter of only a few thousand dollars; in the larger cities it will amount to half a million or more, according to size. But the government says, "You must bring to us first a security that is absolutely self-liquidating and satisfactory to us. Then you must have your note endorsed by the province; and if you comply with these requirements we will lend you the money at two per cent—two per cent per annum."

Well, Mr. Speaker, whatever else may be said about it, certainly this is not a very great contribution towards either the solution of unemployment or the relief of the municipalities from the financial distress under which they are now labouring. During the debate on this general subject some weeks ago—I am not permitted to quote it, but I think there can be no objection to my just referring to it—I took the liberty of pointing out to the house that one of the chief problems in Canada was that municipalities—the same thing applies to provinces, but for the moment I am limiting myself to municipalities—are called upon to bear new burdens in these days, peculiar to the conditions that have existed for the last eight, nine or ten years. They are called upon to bear new and onerous burdens; that is, to pay a substantial share of the cost of general unemployment relief, and, incidentally, to care for ever-increasing numbers of indigent people; because without question the numbers of indigents to-day have increased greatly as compared to the numbers for whom the municipalities were called upon to care a few years ago. That of course is altogether apart from what one might call industrial unemployment.

This bill offers no relief to the municipalities in that regard at all; I think one would search in vain through the measures presented to the house to find any suggestion of giving assistance to the municipalities in that way or for that purpose. I believe it would have been infinitely better at this time had the government provided $30,000,000 or more to, shall I use the word, subsidize the municipalities, to assist them in carrying on their burden of finance in these days of ever-increasing social duties. I know that immediately the answer will be made that this parliament cannot vote money to municipalities, because municipalities are the creature of the provinces. All that is admitted, but I do submit that where there is a will to achieve an end, ways and means to reach that end can always be found.

What are the municipalities faced with, and what is the effect generally on the country of their condition? In the first place, they have increased taxes upon realty to a point where it is admitted by all that new building operations are virtually an impossibility because of the heavy burden of the realty tax. We are told that another bill will be introduced, dealing with housing. But at the very root of the housing problem lies the weight of municipal or city taxation, and it is not wholly the fault of the municipality. I will admit that during the years of industrial activity and prosperity, many cities and municipalities were somewhat reckless in their borrowing. But that was not peculiar to municipalities; it was common to them, to provincial governments and to the dominion government; and furthermore it was prevalent in private industrial corporations. All through the economic structure in the days of activity we had a degree of profligacy, if you like to use that extreme term, or recklessness in borrowing which we now realize was improvident and unwise. It does not lie within the right of this parliament to reflect upon the municipalities for having been improvident in the past, because the whole country is at fault in that respect. The failure to move forward in necessary construction is fundamentally due to the heavy taxation on realty in the municipalities. A month ago or more I made the suggestion that parliament might consider subsidizing municipalities to effect a reduction in taxation, in other words, offer to assist them by grants if a corresponding reduction were made in the rate of taxation on realty in the cities. If something of that kind were done—and I submit it would not cost this year more than this amount of $30,000,000—it would be infinitely more effective in starting the wheels of industry through a building program than will the rather left-handed method of assistance suggested in this bill. That is one point I wish to emphasize.

The other point is this question of unemployed single men. What are we going to do about it? Apparently, as near as I can judge, we are going to do nothing more about it than is set forth in the supplementary estimates tabled a week or two ago. In these estimates I see very little for that purpose. There are some other grants in aid to the provinces, but these grants in all probability will—

Mr. SPEAKER: Order. I think there is too much disturbance in the chamber. I will call upon hon. members to remain in their seats and to be silent during the debate.

Mr. STEVENS: Thank you, Mr. Speaker. I submit that, while these observations of mine do not interest hon. members very much, the subject matter must challenge the attention of parliament. I am warning parliament that if we do not grapple with these problems this session we shall invite disaster.

I was just about to make an observation regarding these unemployed single men.

Mr. DUNNING: I hesitate to interrupt my hon. friend, but there are many opportunities, on appropriate questions, to survey the whole field of problems of this kind. I gather that the motion for second reading is still before the house. I suggest that, in order to prevent a very wide range in debate over the whole economics of the country, hon. members should at least stick to the principle of the bill, which is the making of loans to municipalities for these purposes. I know that it permits a pretty wide latitude, but I do think my hon. friend is rather exceeding it at the moment.

Mr. SPEAKER: Will the hon. member confine his remarks as much as possible to the principle of the bill, which has to do with the lending of a certain amount of money to municipalities?

Mr. STEVENS: Mr. Speaker, no member of the house is more desirous of submitting to your ruling than I am, and if your ruling is that this trend of observation is out of order I shall not pursue it. Nevertheless I am going to say a few words on the bill. I did wish to approve it, but if we are to be precluded from discussing the other elements of unemployment, only one small part of which is dealt with in this bill, I am going to say that I think the bill is wholly inadequate and is not an answer to the demands and the needs of the country.

Mr. DUNNING: Well, it is not put forward as a complete answer.

Mr. STEVENS: I know.

Mr. DUNNING: I so stated in my remarks the other day.

Mr. STEVENS: Yes; and the moment I refer to some of the others—

Mr. DUNNING: Oh, no, no.

Mr. STEVENS: Just a moment,—and the moment I refer to some of these other needs, and recite or indicate what provision is made to take care of that condition, a point of order is raised and I am asked to limit myself strictly to this bill.

Mr. DUNNING: That is cheap.

Mr. STEVENS: The minister says "that is cheap." Perhaps I might on a point of order ask you, Mr. Speaker, if language of that kind is warranted, from the Minister of Finance or any other hon. member?

Mr. DUNNING: It is not. I will anticipate your ruling, Mr. Speaker, and withdraw it.

Mr. STEVENS: Well, that is that. Another point: if you want to hair-split on rules,—usually an hon. member rises in his place when he addresses the Speaker. I am not a hair-splitter on rules, and I was not desirous of wandering far afield. I shall take my seat now, but I am going to say again to the house, we are playing with fire—

Mr. DUNNING: Not on this bill.

Mr. STEVENS: —when we disregard the unemployment situation as it applies to single homeless unemployed men. That is what we are doing, and this bill is not an adequate answer to that. I simply close with saying that as far as this bill goes, which is a very short distance, towards the solution of these problems, I welcome it. But the government must not expect that the acceptance of this bill or the meagre votes in the supplementary estimates will be an answer to the demands of this country for a solution of the unemployment problem.

Mr. ANGUS MacINNIS (Vancouver East): I did not say anything on the resolution which preceded this bill, not because I did not feel there was something which could be said, but because I was and am in agreement with the proposals in the bill. I have no doubt that the Minister of Finance (Mr. Dunning) realizes just as much as the rest of us that the bill is not perfect or adequate to meet the situation now confronting the people of Canada. However, in my opinion the bill is a good start. The principle involved is a good one. I disagree with the hon. member for Kootenay East (Mr. Stevens); I believe that this method of providing funds for the municipalities is much better than to grant subsidies. The time may come when that will be necessary, but for the present I believe that this is the better way of dealing with the problem. It is unfortunate, but the fact is that when a municipality receives money, through either federal or provincial agencies, it considers it as something that has

come right out of the sky and that may be spent without any great regard for economic consequences. I have seen that happen time and time again. As I say, the time may come when this government will have to help the municipalities, through subsidies, but if that is done there will have to be very stringent control over the expenditure of the money.

Mr. STEVENS: That was not my suggestion. I said that it would be accompanied by a reduction in taxation.

Mr. MacINNIS: I disagree again with the hon. member for Kootenay East. I am doubtful of its being possible to reduce taxation in that way. I came here in 1930 when we were just entering the depression. At the special session of 1930 the government decided to appropriate $20,000,000 to meet the unemployment conditions of that time, with which action I agreed. The intentions were good, but I am convinced now that that $20,000,000 did more harm than good. Some municipalities actually went into bankruptcy in order to meet the dollar for dollar provision.

I do not wish to say anything more about this bill. If this session lasts much longer I am sure the government will have to consider other measures to meet the situation that now confronts us. The fact that home building is at a low ebb is not due altogether to high taxation. The poor are without homes, but we must realize that they are also without clothing and without proper food. High taxation does not prevent their getting new clothes. High taxation does not prevent their getting proper food. Some little time ago I attended a meeting where this housing question was being discussed. One gentleman said that the reason why the housing situation was so bad was that the building trades were organized so well and had forced up wages to a point where people were not able to build because of the increased cost. When I heard that statement I thought of the report of the textile commission. No one can say that wages are high in the textile industry. No one can say that wages are high in the clothing industry. No one can say that wages are high in the boot and shoe industry. No one can say that the prices received by the farmers for their farm products are too high. Yet the workers need clothes, they need boots and shoes and they need decent food. The high wages paid in the building or any other industry is not the cause of the poverty of the working class.

Let me repeat that I approve of this measure, but I believe that a great deal will depend upon the way it is administered. I have already brought it to the attention of the authorities in Vancouver and I hope they will be able to take advantage of it so far as it goes.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, this is the second day of June and this house has been in session since January. It sat during the months of February, March, April and May. The government either had a policy or it had not. Its duty was to have a policy. Frequently in days gone by I listened to appeals by members of the present government to the emotions of the people of this country because it was alleged that a policy was not forthcoming. To think that on the second day of June we have one instalment of a policy being introduced into this house to deal with the problem of unemployment in Canada! This one measure is so framed that unless action is taken by the legislature of the province it will not be effective.

Mr. DUNNING: No.

Mr. BENNETT: Excuse me, I have made that statement and I shall support it. I admit that the minister has changed his bill from the statement he made on the resolution.

Mr. DUNNING: I have not changed it.

Mr. BENNETT: Some one has, for he stated positively what was going to be done and that is not what is in the bill. Let us have no misunderstanding about that. Let us go a step further.

Mr. DUNNING: Mr. Speaker, I must take exception.

Mr. BENNETT: You can take exception, but that is not a point of order. Year after year, month after month, week after week and day after day, during the years from 1930 to 1935, complaints were heard from this side of the house, in season and out of season and criticisms bitter and remorseless were launched against the government of the day because of what was said to be the delay in dealing with these matters. Now we find this government, on the second day of June, introducing what the Minister of Labour (Mr. Rogers) described the other day as the policy of the government to deal with unemployment. That policy was to be part housing, part self-liquidating loans and part something else. If this government had this policy, as they should have had, when the house met, why did they let the legislatures of the nine provinces prorogue without being advised of it? Let some one answer that. Why did they let

the legislatures that are to give the guarantees with respect to this indebtedness come and go without taking any action? Let them answer that.

Let them answer one thing more. The municipalities cannot issue their debentures without the authority of the provincial legislatures. They have no power to do so. I had a telegram this morning from the mayor of Calgary pointing out that he could not issue any debentures unless the legislature gave him the power. Had he known of these proposals he would have sought and obtained the necessary power from the legislature before it prorogued. The other day we had the spectacle of the Minister of Finance (Mr. Dunning) rising in his place and telling the people of Canada that this problem, which the Prime Minister (Mr. Mackenzie King) had declared in 1935 to be the most important problem in Canada—he declared that prior to the election—

Mr. DUNNING: What did I say?

Mr. BENNETT: He declared it was the most important problem. Knowing that it was most important, knowing that this matter had to be dealt with, he allows the legislatures of the nine provinces to come and go. We have the spectacle of the Minister of Finance standing in his place and saying that in order to deal with this bill and other measures the provincial legislatures will call special sessions.

Mr. DUNNING: No, no; quote me fairly.

Mr. BENNETT: They may call special sessions.

Mr. DUNNING: Oh, no.

Mr. BENNETT: Probably would. Let us read his words.

Mr. DUNNING: That is right; read them.

Mr. BENNETT: The minister said, as reported on page 3386 of Hansard:

The security taken by the government will be the debentures of the municipality. The loan, as I indicated before, must be guaranteed by the province in which the municipality is situated, and the project must be approved by the government of the province.

Note those words, "must be approved by the government of the province." This bill does not provide that at all, it provides that the municipality must take steps to get approval. Let us look at it. Section 3 reads:

No agreement shall be entered into under this act unless:

(d) the municipality has obtained an undertaking from the government of the province concerned in form satisfactory to the minister that such province will guarantee to the government of Canada the payments for interest on and amortization of the loan, required to be made by the municipality to the minister.

That is not what the minister said the other day. He says now that these municipalities must get an undertaking from the government of the province that they will guarantee these payments.

Mr. DUNNING: But I did say just that the other day.

Mr. BENNETT: Mr. Speaker, I will not have interference with what I have to say.

Mr. DUNNING: And I will not be misquoted.

Mr. BENNETT: I read a moment ago what the minister said. He said:

The loan, as I indicated before, must be guaranteed by the province in which the municipality is situated, and the project must be approved by the government of the province.

Mr. DUNNING: Of course. That is what I said, but it is not what you said I said.

Mr. BENNETT: I read it a moment ago, and I have just read it again, and now I will read, on the second reading of this bill, section 3, subsection 2, paragraph (d)—I will read the whole of the section:

(2) No agreement shall be entered into under this act unless:

(a) the municipality submits detailed financial estimates demonstrating to the satisfaction of the minister that the project to be constructed or the extensions or improvements or renewals to be made will be a self-liquidating project;

(b) the construction, extension, improvement or renewal of the project is urgently needed and will assist in the relief of unemployment in the municipality concerned;

(c) any application by a municipality for a loan under this act and the project to be financed out of the proceeds of the loan have been approved by the lieutenant governor in council of the province in which the municipality is situated; and

(d) the municipality has obtained an undertaking from the government of the province concerned in form satisfactory to the minister that such province will guarantee to the government of Canada the payments for interest on and amortization of the loan, required to be made by the municipality to the minister.

The onus now, sir, under this statute is placed on every municipality that proposes to use any of this money to secure from the government of the province an undertaking that they will guarantee the payments—not get a guarantee but an undertaking to give one; not an undertaking between the two governments, federal and provincial, but that the municipality will undertake this work. And I have just said that some of the municipalities have no power to issue debentures

without legislative authority. Therefore they are blocked at the very start. There is the end before you start. The municipality of Calgary cannot issue debentures just because they feel like it; they have to have authority to do so. I do not know how it is with respect to other provinces, but I am told from the short inquiries I have been able to make this morning, and I believe the information to be accurate, that in some of the provinces the approval of a board is required for the issue of debentures, and that in other cases there must be direct authorization by the legislature to incur additional debt. That means that if one of our western municipalities proposes to increase its debt by $100,000, and thereby secure the benefits of this act, it has to obtain from the legislature power to increase its debenture debt to that extent. Obviously I am not undertaking to speak for all the provinces. I do not know what the law may be in Prince Edward Island or Nova Scotia or New Brunswick, but I do know this, that the legislatures of those provinces have all met and have prorogued since we came into session.

Mr. FACTOR: That is why paragraph (d) is put in.

Mr. BENNETT: A solon has now come to the rescue of the government. What an absurdity that an observation of that kind should be made, that that would cure this difficulty.

Mr. FACTOR: Mr. Speaker, I rise to a point of order. The right hon. gentleman said that my statement was absurd, or words to that effect. I say that is the reason paragraph (d) is there.

Mr. BENNETT: That is not a point of order, Mr. Speaker, and there is no necessity for the hon. gentleman to demonstrate it.

Mr. FACTOR: I have the floor, Mr. Speaker.

Mr. BENNETT: It is not a point of order.

Mr. FACTOR: Mr. Speaker will rule on that.

Mr. BENNETT: You cannot interfere with the conduct of debate by jumping up and saying, "it is a point of order," just because you do not like the language that is used by the speaker, unless such language contravenes the rules. To say that a statement is absurd does not contravene the rules.

Mr. FACTOR: I rise to a point of order, Mr. Speaker. The right hon. gentleman has made the statement that my words are absurd. I say that is not proper language to use in this house. I was giving the reason for paragraph (d).

[Mr. Bennett.]

Mr. BENNETT: There is no necessity to give it. The hon. member has raised a point of order, and he cannot make a speech. He says the word "absurd" is unparliamentary. That is the point, and the Speaker has to decide it.

Mr. FACTOR: I have a right to say why the statement is not absurd.

Mr. BENNETT: No. That is exactly what you do not have the right to do.

Mr. MACKENZIE (Vancouver): Which is absurd?

Mr. SPEAKER: I do not see the word "absurd" mentioned in Beauchesne's Rules and Forms, but I may be mistaken.

Mr. BENNETT: Mr. Speaker, I said it was absurd to make the observation that was made, and the demonstration of it was wholly unnecessary. But now that it has been demonstrated by the hon. gentleman himself, I direct attention to the fact that that section will not in any sense authorize or confer power upon the municipality which it can get only from the legislature. As the minister himself stated the other day, the legislature creates the municipality. The legislature confers upon it the powers that enable it to function as such. The extent of its powers is determined by the act of the legislature creating the municipality or by the general law of the province, as defined by statute law. The mayor of the city to which I referred directs attention to the fact that he is unable to issue debentures unless he has legislative action. Paragraph (d) does not touch that at all. It asks that the municipalities shall go out and get from the government a promise that they will introduce a bill guaranteeing the payments. The minister said it was a condition that they should be guaranteed. I have read the statement he made the other day, and I will read it again if necessary. He said:

> The loan, as I indicated before, must be guaranteed by the province.

Mr. DUNNING: Of course it must. That is what the bill says.

Mr. BENNETT: Does the minister for a single moment suggest that to get an undertaking from a government to a municipality is a guarantee?

Mr. DUNNING: No.

Mr. BENNETT: Well, the minister's language is that it must be a guarantee.

Mr. DUNNING: That is right, and it will be.

Mr. BENNETT: And the bill says that the agreement between the municipality and the government of the province must be obtained by the municipality.

Mr. DUNNING: Yes.

Mr. BENNETT: Now I come back to this, and I cannot stress it too strongly. Can any hon. member of this house visualize the circumstances under which the government introduces at the end of May a bill that contemplates these acts being done, involving action by legislatures, and seeing the legislatures come and go, without this government taking any steps? Is this policy a new policy? Was it thought out before the house met? Was it thought out when the legislatures were in session? Was it considered whether they were in session or not? Is it any wonder that the people of this country ask, what is the matter with parliament? Why is no action being taken, they ask, to deal with the unemployment problem? There are inquiries and correspondence everywhere, asking why nothing is being done. And then when the mountain labours and brings forth a mouse, what have we? We are told that what the government is doing is part of a grand policy to deal with unemployment. The Minister of Labour said: Keep that in mind—this is only part of a program. How long have they had the program? How long have they had the policy? Did they have it when the legislature of Prince Edward Island was in session, or the legislature of Alberta, or of British Columbia, or of Quebec, or Ontario? If they had, why didn't they act? If they had not, why did they not bring down a policy that does not contemplate the necessity of the legislatures meeting in special session?

With respect to the meeting of the legislatures the minister used these words, at page 3399 of Hansard:

> Perhaps I should at this stage indicate what is in the mind of the government regarding the point raised by the leader of the opposition (Mr. Bennett). In fact, I think I should apologize for not having anticipated it, but I overlooked it completely in making my statement.
>
> The laws of the provinces relating to municipal expenditures vary very widely; the powers vested by the legislatures in the various lieutenant governors in council vary very widely as also do the powers extended to municipalities to do certain things involving capital expenditure. It is quite impossible to frame a measure which would meet all the varying conditions, and I was compelled therefore to visualize the possibility that this scheme might have a sufficient appeal to the various provincial authorities to warrant them even in calling the legislature together for a couple of days to make possible what might be required in their particular case, for the municipalities on the one hand and for themselves on the other, to enable them to come within the ambit of the legislation.
>
> I will be perfectly frank, Mr. Chairman, and say that I do not think the dominion can extend this credit on any less secured terms than those involved in the bill. As the one charged with the guardianship of the treasury, I should say that I believe the security asked for by this legislation is reasonable and no more adequate so far as the dominion is concerned, especially when we have in mind the fact that each legislature controls absolutely the municipalities within its borders. The municipalities are wholly the creatures at all times of the provincial legislatures. If we proceed to lend direct to the municipalities—and there is some question whether we could, as indicated by the leader of the opposition—it would be open to any provincial legislature so to change the conditions under which its municipalities operate as to make it quite impossible for us to get the money back. We might as well face that. That being the case, seeing that we are rendering this assistance to institutions which are wholly the creatures of provincial legislatures, I think that when we are lending the money so cheaply, when we are taking the degree of loss on the loan which I indicated in my earlier remarks on the subject, the minimum security we should ask is that the province should guarantee that the municipality will keep the obligation it has incurred for a project; and remember, that the project must itself have the approval of the provincial government before it can become eligible for a loan under this statute.

I have read the whole passage in order that there may be no difficulty on that score, and I do point out that nothing short of a provincial statute will meet the conditions imposed in some provinces. Obviously, I cannot speak for all of them, but I say that some of them require an act of the provincial legislature; and what is more, sir, the minister himself recognizes it. He said he thought that they might meet together for two days—it is important enough for that—in special session to deal with the matter. And they allowed the legislatures to meet and prorogue, while they did nothing. That is the policy, that is the program of the government. Do you call that a policy, Mr. Speaker? Do you call that a program? What do you think the Canadian people would have felt like if they had been told in 1935, "Our program is to call parliament together in January and let the months of February, March, April and May go by, and in the closing days of May put a resolution on the order paper, following that up with a bill, the second reading of that bill being moved on the second day of June, contemplating at the same time, both in the resolution and in the bill, that nothing short of an act of the legislature, in some of the provinces at any rate, would comply with the terms of that program or policy." For the Minister of Finance himself, speaking for the government,

so intimated. But it does not apply to this alone. The Minister of Labour (Mr. Rogers) the other day said, "There is other legislation and the same principle is to be applied." Housing was one matter which was mentioned.

Some day, Mr. Speaker, I will read a few extracts from Hansard of 1934 and 1935, when action was being taken in March, when we called together the provincial premiers and obtained their views as to what had to be done. I am bound to say that I never found any difficulty in dealing with them except in one instance. They pressed their views, and we reached agreements which were loyally carried out by the provinces on the one hand and by the dominion on the other; and if there were differences of opinion they were liquidated peacefully and quietly. But in 1935 the placards declared that there was to be, "Harmony! harmony! There are eight provinces, and we shall have the nine of them wtih the dominion, all one happy family of Liberalism." That was what was broadcast to the electors of the country, and now we have the full fruition of it in a bill that can be made effective in 1938 only in some parts of Canada by an act of the legislature which would involve that body meeting in special session, as pointed out by the Minister of Finance. That is the story. And, what is more, as pointed out in the communications that I have been receiving, these contracts and arrangements should all have been made before June; in other words, the time to prepare for them was during the months that have passed. But every time any question was asked with respect to any policy of unemployment relief, we know what answer was given. No wonder there is a smile on the faces of some of my hon. friends. The hon. gentleman at whom I am now looking was in the house from 1930 to 1935 and he will recall some of those historic days. There are the facts, however. Now Mr. Speaker, I commend to hon. gentlemen, who will so vociferously cheer the proposals of their government, a reading of Hansard for the years from 1930 to 1935. If they do, they will see what their party said then, and they will then explain to the Canadian people—

Mr. DUNNING: They might also look at what the right hon. gentleman said while they are looking up the other speeches.

An hon. MEMBER: Hear, hear.

Mr. BENNETT: You see, Mr. Speaker, precisely what I said would happen has happened. The alleged wit of the Minister of Finance is relied upon to relieve a tension that has become very desperate. The Minister of Finance says, "Let them read what you said."

Mr. DUNNING: It would be instructive.

Mr. BENNETT: Well, they would find that there was no waiting until the second of June to take action. Of course, one does not expect anything like fairness about these things. When a government is entrenched as firmly as the present administration is, it folds its arms and says, "What are you going to do about it"? I may remind you that you are there with a minority vote of the electorate of Canada to begin with, and—

Mr. BOTHWELL: It must be a rather wonderful experience to be in opposition.

Mr. BENNETT: Yes, it is a wonderful experience to be in opposition but never a new one to me; and I can say to the hon. member for Swift Current (Mr. Bothwell) that it is perhaps more enjoyable than being in office.

Mr. CLEAVER: May I ask a question?

Mr. BENNETT: I see no reason why the hon. gentleman should, but if it will give him any pleasure I shall be glad to answer his question.

Mr. CLEAVER: Will you be good enough to indicate whether you are opposing or supporting this legislation?

Mr. BENNETT: Either the hon. gentleman is suffering from lack of hearing, or else he does not read, I do not know which; but if he was in the house the other day and listened, then he knows what was said.

Mr. CLEAVER: I thought you had a change of heart.

Mr. SPEAKER: The hon. member must not address another hon. member personally, but must refer to him by his constituency.

Mr. BENNETT: Well, Mr. Speaker, I think that can be excused in the circumstances. I asked the minister to devote some consideration to the practical problem as to how this necessary legislation should be made available to the people of Canada in the year 1938. After so doing he might also indicate why we now have to wait, at this advanced season of the year, for the benefit of this legislation, when provision should have been made for it and it should become effective now, not later. Lastly he might indicate why, knowing of this policy, if it is intended to use it as a policy, he let the legislatures meet and part—happy to

meet, sorry to part, happy to meet again—in special session. He might explain that also.

Mr. G. G. McGEER (Vancouver-Burrard): I must confess that I had some difficulty in following the right hon. leader of the opposition (Mr. Bennett) because I was unable to apprehend the distinction he seemed to have so completely in mind between the language of the Minister of Finance (Mr. Dunning) and the language of the bill with respect to provincial guarantees. Certainly in British Columbia the cities and municipalities require no legislation whatever to authorize them to borrow money from the dominion government or from anybody else. They do have to pass a by-law to cover any expenditure to be made in the form of capital developments, but for a great many works such as are covered by this bill they would not even have to pass a by-law. Had the leader of the opposition directed his remarks to the fact that some legislative assemblies may not have conferred power on the lieutenant governor in council to give the guarantee required in this bill, it would have been more to the point, because I doubt very much whether all our provincial lieutenant governors in council have the power to guarantee municipal borrowings for all purposes covered by this bill.

Mr. BENNETT: I pointed out the other day that most of them in my opinion have not. I dealt with that.

Mr. McGEER: In any event it seems to me that that defect, if it be one, is fully covered in the section, because it provides that the guarantee may be in a form satisfactory to the minister; which means that the minister could accept a provisional guarantee by order in council, which would be subject to confirmation by the legislature sitting at its due time. I can see no reason why any loan under this provision need be delayed for the calling of a special session of a provincial legislature.

There is one item I should like to draw to the minister's attention, and suggest that one of the fields of real employment that could be aided by this kind of financial assistance is the construction of sewers and waterworks facilities. In the city of Vancouver and surrounding municipalities we have established a metropolitan sewer board and metropolitan water board. That organization is the largest employer of unemployed labour in and around Vancouver. It was through the activities of the sewage board and water board that we were able to absorb considerable unemployment; for in such work a very large number of the men on relief were given the opportunity and privilege of working out their relief. The undertakings are purely municipal, and I think it would be wise to include—

Mr. BENNETT: The minister dealt with that the other day by illustration.

Mr. McGEER: —boards carrying on municipal works as well. While I think that the definition of a self-liquidating project is very wide, there is a class of work in and around cities from which real benefits to the revenue of the cities come but which can hardly be described as self-liquidating developments because the contributions made to them are largely free. I suggest that in the field of tourist trade development there are a great many opportunities for improving parks and beaches and developing tourist attractions in almost every city in Canada, which provide an opportunity to give employment to a large class who are now unemployed, and develop a tourist trade which in itself is a continuing proposition, and one of the best incentives to ancillary activities that we have yet found. I know of several opportunities in my own province on which unemployed could be set to work and the tourist trade greatly facilitated, if only funds were available for developing the kind of attractions which not only draw tourists but keep them in and around our cities for longer periods of time. In addition to the suggestion I made with regard to boards carrying on municipal works I respectfully suggest to the minister that the definition of self-liquidating projects might be extended to include undertakings designed to improve Canadian tourist trade. The tourist trade of Canada to-day is of tremendous importance to the national government. The 20,000,000 tourists who come to Canada annually from the United States and exchange United States currency for Canadian goods and services are helping us to meet our national debt problem on the other side of the line—

Mr. SPEAKER: I am sorry to have to remind the hon. member, as I did the hon. member for Kootenay East (Mr. Stevens) that he should confine his remarks to the purpose of the bill, which is to assist municipalities in making self-liquidating improvements.

Mr. McGEER: I was suggesting that the bill might include the development of tourist trade. Of course if it is out of order to suggest that the provisions of the bill be extended, I could not discuss that; but I was not aware that the rules limited one, in discussion of the principle of the bill, to

exactly what is named in it and gave no privilege of suggesting any expansion. However I have no doubt the minister is just as well aware of what I was going to say as I am myself. So I bow to your honour's ruling and respectfully ask the minister to imagine what I might have said.

Mr. A. H. MITCHELL (Medicine Hat): Mr. Speaker, I do not wish to delay the passage of the bill, and I hesitate to take part in the debate; but there are some things that must be said from this corner. I see no harm in subsidizing the municipalities as a means of improving their public utilities and services; but as a serious means of solving unemployment I do not think this bill can be expected to work very effectively.

In my opinion this bill indicates a tendency on the part of the government to indulge in a mild form of what has come to be known in the United States as pump-priming, which has not solved the unemployment problem in that country and will not solve the unemployment problem in Canada. I do not wish to discuss unemployment now, except to say that it is a world-wide condition, and I believe it is here to stay. But the right of the people to live should have precedence over any man-made rules and regulations, and until some government, this or some other, accepts those two facts and correlates them to our outworn money system, the effect of unemployment will grow and grow. That I certainly do believe.

So, Mr. Speaker, while I have no objection to the bill now before the house, I feel like pointing out that it is another example of straw-clutching by a drowning government.

Mr. ERNEST BERTRAND (Laurier): Mr. Speaker, I was not going to participate in this debate and would not have done so had it not been for the remarks of the right hon. leader of the opposition (Mr. Bennett). I always enjoy his wit, though sometimes it is very caustic. The right hon. gentleman said, "And they let the legislatures prorogue before introducing this bill." A few days ago one of the members on this side of the house took the time to calculate how long a session would last if all the members of this house were to speak as often as the hon. member for Broadview (Mr. Church) has spoken, taking the hon. member as an example. The result of the calculation was that it would take four and a half years to complete one session. The sessions of the legislatures are short and they generally start before our sessions begin here. I know in Quebec the legislature had started its session at least twenty to twenty-five days before we began, and the session of the legislature lasts only about three months. So the hon. member for Broadview alone would take up enough time in discussing the other laws to cover the period during which the provincial legislatures would be sitting.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

Section 1 agreed to.

On section 2—Definitions.

Mr. STEVENS: Might I suggest to the minister that after the words "local improvement district" the words "or board" might be added?—because in some municipalities there are joint boards which cover perhaps more than one municipality and operate as a body under provincial charter. For instance, there is the joint sewage scheme and the greater Vancouver waterworks. So if the words "or board" were inserted perhaps it would cover a case of that kind.

Mr. DUNNING: With respect to joint works between various municipalities made possible by the existence of a board jointly controlled by them, I am advised that in most cases there would be no difficulty in complying with the language of the act, because in every case such boards are controlled by the municipalities. It would merely become a question, I am advised, of dividing the proceeds of the loan and the liability for repayment between the municipalities controlling the boards in a joint undertaking.

I do not think it is advisable to change the definition, but perhaps in some of the later sections the alteration of a word might make it quite clear that where joint works are contemplated they are not barred because more than one municipality shares in the administration of a board. I must say that was one point arising out of the discussion the other day which caused me to consider changing the bill slightly. The right hon. leader of the opposition unconsciously did me an injustice; up to date there has been no change at all in the bill from the original draft, and in the language I used the other day I gave what I believed to be an accurate description of the bill.

Mr. BENNETT: The resolution.

Mr. DUNNING: The difference between us, however, is so slight—

Mr. BENNETT: The resolution itself is not reproduced in terms in the bill.

Mr. DUNNING: No, it was an abridgement of the bill.

Mr. BENNETT: Quite.

Mr. DUNNING: But I think the difference between us is too slight to quarrel about. The intent is clear, and I think the intention we all have is similarly clear. When considering the matter of the joint boards, however, I thought it would be well to have the benefit of the discussion in committee before finally deciding how we should deal with such a situation, for the reason that I have been astonished at the degree of diversity which exists between the provinces in relation to their municipal laws. In attempting to devise a measure under the benefits of which all might come, definite terms have been very difficult to find. That, more than any other one thing, led me to say to the leader of the opposition the other day that I could visualize the possibility of provincial legislatures having to meet for a couple of days because of the wide differences in their own legislation with respect to municipalities and of course the great variations in the degree of authority one legislature has extended to its lieutenant governor in council and the degree of authority extended in another province. The main question that was in my mind, however—and I ask the right hon. leader of the opposition to believe this—in making that statement the other day was the wide diversity in municipal law.

Mr. BENNETT: I think the hon. gentleman made that quite clear.

Mr. DUNNING: I thought that in committee we would hear from members from all parts of Canada as to the particular types of institutions which exist. If it is possible to put this legislation into such shape as to make it absolutely certain that no legislature will be required to meet, that will be a good thing; but I do seriously submit that it is not all-important. The all-important thing is to have this legislation right from the standpoint of the parliament of Canada. We cannot expect to develop it in a manner which will fit the peculiarities of the municipal law of any particular province. We can go as far as is reasonable.

In the matter of the boards mentioned by the leader of the opposition the other day, and by the hon. members for Vancouver-Burrard (Mr. McGeer) and Kootenay East (Mr. Stevens) to-day, undoubtedly there is a sufficient common interest or common experience with regard to joint boards to make it desirable to see to it that municipalities should not be debarred from the benefit of this act because they are operating jointly.

Mr. BENNETT: Not jointly.

Mr. DUNNING: In fact I think we would desire quite the reverse.

Mr. BENNETT: I hardly think that is it. Would I be interrupting if I suggest that with respect to that definition of municipality, the difficulty which was referred to by me the other day, and which was again referred to this afternoon by the hon. member for Vancouver-Burrard, is a very real one. Why should we not say that it "includes a city, town, or any agency or board of such incorporated city or town"? The minister sees what I mean?

Mr. DUNNING: But we have to go further and make provision for them, jointly.

Mr. BENNETT: That can come later when you are dealing with it, but the point I want to make is that there is no doubt that some of these metropolitan boards issue their own debentures.

Mr. DUNNING: Yes.

Mr. BENNETT: I do not know how many do—probably very few.

Mr. DUNNING: Very few.

Mr. BENNETT: That is the point I made the other day, and I thought the minister dealt with it fairly. They issue their own debentures, and in some instances they are guaranteed by the city or town.

Mr. DUNNING: Yes, they are guaranteed jointly.

Mr. BENNETT: No, their obligation is direct, and the guarantee is by the city or municipality of which they are an agency.

Mr. DUNNING: Or by several of them.

Mr. BENNETT: It might conceivably be by several of them.

Mr. DUNNING: It is in some cases.

Mr. BENNETT: I am not sure of the situation concerning Winnipeg. I had to do with that in connection with a sewage disposal project. The minister will remember that there are a large number of municipalities surrounding the central municipality of Winnipeg. But I have such indefinite information that I cannot speak with any authority.

Mr. DUNNING: I thought I had covered that in section 5 by the use of the term "other securities."

Mr. BENNETT: Yes, I think that covers that side of it, but I am talking about whether or not you are going to include an agency or board of an incorporated city or town. It does not apply to villages; it applies just to cities or towns.

Mr. DUNNING: "Incorporated village" is included there.

Mr. BENNETT: I see it is. That is why I say it does not require any board. I suggest they have them only in cities or towns.

Mr. DUNNING: No, there was an application this morning for a group including a village who wished to come in a scheme with respect to a hospital which they could demonstrate was self-liquidating. That was by a board. It was a new type of board to me.

Mr. BENNETT: As a matter of fact I had not thought of this covering a municipal hospital, but clearly it is broad enough.

Mr. DUNNING: Provided it is self-liquidating.

Mr. BENNETT: Quite, and provided the work is essential or desirable. I am a little perturbed as to whether or not the limitation which may be imposed by the definition of "municipality" may not shut some of these out. I say that with hesitancy to the minister.

Mr. DUNNING: I intend to let section 2 stand, after an expression of opinion with regard to it.

Mr. BENNETT: May I say this?—the minister will get my point. Not many years ago a public minded citizen in one of our cities brought action to restrain the city council from utilizing money to send a delegation somewhere. The case went to the supreme court, and his view was sustained; the council were personally liable. Now there are those who do not agree with this general idea of our dealing with municipalities, and it may be that we have to contemplate someone taking proceedings. Therefore I am making these observations with the hope that we shall foresee as far as possible these difficulties and, by foreseeing them, prevent any possible interference with the operation of what in my judgment is a desirable plan.

Mr. STEVENS: Might I add one or two sentences?

Mr. DUNNING: I should appreciate a full discussion on that matter of definition, because I want to let it stand.

[Mr. Dunning.]

Mr. BENNETT: Before the hon. member speaks: I was pleased to see one thing which is the greatest departure this government has made in policy that I know of. It is going to permit estimates to be made by Conservatives, for on the second line it says, "on the basis of conservative estimates."

Mr. DUNNING: Not your kind, though.

Mr. BENNETT: It is the greatest change on a question of policy that I have seen.

Mr. STEVENS: I was going to add a sentence or two. I confess that I am not right up-to-date regarding the situation on the Pacific coast as respects these joint boards, but this is as I recall it. It is about thirty years since the joint sewerage scheme was organized. It took in the then municipalities of Vancouver, Point Grey, South Vancouver and Burnaby. Three of those have been merged in a single city. Burnaby is still on the outside. This joint sewerage board was erected by a special bill of the provincial legislature. I cannot from memory say precisely how the municipalities pay their share, but I know that the joint board issued its own debentures or securities. Now, this situation may possibly arise. The city of Vancouver, which now represents three of those municipalities, they having in recent years been amalgamated, might be quite agreeable: the municipality of Burnaby, which for the time being is in rather serious distress, but is quite a minor factor in the board's operations, might find itself unable to contribute, but the other very preponderating part might be willing to absorb any part of the share of the municipality of Burnaby. Therefore it should be made possible for the agreement to be made with the entity, namely the sewerage board, which has its own powers and its own rights.

With regard to the waterworks, which is still more in line with this objective, I think it applies to North Vancouver. I wish the hon. member for that constituency were here, but he is not. The waterworks is located in the municipality of North Vancouver. It passes close to, and part of it passes through the city of North Vancouver; those two municipalities are involved; and I imagine its service extends also to West Vancouver. Then it crosses the Narrows and serves the city of Vancouver, and Burnaby, and, I think, the municipality of Richmond and Lulu Island as well.

Mr. REID: And New Westminster.

Mr. STEVENS: New Westminster is now connected up; that is true. New Westminster used to have its water from another section.

Mr. DUNNING: Who owns the waterworks?

Mr. STEVENS: It is now called the Greater Vancouver Waterworks system.

Mr. DUNNING: Do the individual municipalities do their own laterals?

Mr. STEVENS: Oh, yes. They do in the sewerage and, I imagine, in the waterworks as well.

Mr. DUNNING: That solves it.

Mr. STEVENS: The point is that it may be found highly desirable and the opportunity may arise for a refinancing of that which would result in a lowering of the charges. As far as the security is concerned it would be one of the best that could be offered in Canada for one of these projects.

Mr. DUNNING: Refinancing under this project?

Mr. STEVENS: For instance, if they had debentures maturing. But I presume that that means reconstructing?

Mr. DUNNING: Oh yes.

Mr. STEVENS: There might be additions and extensions made which would enable the board to take advantage of this act. My opinion, frankly, is that it is very nearly approached now. "Local improvement district" is a pretty wide term in itself, but I think it would be well to add in there "or joint municipal board", because the security is even better than that of a single municipality. There should be no objection to it.

Mr. DUNNING: If my hon. friend will permit me I should like to develop the difficulties that I have run into in that connection. I do not do this with any desire of declining to give further consideration to his suggestions. Here is the first difficulty with respect to the joint boards. We have had to place a limitation upon the amount which any one municipality can get. This limitation is based upon the relation of its population to the population of Canada. It would be possible to have a joint board made up of one large municipality and several small ones. If each municipality deals separately with the minister with respect to some self-liquidating project, the small municipalities, in spite of not having sufficient population, could borrow up to $200,000. The large municipality would be subject to the limitation which works out at about $3 per head. The difficulty of adjusting a joint project to what I know the individual municipalities will want to do, that is, take advantage of what they would be entitled to, will in practice be overcome in the case of most joint water boards by the fact that the individual municipality cooperating in a joint waterworks undertaking almost invariably builds its own laterals within its own borders. That is to say, the joint water board exists for the purpose of delivering water to the boundary of the municipality, or to some agreed-upon point. The development of the distributing system would in many cases offer opportunity to the municipality to take advantage of this scheme. This would be particularly true in connection with the repair and renewal necessities of old lateral distributing systems. I know of many cases where old wooden stave pipes are being used at a tremendous maintenance cost. It has been demonstrated to me that in some cases the maintenance cost considerably exceeds the two per cent interest and carrying charges on these loans. This is the type of work that would create employment.

Mr. BENNETT: It must result in an increase in the annual net revenue. A project might be self-liquidating without adding anything to the net annual income of a municipality.

Mr. DUNNING: Have you considered the words, "either by reductions in the annual operating and maintenance charges"?

Mr. BENNETT: The principal words are, "will on the basis of conservative estimates result in an increase in the annual net revenue." I was wondering whether all these projects could be said to operate to result in an increase in the net annual revenue of the municipality.

Mr. DUNNING: "Either by reductions in the annual operating and maintenance charges."

Mr. BENNETT: That is only descriptive of the method.

Mr. DUNNING: I spent more time over this section than over any other. I want to have the benefit of everyone's view. The governing words are, "increase in the annual net revenue of the municipality."

Mr. BENNETT: Those are the governing words.

Mr. DUNNING: But let us jump from there to the words, "sufficient to pay the annual charges for interest on and amortization of the loan." How is that sufficient amount to be raised? It has to be raised either by reductions in the annual operating and maintenance charges or by service charges

paid by those benefiting. That was the process of thinking I went through in arriving at this section.

Mr. BENNETT: I do not say it is not sound. I only thought it might give rise to a little difficulty.

Mr. DUNNING: I shall have it reexamined. I shall also give consideration to what has been said in the committee wth respect to these joint boards. Frankly, I can see some difficulty with respect to the joint boards in apportioning the amounts. I believe that all the municipalities that might be partners in a joint board would have plenty of self-liquidating projects other than those which might be joint in character.

Mr. BENNETT: I was thinking of my own city where there is a street railway that is not profitable at times, while there is an electric light system that is profitable at all times. In the net result the city has to take care of the situation by means of taxes. How would they be treated, having regard to the fact that they are not separate entities? Would the city be able to ask for assistance in expanding the street railway system if it was able to show that as a result of that expansion there would be an increase in the net annual income of the city by reason of the improved facilities thus provided? Of course the credit of the city as a whole, of the taxpayers as a whole, would be responsible for repayment. It would not be just the system, which might not be profitable one year or another, but the taxpayers as a whole.

Mr. DUNNING: But "on the basis of conservative estimates" would over the period—

Mr. BENNETT: I hope it will continue that way in Calgary. At any rate this is a subject of some difficulty.

Mr. MARTIN: The matter referred to by the right hon. gentleman gives rise to a question I should like to ask. In the city of Windsor the street railway is operated by the hydro-electric commission.

Mr. DUNNING: Owned by?

Mr. MARTIN: It is owned by the city, but there is some scheme of operation which has been entered into between the city and the local hydro-electric commission. I should like to know if the present system could be expanded or a substitute bus system brought into being under subsection (c) of section 2. Would that be considered a self-liquidating project?

[Mr. Dunning.]

Mr. DUNNING: To ask me to describe what is a self-liquidating project without critical examination of what is involved is more than I can do. I find it difficult to think of a municipality attempting to develop transportation under the auspices of a scheme of this sort. I would not definitely debar it, but the self-liquidating project that we have in mind is in connection with facilities generally in use by a municipality. Exceptional cases, such as the one mentioned by my hon. friend, and the case of Calgary, referred to by the leader of the opposition, would have to be studied. I may state frankly to the committee that I am not anxious to widen the definition of "self-liquidating works." I do not want to be put in the position of being accused of agreeing to lend to this municipality and not agreeing to lend to that municipality. I should like to have one rule that will be generally applied. I fear that to widen the definition would add very materially to my responsibility.

Mr. TAYLOR (Nanaimo): I agree with what the minister says about desiring to keep this within bounds, but I should like to have his reaction to this picture. A certain municipality at the present time is circumscribed by Indian reserve lands. It is tending to outgrow its present boundaries and unquestionably it will come before the Indian department to ask for permission to purchase certain of these reserve lands. In doing so it will add to its area and increase its taxes. Would that picture come within the provisions of this bill?

Mr. DUNNING: Absolutely not. I can answer that quite positively. The purchase of land is not a work creating project.

Mr. TAYLOR (Nanaimo): Taxes would develop immediately by the purchase of these lands. I just wanted to be clear about it.

Mr. DUNNING: My hon. friend is very persuasive, but I am quite sure that such a project would not come within the requirements of the bill. It would not have the effect of creating employment.

Mr. NEILL: How about a sewage system?

Mr. DUNNING: If they borrowed for that purpose, that might be conceivable.

Mr. MITCHELL: I see that paragraph (b) of section 2 defines "municipality" as including:

—a city, town, incorporated village, county, township, rural municipality, local improvement district or a province where such province is administering directly territory not organized into county or municipal units.

Irrigation projects have not yet been mentioned in the discussion, and I was thinking of the possibility of irrigation projects being undertaken on the prairie. I have one in mind which would be larger perhaps than would be allowed under the bill, but would an irrigation project be considered by the minister, who is a westerner, as self-liquidating?

Mr. DUNNING: It would depend somewhat on the financial set-up proposed for the irrigation district. As my hon. friend knows, there have been many irrigation projects which have not been self-liquidating by any means. I think, however, that an irrigation project could scarcely come within the purview of this legislation for another reason. The limitations imposed in the matter of population as to the amount which could be secured would scarcely, I think, make possible an irrigation scheme of any size under this act.

Mr. NEILL: Reverting to sewerage systems, the bill requires the scheme to be self-liquidating. Would the minister regard a scheme as coming within the terms of the bill if the municipality put on a special rate to cover the interest charges? Usually there is no charge for the use of the sewerage system. It is general to the municipality. But suppose a municipality undertook to earmark a mill rate sufficient to meet the interest charges per year, would that be regarded as self-liquidating?

Mr. DUNNING: No. The object of the bill is not to encourage municipalities to add to their general municipal rate. Sewerage systems that are built on a service charge basis, whereby those benefiting from the sewerage extension over a period of years pay for it, would be within the purview of the bill as being self-liquidating, but not a project proposed to be dealt with by the imposition of an additional mill rate on the whole municipality through the medium of the general tax. That would not be self-liquidating.

Mr. NEILL: I suggested a mill rate specially earmarked for the project.

Mr. DUNNING: I shall be glad to look into it, but I do not think it would be within the purview of the bill because it would have the effect of increasing the general rate of the municipality. If my hon. friend will study the language of paragraph (c) he will see that it says:

> "Self-liquidating projects" means a project which when completed will . . . either by reductions in the annual operating and maintenance charges . . . or by increase of revenues from persons using the services of or otherwise benefiting from the project—

And so on.

Mr. HAMILTON: I should like to call the minister's attention to the wording of paragraphs (b) and (c), having in mind that in Ontario, at all events, in a good many municipalities waterworks and electric light systems are handled by a public utility commission. A public utility commission is an incorporated body, but when it comes to raising money for the purposes of the utility, that I think is up to the municipality as such. The revenues, I think I am correct in saying, go to the public utility body, which at a later date, when they have no further need of them, turns them over to the municipality. It occurs to me that in order to take care of that situation the wording of paragraph (c) might require to be slightly revised, since it does not necessarily mean an increase in the annual net revenue of the municipality. Some provision perhaps should be made to take care of cases where the public utility body receives the revenues from an extension of the water service or something of that kind, and turns over the surplus revenues from time to time to the municipality.

Mr. DUNNING: But surely the annual revenue of such a public utility body is calculated to be sufficient to take care of the debt charges created by the utility. Surely it must pay over annually to the municipality an amount sufficient to take care of the carrying charges. As far as I am familiar with public utility commissions, they are put in the relationship to the municipality generally of having to contribute to the general treasury an amount equivalent to the carrying charges on the utility which they are administering; but they may hold in reserve, as a branch of municipal government, their earnings over and above those fixed charges. In any case I do not anticipate any difficulty in working that out. From a conservative estimate—not a political conservative estimate, but an economic conservative estimate—of what we can expect over a period of years with respect to the utility, I do not anticipate any difficulty such as my hon. friend mentions. The difficulty would come in connection with boards that have to deal with several municipalities.

Mr. LAWSON: The answer of the hon. minister to the member for Comox-Alberni (Mr. Neill) leaves me with considerable confusion in my mind as to a kind of project in respect of which I think the minister will receive many applications from Ontario. In order to illustrate clearly the one which I wish to know about, in view of this definition, I will mention very briefly one which I

think would clearly come within it. Suppose the municipality desires to construct a water-works system.

Mr. DUNNING: To construct one?

Mr. LAWSON: To construct a water-works system. Ordinarily a municipality in Ontario charges each user of the water either a flat rate per month or on the basis of a water meter, a gallonage basis.

Mr. DUNNING: Or on the basis of a frontage tax.

Mr. LAWSON: That is possible, but not usual in Ontario in respect of water systems. I assume that that would be a self-liquidating project.

Mr. DUNNING: Clearly.

Mr. LAWSON: But now I want to mention a project that is very different and ask for the minister's interpretation. Assume that a municipality wants to instal a sewer and sewerage system. In that case there is no monthly rendering of accounts and no monthly payment by the user, but in lieu thereof a proportion of the cost of the construction of the sewers and the sewerage disposal works is assessed per foot frontage against the property benefited, and there is taken into the general rate of the municipality that portion of the cost which is represented where the sewers have to cross streets at intersections. Would a scheme of that kind be considered self-liquidating, bearing in mind that the cost thereof is specially assessed against the property owner and included in the tax bill along with the general rate, and payable over the term of years which the engineer estimates to be the life of the work?

Mr. DUNNING: I attempted to meet that, as will be clear later on in the bill, by making provision for paying part of the cost out of the proceeds of a loan under this bill. What I visualized was this, that the part of the cost of the sewerage system cited by my hon. friend—

Mr. LAWSON: Specially assessed.

Mr. DUNNING: —which is specially assessed could be financed under this scheme. The rest of it the municipality generally would have to take care of. But I would not like to be too definite in saying yes to specific cases that are put to me across the floor. My hon. friend understands that I am not now saying that municipality so-and-so can come along and get a loan. The class of cases I contemplated when framing the bill did include the possibility of a portion of a facility being on a basis which would come within the purview of the act, and another portion of the same facility being on a different basis; and in order to make possible the consideration of assisting any such work "partly" was put in.

Mr. HEAPS: How about the security in that case?

Mr. DUNNING: There would be no difference to the security.

Mr. HEAPS: In another section it is provided that the government shall receive a mortgage.

Mr. DUNNING: "May"; that is for an entirely different purpose, to meet a different case in some provinces, where the only kind of security that could be taken would be a mortgage or hypothec. I do not expect that the mortgage or hypothec provision will be frequently made use of, but it is there in case other security cannot be given.

Mr. LAWSON: In which event the municipality in the ordinary course of events would issue debentures for payment for the very work we have been discussing, and I assume that the government would take from the municipality a proportion of those debentures to secure the amount advanced.

Mr. DUNNING: Yes.

Mr. LAWSON: I wish to point this out to the minister—and he will bear in mind that when I asked the original question I wanted to know what the government had in contemplation; that was all. If I understood his statement a few minutes ago, in answer to the hon. member for Comox-Alberni (Mr. Neill)—and that is what prompted me to ask the question—the minister said that the government would not favour under this scheme works that imposed additional taxation upon the municipal property or home owner.

Mr. DUNNING: The general municipal rate.

Mr. LAWSON: Of course a special assessment would be an extra burden of taxation on the municipal property owner.

Mr. DUNNING: Those benefiting from it.

Mr. LAWSON: Yes.

Mr. DUNNING: We have no objection to that.

Mr. LEADER: There are two questions which I should like to ask the minister. When any municipality desires to extend its sewage system or its waterworks, will that municipality be able to borrow under this bill for that purpose?

Mr. DUNNING: It would depend upon whether it was self-liquidating.

Mr. LEADER: If it were specially assessed I presume it would be.

Mr. DUNNING: If it were specially assessed on those whom it benefited, yes.

Mr. LEADER: The other question is this: If a town or a city desires to hard-surface its main street, will it be possible for that town or city to borrow money under this bill?

Mr. DUNNING: Again, if it were a self-liquidating project which conceivably might occur in such a case partly in one way and partly in another. Assume that the present street is all broken up and requires a very heavy expense of maintenance year by year, an expense of which there is record which is ascertainable. Assume further that the cost of the paving is to be assessed on a frontage basis against the property on either side. The combination of those two factors, (1) a lowering of maintenance costs as a result of the work and (2), the assessing of the cost of it on those benefiting, might very well bring such a project within the terms of the act. But remember again, I repeat, I do not want to give specific assurances which will be taken to mean that anyone can come along and ask for a loan to pave a street. It must be demonstrated that the particular project does fall within the definition of self-liquidating public work.

Mr. LEADER: I wish to thank the minister for his reply. I have in mind a special case, and his answer is really encouraging.

Mr. WEIR: Reference has been made to self-liquidating projects where a municipal levy may be used for waterworks or sewage disposal undertakings. What will happen with respect to applications made for repairing school houses?

Mr. DUNNING: I had not contemplated that.

Mr. WEIR: I think it had better be contemplated. Do I understand that the minister is definitely ruling that feature out of this legislation?

Mr. DUNNING: I am not ruling out anything which can be demonstrated to the government to be self-liquidating within the language of the statute. It must be self-liquidating.

Mr. LOCKHART: I appreciate what the minister has said with regard to the self-liquidating aspect of this matter. May I briefly recite for his information a case that is now before the Department of Transport in connection with the Niagara peninsula. I am referring to a very definite sewage disposal scheme which is necessary in consequence of a condition that has been brought to the attention of the municipality by the department of health of the province of Ontario. In the hands of the engineers of the Department of Transport there is now the report that has been prepared in conjunction with the department for an extensive sewage disposal scheme which is to take in a group of municipalities. It has been brought about quite definitely by representations from the department of health in Toronto, who object to the raw sewage and industrial waste emptying into lake Ontario. If these municipalities collectively enter into some scheme of providing a trunk sewer that will take care of all this industrial waste and sewage, treated to an extent probably approved by the provincial government, will the minister go so far as to suggest that, by reason of the fact that the federal government is more or less involved in consequence of certain conditions that have grown up over a long period of years in connection with the establishment of industries and so on, consideration could be given to a large joint scheme such as this, undertaken by the municipalities? Would it be possible to assist them in advancing such a scheme?

Mr. DUNNING: From the manner in which my hon. friend sets it out I doubt very much whether it could be arranged. Of course, no one can tell until the actual concrete proposition is submitted. When that is done one will look at the actual proposition and ask whether it is a project which, when completed, will on the basis of conservative estimates result in an increase in annual net revenue to the municipality either by saving money or by a service charge on those benefiting. I am sorry I cannot give a categorical answer, because my hon. friend is outlining something which is still in embryo. Let me say, however, that he must not forget that the degree of financial assistance which would be possible for qualified projects is limited by the populations affected. What would be the population in the municipalities to which my hon. friend is referring?

Mr. LOCKHART: About 50,000.

Mr. DUNNING: Well, the maximum loan that they could get even with a qualified project would be $200,000.

Mr. HEAPS: For each municipality or for all?

Mr. DUNNING: That is a question which, as I have pointed out, is giving me some

difficulty. Certainly it is difficult for me to see how five municipalities can call themselves five separate entities and get the maximum for small municipalities, when they have by their own action made themselves into a large municipality. It is very difficult for me to answer. Certainly, if they deal with self-liquidating projects of their own individually, they could go up to $200,000. But to say that by merging their populations they are still able to take the advantage which accrues only to those of small populations is a doubtful thing for me to promise at this stage.

Mr. HEAPS: Why should there be such a provision in the bill? I intended raising that point on another section. There should be some flexibility.

Mr. DUNNING: Would my hon. friend mind leaving that until we reach that section? We might let section 2 stand. I think I have all the suggestions I am likely to get on the definition of the term "self-liquidating." They will all be carefully considered.

Section 2 stands.

On section 3—Loans to municipalities.

Mr. McIVOR: In the words of another, I should like to make a few observations. Perhaps this bill is late in coming. But it is better late than never. Jacob—I mean the first Jacob—waited fourteen years for Rachel, and Jacob thought she was worth waiting for. I would say that this bill was well worth waiting for.

I took considerable interest in the convention held some time ago of mayors and aldermen of the cities of Canada. They made some great speeches, speeches which I suppose would compare favourably with the oratory in this house, in demanding something from the dominion. I say this bill is something. It may not be a great deal, but it is something. It is now up to the civic officials to show their business ability. Let me give a concrete example of what a man was able to do with $30. He is the Reverend Richmond Craig of Winnipeg. He began with $30 and a heap of junk and rubbish; he gave a man a meal for sorting this heap, and with his business brain—I think ministers compare favourably with mayors in business ability—he organized a business employing the down-and-outs of Winnipeg. Hon. members from Winnipeg will bear me out. He set them to mending old boots and shoes, clothes, beds, clocks, stoves, etc. He paid the minimum wage to men who could not get a job anywhere else and were down and out. In 1933 his payroll amounted to $13,000. In 1937 the Good Will Industries showed interesting growth; during a period of six years the sum of $150,000 was paid out in wages, the minimum wage being paid, and a six storey building is now occupied. This shows what an ordinary individual could do. Why cannot our mayors and civic authorities borrow some of this money at two per cent and make it live? Why cannot they use it, not for something that will start and stop never to go again, but for something that will keep going and make work. I do not mean sewers and electric light plants. Let them use their business ability to find something that will be a going concern. I commend the minister for this step; it is only a small thing yet, but it is bound to grow.

Mr. LOCKHART: This clause brings us back to the scheme I suggested. It includes waterworks, etcetera. The minister probably did not understand that the project I have in mind is proposed by a group of municipalities which will act independently.

Mr. DUNNING: They will act separately?

Mr. LOCKHART: They will have to act separately. Let me be more explicit. The project starts at the outlet of the Welland ship canal; the old basin is being polluted, and the municipalities of St. Catharines, Port Dalhousie, Merritton and Thorold, all separate municipalities, are now considering this large scheme of treating their sewage and industrial waste. They will have to act separately, but they have had a joint meeting—

Mr. DUNNING: To coordinate?

Mr. LOCKHART: —to coordinate their interests. It seems to me it should be possible—

Mr. DUNNING: Provided it is self-liquidating.

Mr. LOCKHART: That is the point I am coming to. This will replace some of the old trunk sewers of these several municipalities. They have to replace them; the provincial government says they must be replaced, that this condition must be cured in some way. Each municipality will have to assume part of the cost of this main trunk sewer which is to carry the sewage in a treated condition into lake Ontario. The present system is on a basis of contributions by each one that uses it. I wished to get some direction as to whether in such a scheme as I have outlined a group of municipalities could come under the provisions of this bill by coordinating their interests.

Mr. DUNNING: We are not concerned about whether a municipality coordinates a self-liquidating project with one of another municipality; if within each of the municipalities concerned it can be demonstrated that such a project as my hon. friend outlines will be self-liquidating within the language of the section, it will qualify. Otherwise it may be possible, as mentioned by the hon. member for York South (Mr. Lawson), that parts of the project might be self-liquidating within the definition and other parts not. That would not, in my opinion, bar the municipality from taking advantage of this scheme for the parts that are self-liquidating. It is difficult to deal positively with a hypothetical case; I cannot speak positively about it.

Mr. HEAPS: On many occasions when requests for public expenditures were made the minister asked hon. members where the money would come from. Would he explain to the committee how the money is to be raised for the expenditure involved in this bill? Does he intend going on the open market to raise the money, or to follow the precedent adopted by the government of 1934, which expended a large sum for public works and printed new currency for it? I am not pretending to be an expert on money, but I am tempted to ask the question because of the success which apparently attended the experiment tried in 1934. I think the government still have power to issue a certain amount of currency, and if that could be done, instead of showing a deficit on the proposed scheme, I think they would actually have a profit.

Mr. DUNNING: I am afraid my hon. friend cannot, on a bill of this kind, get an answer to a question on monetary policy. I would call his attention to the first words of the section now under discussion:

> The minister . . . may enter into an agreement with any municipality to make a loan or loans to such municipality out of any unappropriated moneys in the consolidated revenue fund. . . .

That is the authority conferred upon the minister by this bill. I cannot indicate the manner in which the consolidated revenue fund will be replenished. I cannot indicate that there will be any change in the methods followed hitherto by the present government to replenish the consolidated revenue fund. Perhaps if my hon. friend would read my remarks of the other day with respect to the cost of this scheme to the government, he would see that there I contemplated the payment of interest upon the money by the dominion government, and that is the basis of the calculations.

Mr. HEAPS: That is why I said the government might have made a profit instead of showing a loss, as was stated by the minister, because I had in mind the remarks of the minister the other day when he introduced the resolution. Is there really any objection on the part of the government to issuing new currency, as was done in 1934?

Mr. DUNNING: I certainly will not go into a discussion of major monetary policy, Mr. Chairman, nor do I think my hon. friend really expects me to do so. He is asking what might be called a general question without expecting me to say that it would be beneficial or otherwise to Canada for so much more—so much more—or so much more than that—of money to be printed and used for this purpose. I do not feel inclined to go into a discussion of that. The management of credit and currency in the country through the central bank is being conducted on scientific lines with the best interests of the whole economy in view. A few weeks ago I indicated the manner in which that had been conducted so far, the expansion that took place in the credit base, and the general reasons underlying it. I do not think my hon. friend would expect me to go further.

Mr. HEAPS: It was done in 1934; a precedent was established then, and on that occasion I think it worked out fairly satisfactorily. All the harm that was predicted did not come about, and without knowing a great deal about the subject I still have a feeling that if the principle were extended a little on this occasion the same good results might be obtained.

Mr. ESLING: I was quite enthusiastic in connection with the former housing act, which contemplated that the municipalities would participate as lending authorities. Many of them were keen to do so, but an obstacle arose through the fact that there was no possibility of transactions taking place as between the municipal government and the federal government. At the last meeting of the union of municipalities of British Columbia a proposal was presented to have the municipal act amended to permit such transactions; but the union of municipalities had in mind the unfortunate financial position of some of the smaller municipalities, and refused to act upon the resolution.

I should like to ask in a general way what course is to be pursued by a municipality which desires to construct a complete sewerage system. It cannot do business directly with the federal government and under this act it

must have the approval and guarantee of the provincial government. That municipality must have an outlet for its sewerage. In the case to which I refer the only outlet is the Columbia river, some five or six miles distant. Between the first municipality, serving about five thousand people, and the next municipality, serving about eleven thousand people, there is a district containing three or four thousand people, and there must be a trunk sewer. Some of it would be in organized municipalities, and a proportion would be in a provincial district. The question is who applies for the loan? Certainly the main portion of the trunk sewer, serving the municipalities, will be self liquidating; but there is that portion between, and the question is how that would be cared for.

Mr. DUNNING: The general credit of the municipalities otherwise might be used for those portions which would not qualify under this legislation, but certainly I do not think we can widen the definition of "self-liquidating", and at the same time leave the measure a practicable piece of legislative machinery, especially having regard to the first remarks of my hon. friend. He spoke of the experience under the old housing act, which set up municipal authorities as lenders. But no municipality has come within that provision of that old act, because the provincial legislatures, from which the municipalities derive their powers, have not empowered them to do so. As I said in my remarks on the resolution the other day, we are dealing with institutions which are wholly the creatures of the provinces. We can deal with them only in such manner as will take that into account at all times. That is why we say in this bill that the project proposed by a municipality must have both the approval of the government and its guarantee of repayment. I do not think I can add anything to that.

Section agreed to.

Section 4 agreed to.

On section 5—Securities for loans.

Mr. DUNNING: I should like this section to stand, in order to give consideration to the points which arose under the definition section, with particular reference to boards, which might involve a change in this section.

Section stands.

On section 6—Aggregate amount of loans.

Mr. HEAPS: Under this section I should like to raise the point I brought up a few moments ago, the question of the rigidity with which the bill seems to be worded. A municipality can borrow at approximately the rate of $3 per head of its population. A municipality, of say two hundred thousand people would be able to obtain a loan of about $600,000 for a project which it favoured. I do not see why the measure should be as rigid as that, and why there should not be in some section of the bill a clause providing a certain amount of flexibility where some worth while project is to be undertaken by a municipality, so that such municipality would be permitted a larger sum than is definitely provided in this measure. I think I can envisage many difficulties which might arise where a municipality of, say two hundred thousand people would require a loan of, let us say a million dollars for some good project. Under the existing bill that could not be done, and I would suggest that the minister take into serious consideration the question of developing some method so that, in a case such as I have mentioned, the amount stipulated in this bill might be increased.

Mr. DUNNING: That clause is vital. I shall be perfectly frank with my hon. friend: I do not desire and the government does not desire to be placed in a position of even appearing to discriminate between the thousands of municipalities in this country. It is all very well for my hon. friend to rise in his place in the house to-day and say, "There might be a very good project in this municipality which ought to have a larger amount allowed, and there should be some flexibility." I can well imagine what would be the situation next year when some municipality had received more than another. There would be charges of political considerations, and of influence by hon. members, and all that sort of thing. This is a case in which the government and particularly the minister desire to operate within reasonable limits fixed by statute. I really wish to have this scheme worked on an economical basis and to have political considerations of preference here and there removed as far as it may be possible to do so. If in this legislation we make it possible for one or two of our great cities to take larger amounts than their proportion of the whole population, I am afraid we shall seriously lower public confidence in the scheme. On the other hand, the exception which is provided in favour of the small municipalities is one which is, I think all hon. members will agree, very necessary in order to make it possible for small municipalities to take advantage of the legislation at all.

Mr. HEAPS: In the very last sentence of the statement the minister has just made, a form of discrimination is indicated. When

you allow a small municipality, which is probably in a poorer position to take care of its obligations than is a larger one, the right to obtain $200,000 as its share of this vote, it may mean that in the small municipalities there will be allowed as much as six to ten dollars per head. In fact, at the present time there is no definition in the bill stating to what particular municipality that $200,000 limit refers; that is, the size of the municipality. It may be one having a population of two or three thousand, or it may be one with a population of ten thousand.

Mr. DUNNING: Yes, and while my hon. friend is objecting to my having so much discretion, he desires me to have discretion to give millions to the larger centres.

Mr. HEAPS: No.

Mr. DUNNING: That is what it looks like to me.

Mr. HEAPS: I am pointing out to the minister that although he says he does not want to discriminate between one municipality and another, the bill already contains a section of that kind. I myself have sufficient confidence in the minister—

Mr. DUNNING: Oh, yes!

Mr. HEAPS: —to know that he will put his approval only upon municipal projects which are self-liquidating and will produce the maximum amount of employment. Although I come from a large municipality and I do not know whether it will be able to take advantage of the provisions of this bill, I would not have the slightest objection to the minister and the Department of Finance being given discretion to allow, under certain circumstances, larger appropriations to be made.

Mr. DUNNING: What circumstances?

Mr. HEAPS: Where the project is shown to be desirable.

Mr. DUNNING: What circumstances would the hon. member write into the law?

Mr. HEAPS: I do not know how I would put it in the law.

Mr. DUNNING: That is the trouble.

Mr. HEAPS: I do not pretend to be a lawyer.

Mr. DUNNING: It does not require a lawyer.

Mr. HEAPS: I think that discretion might be given to the Minister of Finance or to the treasury board—whichever he cares to put into the bill—that under certain circumstances, where a larger amount is required, it may be granted.

Mr. DUNNING: But surely my hon. friend can state the circumstances. If he would do so, possibly I could—

Mr. HEAPS: Surely. I will give the circumstances which were referred to by one of the previous speakers. There was the case of the Welland canal area, where they considered having a joint undertaking by a number of municipalities, and where they were allowed $50,000; but if the amount were $150,000, it would not be sufficient to take care of what is possibly a very necessary as well as a self-liquidating project. I suggest that if, under circumstances of that kind, the larger amount were appropriated by the government, it would be doing a very wise thing and one to which no objection could be taken.

Mr. ESLING: With which government will the municipality do business—the federal government or the provincial government? It must have the guarantee of the provincial government, and I think it will be found that the municipality must give a chattel mortgage to the federal government. You have two governments concerned.

Mr. DUNNING: Under what statute is that?

Mr. ESLING: Is there not a clause in this bill providing for a chattel mortgage to the federal government for any project which the municipality undertakes? I think so.

Mr. LAWSON: Not a chattel mortgage.

Mr. DUNNING: No; there is no provision for a chattel mortgage.

Mr. ESLING: Oh, I think so.

Mr. LAWSON: "Chattel mortgage" only in the sense, I might suggest to the hon. member, in which a debenture might cover chattels incidental to the work or the project.

Mr. ESLING: Since the provincial government must guarantee.

Mr. DUNNING: The provincial government must guarantee, but there is in addition the power given to the minister to take a mortgage or a hypothec on the particular utility, but that is merely a permissive power in order to enable the minister to deal with cases where the law of the province may be such as to render that security more desirable than some other type.

Mr. LAWSON: I would question the wisdom of and suggest to the minister that he reconsider the soundness of the principle which he enunciated here a few moments ago, of basing the limit of contribution on a ratio of population. The primary purpose of this bill as I understand it is to relieve unemployment or to create employment, and population in municipalities may have no relation in the world to the number of unemployed in any municipality. I think we know from experience that a much larger ratio of population is unemployed in the large centres than in the smaller centres of population. Surely that is so. I have listened in this chamber to members of the government explaining why we have this difficulty with the unemployed in British Columbia. In Vancouver they are congregated from all over Canada and particularly from all parts of British Columbia. I believe that every census which has been taken, including the census of the employment commission, indicates that the proportion of unemployed to population is much greater in the larger centres than in the smaller. If the primary purpose of this bill is to provide employment, surely the basis on which a limitation of contribution or loan to any particular municipality should be fixed is the ratio of unemployed to the population in the particular place, rather than the population of a particular place to the whole population of Canada. I suggest that the minister might seriously consider that point.

Mr. ROSS (St. Paul's): Just following that, I might point out to the minister that the percentage of unemployable in the country and the small towns is twenty per cent, while in the cities the percentage of that type of unemployed is only five per cent.

Mr. KENNEDY: I am wondering how the minister can tell when to give the smaller municipality a larger loan. For instance, if it is on a per capita basis, you will have to wait a certain time to tell whether any municipality is going to take advantage of the loan. Is there a time limitation upon a municipality taking advantage of the provisions of this bill before you allow the smaller municipalities to take loans up to the $200,000 limit?

Mr. DUNNING: There is no time limit.

Mr. KENNEDY: Every municipality may be given an opportunity of obtaining a loan, but how long are you going to extend that privilege before you start to divide the surplus?

Mr. DUNNING: We will deal with all applications as they come in until the $30,000,000 is exhausted. I do not expect to have the financial problem my hon. friend points out. It must be remembered that the relationship is to the total population of Canada. It is expected that there will be large areas in Canada which in the nature of things cannot take advantage of this legislation, and I am quite sure that I shall have sufficient leeway to be able to take care of the small municipalities that will want the limit of $200,000 without in any way impairing the ability of the larger ones to secure what may be needed. I may tell my hon. friend that I would be pleased—I speak for myself alone, if a minister ever can speak for himself alone—to see such a development in schemes of this sort within the next twelve months as to involve the necessity of my coming back to parliament and saying that more money is needed and should be voted. I am reasonably sure the difficulty anticipated by the hon. member for Edmonton East (Mr. Kennedy) will not arise.

Mr. HEAPS: Could the minister define just what is meant by a small municipality?

Mr. DUNNING: It is defined automatically. My hon. friend will note these words, "a loan not exceeding two hundred thousand dollars may be made to any municipality of whatever population." If we take the rule of thumb of $3 per head being the approximate amount, a municipality of 60,000 population would be entitled to only $180,000. Nevertheless, such a municipality will be able to obtain up to $200,000. By that method of computation, a municipality of 10,000 population would be able to get only $30,000; but if the other conditions are satisfactory, it will be able to obtain up to $200,000. The small municipality is defined by the break point of $200,000. I may tell my hon. friend that the figure in the first draft bill was $250,000, but it seemed to me that was too high a limit. Putting the break point at $200,000 means that municipalities with populations below 60,000 will be able to get $200,000. If we carried the other computation below that point, we would reach a figure which would be of no use at all.

Mr. ESLING: Would it not save the minister a great deal to make these loans directly to the provinces? The province has the last word. It does not make any difference how generously disposed the minister may be; if the provincial government does not approve the project and is not willing to guarantee the loan, that is the end of it.

Mr. DUNNING: I do not think we should make loans to the provinces to carry on this class of work. The dominion is making these

loans for the purpose of enabling municipalities to carry out self-liquidating projects to relieve unemployment. We must have as much control of expenditures as our constitutional position will permit. I believe that is the general view of the members of this house. We have attempted in this measure to conserve the right of this parliament over the disposition of moneys voted, and at the same time conserve the autonomy of the provinces in acknowledging their powers within their own field.

Section agreed to.

On section 7—Limitation of time.

Mr. BENNETT: Is this section absolutely necessary in view of the fact that there is a limit of $30,000,000? As soon as that is gone, the minister can no longer make loans. Why is it necessary to say that the governor in council may at any time fix and determine the date? Does that mean that before the $30,000,000 is expended, the governor in council may say that there is to be no more money expended? It is open to that construction?

Mr. DUNNING: Yes; it does mean that. I shall be frank with my right hon. friend. This bill is one of several in which the same provision will appear. It is considered that under the conditions which prevail to-day it is desirable that the governor in council should have the definite power to stop expenditures.

Mr. BENNETT: I just wanted to have it clear.

Section agreed to.

On section 8—Staff and salaries.

Mr. BENNETT: An hon. gentleman sitting beside me said the other day that surely there was staff enough in this city to take care of all requirements without adding a single person to the payroll of this country. I think the minister should say that this new work will be carried on by existing staffs in Ottawa.

Mr. DUNNING: Not in the Finance department.

Mr. BENNETT: No.

Mr. DUNNING: I think my right hon. friend will acknowledge that.

Mr. BENNETT: Some of the work has been taken over by the Bank of Canada.

Mr. DUNNING: The staff went over to the bank.

Mr. BENNETT: This raises the old political question. There will be a couple of hundred applications in the hands of the minister at an early date, and perhaps my estimate is too small. There should be no difficulty about using existing staffs without adding to the payroll of this country. This work could be taken care of by a little judicious cooperation between departments. The civil service commission have lists of temporaries who are being released from time to time.

Mr. DUNNING: We could not take advantage of those temporaries without having the authority contained here. I would point out to my right hon. friend that this provision is necessary in all of these schemes. It was necessary with the Dominion Housing Act to make provision for a staff. However, I am rather proud of my reputation for staff parsimony. The Dominion Housing Act and the home improvement plan have been carried on with a staff of seven, if my memory serves me aright.

Mr. BENNETT: There are very few people needed in Ottawa in connection with the Farmers' Creditors Arrangement Act. Most of the work is outside Ottawa.

Mr. DUNNING: I should like to have this latitude because I think it would be difficult to operate without it. I appreciate the force of my right hon. friend's remarks, and I intend to draft for such work any who may be free to come from other places.

Section agreed to.

On section 9—Orders and regulations.

Mr. BENNETT: I wonder if the minister would not think it desirable to insert a paragraph in terms similar to that we inserted in a bill of the Minister of Transport the other evening, that regulations made hereunder should be published in the Gazette and have the force of law a given number of days after they have been published. I am only giving the minister the benefit of my own actual experience. It is unfair to ask people to be bound by regulations of which they have had no means of knowledge, and which have become effective without having been published in any way and with no time given to the public to understand what they mean. We made it ten days, I think, in connection with the bill of the Minister of Transport. He thought it was reasonable and I think it is.

Mr. DUNNING: The only objection I would have is on account of the different nature of the regulations which are here involved. Would any good object, for example, be served by publishing in the Gazette the form of agreement?

Mr. BENNETT: It might be very useful. I would point out to the minister this, if he will permit me to do so. I arrived at this conclusion in my short experience, that any order in council which has the effect of law under a statute should be published.

Mr. DUNNING: But a detailed agreement in the Gazette?

Mr. BENNETT: If it is going to have the force of law under a statute, I have no doubt that it should be published. The old practice was always to have the agreement appear as a schedule. Then we went further and said that the governor in council had the power to do it. Then we cut the Gazette out entirely, and the result is that you issue orders which have the effect of law and with respect to which the public knows nothing, and without the average citizen having an opportunity to know anything about it. I am sorry to say that, but I am saying it in the light of my own experience, and not directed against any government.

Mr. DUNNING: You have read Lord Hewart's book, too.

Mr. BENNETT: Yes, but of course you could not conduct government in England unless you had recourse to certain discretionary powers being exercised by the treasury and other bodies. But this is a little different. This is a case in which you authorize a body of men to discharge really legislative duties without affording any opportunity to the people affected to know what the legislation is. That part of the criticism of Lord Hewart I think is fair criticism. We used to publish in the Gazette all agreements, and it may be very important to citizens and ratepayers to have an opportunity to see what kind of agreement you are making. It is important that the general form of agreement should be known.

Mr. DUNNING: The general form, yes. But the agreement with any municipality?

Mr. BENNETT: They are all the same.

Mr. DUNNING: They could not be, of course.

Mr. BENNETT: Section 9 gives the governor in council power by order or regulation to:

(a) determine the form of the agreement between any municipality and the minister;
(b) determine the form of the guarantee to be given by a provincial government.

That is very important:

(c) prescribe the conditions under and the manner in which the proceeds of a loan may be advanced to a municipality.

[Mr. Dunning.]

That would be an arbitrary exercise of power applicable to all. It might be 10, 20 or 30 per cent. It is important, in order to allay suspicion and to ensure public confidence, that you should know from the regulations that all municipalities are receiving the same treatment, and I say frankly to the minister that he knows that is so. And then:

(d) make provision for any other matters concerning which orders or regulations are deemed necessary or desirable to carry out the purposes and intentions of this act.

Mr. BENNETT: That is one of those basket subclauses,

Mr. DUNNING: That you have to have but do not want to use.

Mr. BENNETT: If you are in opposition you object to anyone else using it, but in office you use it.

Mr. DUNNING: We will let section 9 stand so that I shall have an opportunity to give consideration to the points raised by my right hon. friend. I should say to him that the form of agreement between any municipality and the minister was put in, in that sense, because it was contemplated that there would have to be a great variety of agreements and it might be very difficult to evolve a standard form, and if we did not evolve a standard form we might have to put in the Gazette the details of a special agreement with, say, a small municipality on Vancouver island or in Prince Edward Island. But I appreciate the motive of my right hon. friend.

Mr. BENNETT: I do not say that some of these agreements cannot be varied.

Mr. DUNNING: I should like the section to stand for consideration from the point of view of publication of essential information in the Gazette.

Mr. BENNETT: Information that controls the exercise of the law-making power.

Section stands.

On section 10—Report to parliament.

Mr. BENNETT: I think the calendar year is better than the fiscal year. As things now stand, the report would cover the fiscal year ending March 31, 1939, and next year it would be received by the house within fifteen days after the beginning of the session. But that will be next year. It is not a case like the auditor general's report. The auditor general's report at the present time is of no use to us at all in the sense of giving us information during the session of parliament for which we are here. I noticed that once or twice the

minister has used the word "calendar" instead of "fiscal" year; and if you made this the calendar year we would next session get the report on what was done up to the end of 1938, and then the following year we would have a report for the complete calendar year. I forget which one it was, but in connection with one other matter it was found of great advantage to make it the calendar year.

Section stands.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

SUPPLY

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

DEPARTMENT OF NATIONAL REVENUE

Customs and excise division—General administration, $1,106,150.

Mr. STIRLING: There seems to have been a considerable alteration in the number of those employed and a general increase in the total. Would the minister give a description of what the alterations amount to?

Hon. J. L. ILSLEY (Minister of National Revenue): It has already been given. The information was given some months ago.

Mr. STIRLING: The item has already been called?

Mr. ILSLEY: Yes.

Mr. STIRLING: Then, do not do it twice.

Mr. ILSLEY: It will be found fully dealt with in Hansard of February 15.

Mr. BENNETT: This is an item that covers the whole administration of the department in question. Would the minister indicate in a few brief sentences the extent to which seasonal duties are maintained, and the extent to which the dumping duties are being operated, if at all, in his department? Would he give us at the same time a general idea regarding rebates? Unfortunately, as perhaps the minister knows, the auditor general's report, upon which we must rely, does not afford us any information subsequently to March 31, 1937, and inasmuch as we dealt with estimates in this house in 1937, we are, in the auditor general's report, dealing with something that has already been disposed of by the house. Hence I am emboldened to ask him now as to the general principles under which the administration is now carrying on with respect to the matters to which I have referred.

Mr. ILSLEY: The first matter to which the right hon. gentleman has referred is that of seasonal duties. Seasonal duties relate only to fruits and vegetables, and the system in force, as has been explained to the committee on several occasions, is that at certain times in the year, when the competition of United States fruits and vegetables is particularly serious, valuations for duty purposes are fixed by the Minister of National Revenue acting under the authority of an order in council that was passed some years ago. The values that are fixed are for the most part regional and for the most part, if not wholly, seasonal. The reason they are regional is that the season varies for different parts of Canada, and there are times when it would be very inconvenient and undesirable for United States fruits and vegetables to be shut out of certain parts of the dominion, even though it might be desirable for some action to be taken with respect to them in other parts of the country. For that reason the country, for administrative purposes, is divided into three districts: one comprising the four western provinces of British Columbia, Alberta, Saskatchewan and Manitoba; another being the provinces of Ontario and Quebec; and the third, the maritime provinces. Sometimes values are fixed for the whole nine provinces, sometimes for the four western provinces and not for the others, sometimes for the two central provinces and not for the others, and so on, depending upon the supplies available in these districts. I believe the practice is well understood by the members of the house.

For a great many years there has been considerable dispute as to the application of fixed values and seasonal duties, and there have been many experiments looking to the best method of giving the fruit and vegetable growers of British Columbia, the central provinces and the maritime provinces reasonable protection without at the same time imposing undue hardship upon the importers, who must import large quantities of fruits and vegetables at all times. Since this government has been in office the Minister of Finance has stated on several occasions, as I too have done, that we carry on the protection of the fruit and vegetable growers in as reasonable a way as we can by this method. The duties have been reduced as compared with those which were imposed by the previous administration. At the time of the negotiations with the United States, when the trade agreement was entered into, it was provided that advances on invoices

should in no single instance be more than 80 per cent of the smallest advance made during the three previous years, and that has been carried out and more than carried out. In a number of instances they are not more than 60 per cent, and in one case not more than 40 per cent. Great care is given to the periods during which these values are imposed, and equal care is given to the amount of the advance that is regarded as proper.

The next subject on which the right hon. gentleman asked me to say a few words is that of dumping duties.

Mr. BENNETT: And their application.

Mr. ILSLEY: Dumping duties date from about 1907.

Mr. BENNETT: From 1906-07.

Mr. ILSLEY: And the principles are now well understood by importers and producers in Canada. The section which provides for the collection of special or dumping duty is section 6 of the customs tariff.

Mr. BENNETT: Much modified since it was first passed.

Mr. ILSLEY: Yes; there have been amendments from time to time. But the principle which underlies the application and collection of dumping duties is this, that if the price at which the goods are purchased by the importer is less than the fair home market value, the difference between the invoice price and the fair home market value of the goods is collected in the way of special or dumping duty. But there is a provision that the amount collected shall in no case exceed 50 per cent of the value of the goods for duty purposes. There are various other provisions; that is the general principle. This applies only to goods of a class or kind produced in Canada.

Mr. BENNETT: That principle may be said to underlie the whole structure of dumping duties?

Mr. ILSLEY: Yes.

Mr. BENNETT: The question I particularly wanted the minister to deal with was that which arises out of the determination of market value. It will be recalled that there was a reference before the tariff board—I saw something of it in the press; I have not had time to read the details—as to what price should be taken as the market price. That is, I buy in carload lots; someone else buys in smaller lots, and some other person buys in some other kind of lots. For the purpose of determining whether or not dumping duties should be paid, what is the governing price?

[Mr. Ilsley.]

Mr. ILSLEY: There is no problem more difficult than that. The practice of the department for years has been this: The trade status of the importer is first ascertained. If the importer is a consumer, the value for duty is the fair home market price as paid by consumers in the country of origin. If the importer is a retailer, the value taken for duty purposes is the price paid in the principal markets of the country of origin by retailers. If the importer is a wholesaler, the value taken for duty purposes is the price paid by wholesalers in the country of origin. If the importer is a distributor—

Mr. BENNETT: Or jobber.

Mr. ILSLEY: Well, I do not know the difference between jobbers and wholesalers. I take them as meaning the same. But there is a trade status known as distributor, and distributors ordinarily are able to purchase goods at a lower price than wholesalers. If the importer is a distributor, the practice of the department has been to allow him to import at the distributor's price in the country of origin. In some instances there is no distributor in the country of origin; all the sales are to wholesalers, or perhaps to retailers or consumers. But the conditions are such that the merchandising of the goods through distributors in this country is the natural and proper way in which they should be merchandised. In that case we allow what are called distributors' discounts; there are a few such cases. We are authorized to do that under section 41 of the Customs Act.

I must say that the practice of the department has been challenged. A recent case before the tariff board has brought all the principles under review. A recent decision of the board—

Mr. BENNETT: In what case?

Mr. ILSLEY: The insulating board case.

Mr. BENNETT: Has there been a decision?

Mr. ILSLEY: Yes. The decision was that in that particular case the fair market value must be taken to be the price at which the greatest volume of goods moved into consumption in the country of origin.

Mr. BENNETT: Could be purchased by anybody in that country?

Mr. THORSON: The greatest volume.

Mr. ILSLEY: I must say I do not know what interpretation to put on the decision. If we divide the goods into five classes in that particular instance, in the country of origin perhaps 35 to 40 per cent are sold to wholesalers; those sales are greater than to any

other single class. The meaning of the decision probably is that we must take as the value for duty the price to the wholesalers in the country of origin because it is to that class of purchaser that the greatest volume of goods is sold. But it may be that the decision means something else entirely. It may be that the board had in mind two classes only, putting in one class the wholesalers and retail lumber dealers, who are almost wholesalers; they sell to contractors who in turn use the product in the building of houses. If that is what the tariff board meant, then we have wholesalers and retail dealers in one class. The sales to them hover around 50 per cent, and the application of the decision of the board may depend upon whether more or less than 50 per cent is sold to that class of wholesalers and lumber dealers.

Mr. BENNETT: Why would that follow?

Mr. ILSLEY: I think the decision uses the term "wholesalers and jobbers," but possibly they mean wholesalers and dealers or jobbers and dealers. The reason given in the decision is that, more than half of the output being sold to these classes of purchasers, they constitute the principal market in the country of origin; and when section 35 refers to the sale in the principal markets of the country of origin, it means to the largest class of purchasers. If we adopt that principle for value in the future, it will make some change in the practice of the department. But I am glad to say that the tariff board was very careful to point out that they were not laying down a general principle but simply saying that in that particular instance they think the "fair home market value in the principal markets" means the price at which the greatest volume of goods moves into consumption.

Mr. BENNETT: I am obliged to the minister. Some people resident in the constituency I have the honour to represent were interested in a motion which has been pending in this house since February 16 in connection with the application of the customs tariff by the officers and clerks of the Department of National Revenue. I was not aware that the insulating board case had been decided until the minister was good enough to say so. The effect of that decision I understand to be that the market price which has to be considered in determining whether or not dumping duty should be applied is the price at which the largest volume of that commodity was being sold in that country and could be purchased by anyone who qualified as a purchaser. That would be correct?

Mr. ILSLEY: Yes; that is it exactly.

Mr. BENNETT: Then it would seem to me that if this rule were applied reasonably, it would prevent the inquiries that have been going on as to whether John Smith was just a casual purchaser or whether he was a purchaser of ten gross or of a thousand gross, we will say, of a given commodity. The only matter that should be inquired into when I lodge my invoice with the department is whether or not I actually could buy that commodity in the market of origin at the price indicated.

Mr. THORSON: Buyers in the same category.

Mr. BENNETT: No; that is what I want to get away from. That is what I want to find out about, because that is the matter about which there has been so much difficulty. I buy goods in New York to-morrow; I come to the customs house here and hand in my invoice showing that I bought them at a store on Broadway, and showing what I paid for them. The department says, "We want dumping duty from you, Mr. Bennett." I say, "You are not entitled to dumping duty, because I bought those goods at the price at which anybody else could buy them in that store on Broadway, and therefore the section does not apply." That is the contention I want to put fairly up to the minister, as it is put up to me by those who are interested in the matter in the part of the country in which I live.

Have I made myself clear? I purchase a bill of goods in a store in New York; I get my invoice and hand it in here, and I am told, "Oh, no, you cannot have that at that rate; you have to pay dumping duty." But I say, "I am not going to pay dumping duty; you have no right to ask me for it." Then the official says, "Let us see. Are you a retailer or a consumer, or what are you?" I say, "That is none of your business. I bought these goods, and anybody else could buy them in that community for exactly the same price. Therefore I have come within the statute; that is the market price at which those goods can be bought in that community." I am talking about the legislation as it now stands; I am not saying what it might be. That is the position taken by those who are keenly and deeply interested. They say, "This statute does not allow them to do this; this statute does not permit officials to make inquiries," and it will be remembered that the hon. member for Moose Jaw (Mr. Ross), in his resolution of February 16, dealt with that particular phase of the matter, and in a moment I am going to say something about another phase of it.

How do we find ourselves, in the administration of this act, authorized to take dumping duties from an importer when he has bought his goods at a price at which, Smith, Jones and Brown in New York can buy them on the same day in the same store? Surely we cannot take a dumping duty in that case; yet I know of instances that have been brought to my attention in which the department have been saying, "You have to pay dumping duty, because you are not the same type and class of purchaser as the other person who bought them in New York." I say that is not your business; if these men can walk into a store in New York and buy those goods at the same price. I buy them for that price; it is on my invoice, and I pay my duty on that price. In that statute there is no power given to enable the department to exact a dumping duty from me.

I am putting this to the minister because it is not a conjectural case; it is the position that is put to me, that the law does not authorize it. I apologize for taking time on it; but it is a vital matter to people who find themselves coming across the border, who are not within the exemption, and who are paying duty from day to day. I remember how bitter was the complaint in one instance, and on inquiry I found that this citizen who was importing these goods was paying exactly the price that Smith, Jones and Brown would pay for these goods in that store in New York, although it may be said that Smith, Brown and Jones bought in larger volume than my friend did. But I say, under the law as it stands, that is not the concern of the department. They have one question to decide; that is whether I bought these goods honestly and openly for what was the market price of those goods in that city, and "market price" means the price at which the goods could be marketed by the seller to a buyer in that city. Have I made myself clear?

Mr. ILSLEY: The right hon. gentleman has made himself perfectly clear, and I agree as to the importance of the question he has raised. I am not at all sure just what the act does authorize the department to do, but I am of a contrary opinion to the right hon. gentleman.

Mr. BENNETT: Perhaps if the minister has the section before him, he might read it in order that I might better follow his observations.

Mr. ILSLEY: It is section 35. Needless to say, I have given a great deal of thought to this very matter. I do not know whether the right hon. gentleman is expressing these views as his own or whether he is putting forth what might be a reasonable interpretation of the act and suggesting that he would like me to give my views on it. I do not agree with that construction of the act. When the right hon. gentleman goes into a store in New York and buys goods which he brings to the border, or which he has sent to him, we are confronted with the duty of ascertaining whether he has paid the fair market value of the goods when sold for home consumption in the principal markets of the country of origin, which would be the United States.

Mr. BENNETT: That is why I selected New York.

Mr. ILSLEY: In order to give a reasonable and workable interpretation of that section, we must take sales under substantially similar conditions to purchasers in the United States. I think that is the only reasonable interpretation which can be placed on the act. We ask ourselves: What do United States purchasers pay for those goods when they go into a store in New York and buy them?

Mr. BENNETT: In my illustration they went into that store that day, bought these goods and paid the price I paid for them. The minister perhaps did not follow me. I bought my goods in New York. Brown, Smith and Jones bought their goods in New York in the same store on the same day, and paid for them x price. I paid the same x price. It is true that the price which Jones, Smith and Brown paid was a price which they paid because they bought in large volume in the United States, but it is also true that I was given that same price; and having been given that price, that was the market price in that city to United States citizens for those goods.

Mr. ILSLEY: Yes, but not to United States citizens generally.

Mr. BENNETT: Where is there anything like that in the act?

Mr. ILSLEY: It does not say it, but I say the section must be interpreted in that way; otherwise it is entirely unworkable.

Mr. BENNETT: No.

Mr. ILSLEY: I think it is.

Mr. BENNETT: Section 35 states:

1. Whenever any duty ad valorem is imposed on any goods imported into Canada, the value for duty shall be the fair market value thereof, when sold for home consumption, in the principal markets of the country whence and at the time when the same were exported directly to Canada.

2. In the case of importations of goods the manufacture or produce of a foreign country,

the currency of which is substantially depreciated, the value for duty shall not be less than the value that would be placed on similar goods manufactured or produced in Great Britain and imported from that country, if such similar goods are made or produced there.

3. If similar goods are not made or produced in Great Britain, the value for duty shall not be less than the value of similar goods made or produced in any European country the currency of which is not substantially depreciated.

4. The minister may determine the value of such goods, and the value so determined shall, until otherwise provided, be the value upon which the duty on such goods shall be computed and levied under regulations prescribed by the minister.

The first subsection is the one in which we are interested; that is:

Whenever any duty ad valorem is imposed on any goods imported into Canada, the value for duty shall be the fair market value thereof, when sold for home consumption, in the principal markets of the country whence and at the time when the same were exported directly to Canada.

This was brought to my attention by an importer, and as a matter of fact I did turn up this section. I have no excuse to give him when he tells me that they gave him a price in New York which was the same price that Jones and Smith and Brown paid for those goods.

Mr. ILSLEY: What was the status of the sellers? Were they manufacturers or wholesalers?

Mr. BENNETT: They were wholesalers. There are two lines of cases, both of which have been presented to me, but for the sake of this discussion I had better deal with the wholesaler rather than the manufacturer. I will deal with the manufactured goods in another way. I am not talking about what the statute should say; I am talking of what it does say. The minister appreciates that point. Jones and Smith and Brown were ahead of me in that store on Broadway, that wholesale shop. They bought an invoice of goods. I was there; I saw their invoices, and I said to them, "Is this the price you paid without discount or anything else, buying these goods in the United States"? And they answered, "Yes, that is what we paid." "It is not a fire sale; it is a regular sale by this wholesaler"? "Yes." I say to the clerk, "I want an invoice of ten dozen of these goods." "Well, the price should be a little higher than that, should it not"? he will probably say to me; "you are going to use them here"? That has been said to me. I say, "No; I am taking them out of this country." "Well, then, you can have the same price as is paid by the Americans who use them in this country." It is within the knowledge of the minister that sometimes they offer to shade the price, but we are not talking about shading the price. They give me my invoice for exactly the same price. My contention is that when my goods reach this city and I go down to the long room with my invoice, as the law now stands there is no power given to the Dominion of Canada to take any more money from me by way of duty than upon the computation of the price which is in that invoice, because it is established that three people bought those goods at the same price for use and consumption in the United States.

Mr. ILSLEY: Re-sale. Undoubtedly, in the case put, the Americans bought the goods for re-sale. They were retailers buying from a wholesaler.

Mr. BENNETT: They come within this, "the fair market price for home consumption," at any rate.

Mr. ILSLEY: Oh, well, yes.

Mr. BENNETT: It may be that cases might arise which necessitate a change in the law; but just where an official of this country is given a right to say to me or to my friends, "Although you bought your goods at the same price as that which Jones and Smith and Brown paid for theirs, and although they are using theirs in the United States and you have taken yours to Canada, I shall ask you to pay a dumping duty or an increased duty on them," I do not know; I say I cannot find it in the four corners of the statute. If it is desired to put it there, it should be put there. I take it that that was what was in the mind of the mover of the resolution with respect to this matter. The minister asks me my opinion with respect to it. I am bound to say that when I read the discussion which took place in the newspapers with respect to insulating board I was rather surprised. I could not think that there is anything in the statute which permits officials of the department to go beyond the language of the act. There is nothing there about volume or substantial conditions or anything else; it is the fair market price paid by consumers or purchasers in that country.

Let me now take the retail case, which brings it nearer home. I have known, as most hon. members of this committee have, people who sometimes secure bargains, very great bargains, on a bargain day in one of the large New York stores. My contention is that, under the law as it stands, there is no authority in this country to take from me a larger duty than the invoice calls for, because

that was a bargain sale that everybody could avail themselves of, and it was a retail sale. That is the position which I hope I have made perfectly clear to the minister. I am bound to say I believe that if it is desired to apply some other principle, the statute should be amended, because I do not believe that, under the terms of the statute as it stands, that power is there. That is the submission I have to make.

Mr. ILSLEY: It would probably be desirable to have the act clarified in some way, because the dispute which took place over insulating board showed that the problem was very difficult, and I do not know whether the reasons given by the department for the practice were altogether valid or sound.

Mr. BENNETT: I think it is only fair to say that the practice is nothing new; it did not arise since the minister took office.

Mr. ILSLEY: I think the practice of the department is authorized by the section. I shall try to explain why I think so, although I may not meet the right hon. gentleman point by point.

The duty of our appraisers is to "ascertain, estimate and appraise"—those are the words —the fair market value of the goods when sold for home consumption, and so on. Now there will be several fair market values of those goods in the country of origin.

Mr. BENNETT: And I say that Canadians can always take the lowest.

Mr. ILSLEY: Yes; they will likely get the lowest, because the sale will be made in that way and there will not be any undesirable consequences to the sellers; that is the reason they will get the lowest. But sometimes there will be three levels, each of which is the fair market value of the goods when sold for home consumption, depending upon what? Upon the status or class of the purchaser. That is what it depends upon.

Mr. BENNETT: Yes; but the statute does not say so.

Mr. ILSLEY: As yet I am a thousand miles from what the statute says. I am simply stating what the facts are. The facts are that, taking that area in the United States in which he has bought the goods he will find certainly two and probably three price levels ordinarily prevalent. If the man is a consumer, he will find he has to pay so much for the hat or whatever it is; if he is a retailer, he will have to pay a lower price; and if he is a wholesaler, he need only pay still less.

[Mr. Bennett.]

Mr. BENNETT: And if I am fortunate enough to buy at the lowest of the three prices, I am penalized for doing so.

Mr. ILSLEY: The right hon. gentleman is not logical there. He has branched off on to a matter of policy when we are discussing at the moment a question of law, and law only. We can reach the question of policy later. What I am saying is that in the case I have put there are three levels of prices. How are our officers going to determine what is the fair home market value of these goods for customs purposes? Well, there is only one way if the section is to be operated at all, and that is to consider what class the purchaser was in; what his status was in purchasing. We have to consider what the price would be under similar conditions, that is, the fair home market value so far as that particular instance is concerned.

Mr. BENNETT: That is not what the statute says.

Mr. ILSLEY: That is a reasonable interpretation to place upon the statute, just as reasonable as the right hon. gentleman's interpretation. Why does the right hon. gentleman say that the price he paid as a consumer buying from a wholesaler was the fair home market value, when the fair home market value to consumers, to people in the same position as he, was so much higher? It is our duty to find out how much higher that price is. When we find out how much they are paying, then we know what is the fair home market value. That is the reason why that rule has been adopted by the department. The right hon. gentleman says that he is penalized because he buys these articles. Of course he is because that is the principle of the dumping clause. It has been debated for thirty years whether it is fair to penalize buyers for buying too low in a foreign country. The principle is settled, and observations of that kind are off the track.

Mr. BENNETT: The minister will observe that I did not make any objection to the dumping clause. I have supported it too many times. Perhaps the hon. gentleman was not always as warm in his support as I was.

Mr. ILSLEY: I am not warm about it; I am simply arguing a legal point.

Mr. BENNETT: I said he was not as warm in his support of the dumping duty as I have been. The principle of the dumping duty is not quite as the hon. gentleman states. The principle of the dumping duty was to protect us against surplus products being dumped on our market at prices that bore no relation to

the market value. I could give case after case. Here is a factory which sells 80 per cent of its production at home. It may be that in order to keep the factory going at full time, the remaining 20 per cent of the production is sold at a 30 per cent discount under what it is being sold for in the United States. I think Mr. Fielding was the father of the dumping duty. I remember reading his speech about it and thinking it was a very fair statement of the situation.

Let me give another illustration. There is a great sale going on in New York, to last all this week. I go down there, and as one of a million other people I buy certain goods at a tremendously low price. I cannot find any authority in the statute that will enable this government or the officials of this department to charge any rate of duty that may be called a dumping duty with respect to those goods. The price I paid was the fair market price. You say, "That is not the fact." Of course you say it is not the fact. It is the old story that was dealt with by the price spreads committee. It is a matter of selling goods to clear them out and thereby make it difficult for the smaller retailer to continue in business. I am only pointing out to the minister that however laudable it may be—he will observe I have been careful not to say it was not—there is no provision in the statute that enables this to be done. These are not importers I am talking about; these are people who went across the line and bought goods in a store on Fifth avenue or Broadway. But they found they could not get the goods through on the invoice price because they were told it was a bargain sale. The fact is that this was the price at which anyone could buy them.

Mr. ILSLEY: The right hon. gentleman is talking about a purely theoretical case. It would be news to me if we had ever attempted to collect a dumping duty from a consumer because of the price he paid in the country of origin.

Mr. BENNETT: I will admit he did not consume them all.

Mr. ILSLEY: The right hon. gentleman spoke about going down to a bargain sale and being asked to pay a dumping duty. That has never happened in the history of the department.

Mr. BENNETT: Not as against an individual consumer, but I am talking about a consumer who purchases more than his own requirements. Some he gives away, and he lets somebody else reimburse him in connection with some of the rest. I must say that I do not believe the department has any right under that statute to charge any more than the invoice price.

Mr. HEAPS: The question of insulite products has been mentioned during the course of this discussion, and possibly the minister might be in position to give the committee further details in this connection. I have in my hand a communication which I received from a firm of distributors in the city of Winnipeg who are protesting strongly against the new regulations put into effect with regard to the valuation. Possibly if I read this communication it would explain the situation much better than I could. It is from D. Ackland and Son, Limited, under the date of May 19, 1938, and reads:

> A further development has taken place in regard to the importation of insulite products, a matter which the writer took up with you a short time ago.
>
> It is evident that there has been pressure brought to bear by eastern Canadian manufacturers to have the value for duty purposes of insulite products raised, and we are given to understand that a recommendation to this effect has been made to the Minister of National Revenue by the tariff board. This is a reversal of a ruling made by the tariff board about one year ago.
>
> This affects very considerably the consumers of these products in western Canada, inasmuch as we—in conjunction with other distributors in the west and the Insulite Company—were able to reduce the price of insulite products, effective March 19, 1938, and it was necessary for eastern manufacturers, in order to compete, to lower their prices. This, naturally, does not please them and the pressure they have brought to bear is the result.
>
> When you take into consideration the fact that duty and excise tax on these products amount to 28¾ per cent and in the face of this we are able to import these products from United States, make a satisfactory profit and still reduce the price to the dealer and consumer, it is very apparent that eastern manufacturers are either away behind in their manufacturing methods or are making an exhorbitant profit.
>
> We think the action taken to increase the value for duty purposes entirely unfair to both the Insulite Company and western Canadian distributors and consumers.

Perhaps the minister is able to give the committee some more information about this particular case. Evidently this regulation is working a hardship upon those who are compelled to buy this product from the western distributors. I am not in a position to say anything with regard to the definite statements made in this communication as to representations made by the eastern manufacturers to the government or the tariff board. I should like to have from the minister the real reasons that lay behind the

tariff board giving a ruling for an increase in the duty on this particular commodity. Also, can he advise whether the western distributors were able to purchase these goods in the United States at the fair market price at which they were being sold in that country?

Mr. ILSLEY: The letter just read by the hon. gentleman contains certain inaccuracies or misstatements. In the first place, the tariff board has made only one decision. It did not make the decision a year ago which was at variance with the present decision. That decision was made by the department applying the principle which I have just tried to state to the leader of the opposition. The decision was that the value for duty purposes to the Canadian distributors, of which there are two, one in western and one in eastern Canada, should be the price at which the manufacturer sold to the two distributors in the United States, one being on the west coast and one in one of the gulf states. There was considerable difference between the price to the distributors in the United States and the price to the wholesalers.

When the department came to the decision it did and gave the ruling it did, the Canadian Manufacturers immediately protested very strongly because they said that as only a small proportion, less than 15 per cent, of the output of this particular product was sold in the United States to distributors, that price was not a fair home market price in the markets of the country of origin; that those markets were not the principal markets, and they went to the tariff board to have the matter decided. The tariff board heard argument upon it, deliberated, and finally delivered its decision that the department was wrong; that the price we had taken as the fair home market price was not the home market price but a special price given on a small part of the product to two distributors in the United States in consideration of certain services which the distributors performed, and that the price which we should take as the value should be the price at which the greater part of the product moved in the country of origin. There is an ambiguity in the board's decision, I think, and because of that ambiguity, as I tried to explain to the leader of the opposition a few minutes ago, we have not as yet made any change in our ruling. We are prepared to accept the finding of the tariff board, but we are in great doubt how to apply it. We do not know how to apply it, and until the decision of the tariff board is clarified in some way or another, either by reargument or otherwise, we do not intend to change the present ruling of the department.

[Mr. Heaps.]

When the correspondent of the hon. gentleman says that effect has recently been given to the finding of the tariff board, he is incorrect. Effect has not been given to it, although it has been approved by myself as minister in the normal course as the decision of a judicial body.

I do not like to let go unchallenged the statement that pressure was brought by eastern manufacturers. In a sense pressure is brought by everybody who goes to the department or the tariff board. We have representations continually from the two conflicting interests, those of the importers and those of the Canadian manufacturers. It would have been much better if the hon. gentleman's correspondent had said that application was made and argument heard before the tariff board, as a result of which they came to a decision. It is a carefully reasoned judicial decision, and the declaration of the tariff board is this:

> The insulating board under consideration in this appeal should be appraised for duty purposes on the basis of the prices at which the greatest volume of the exporter's production moves into consumption in the home market.

Mr. HEAPS: If such is the ruling of the tariff board on importations of this commodity, would not the same ruling apply to every other commodity that is imported into Canada?

Mr. ILSLEY: Conditions vary so greatly that it is almost impossible to answer that question in the affirmative. I would not care to answer it in the affirmative. It may apply in one case and not in another.

Mr. HEAPS: The tariff board evidently claim in the decision they gave in regard to insulite that the value for duty purposes should be based on the price at which the largest volume of the goods was sold in the United States.

Mr. ILSLEY: Yes.

Mr. HEAPS: If that is their decision, would it not be precedent in regard to other commodities as well? I am wondering if there are not many similar cases of goods being brought into this country where you would not have to increase the value for duty purposes. Personally I think a hardship is worked in this case because the manufacturers have quite a substantial protection already, 28¾ per cent, and on top of that there is the haul of four hundred miles from Minneapolis to Winnipeg, which adds to the cost, and therefore to the protection; so I think 28¾ per cent is ample protection for the manufacturers without having to increase the value for duty

purposes. While I do not personally know very much about the main contents of the letter, I must say as regards the general principle underlying the communication, that a protection of 28¾ per cent ought to be ample for the manufacturers.

Mr. ILSLEY: It largely depends on the value upon which it is based.

Mr. HEAPS: I assume that there is the usual differential which manufacturers have to give between the distributor and the wholesaler, which is not very great as a rule.

Mr. REID: Complaints have reached me from British Columbia from fruit and vegetable growers regarding the application of seasonal duties. They say that seasonal duties are applied for Ontario, Quebec and the maritime provinces, and that British Columbia's produce is six weeks ahead of these other provinces, and they complain against seasonal duties being imposed on importations into these eastern provinces and not upon importations into British Columbia. It may well be that there is an explanation for that. If so, I think it should be indicated because I feel that consideration should be given to their appeal.

Mr. ILSLEY: There is nothing unusual about receiving complaints from British Columbia, or for that matter from Ontario, the maritimes and everywhere else, about these matters, but it is not correct to say that duties are not put on in the western district until they have been put on in the eastern district. In some instances they are put on considerably before, and, in some instances, some time afterwards. The time at which the fixed values become effective depends upon the reports that are received as to climatic conditions, the stage to which crops are advanced on a certain date, and so on. If the hon. gentleman will tell me what particular commodities he has in mind—

Mr. REID: Strawberries, cabbages and cauliflower.

Some hon. MEMBERS: Louder.

Mr. SPENCE: We might as well sit outside.

Mr. BENNETT: I suppose the minister would agree with that.

Mr. ILSLEY: I would not say that. It is difficult to make myself heard at the same time by those sitting behind me and those sitting in front.

Mr. REID: Have seasonal duties been placed against the importation of strawberries into British Columbia?

Mr. ILSLEY: Yes.

Mr. LAWSON: I was wondering if my ears deceived me or if my mind misconceived the statement made by the minister in reply to the hon. member for Winnipeg North (Mr. Heaps), because as I understood it the minister said the tariff board had reached with regard to insulite board, a decision which he as minister had formally approved as a judicial decision, but that the department was going right on in its own sweet way, carrying on exactly as before, although the tariff board had held that it was in error. Did I misunderstand the minister in that regard?

Mr. ILSLEY: Yes; the hon. gentleman misunderstood the minister if he is stating what he understood the minister to say.

Mr. LAWSON: Well, I am.

Mr. BENNETT: I am bound to say I understood him to say that too.

Mr. ILSLEY: This is the situation. All that the tariff board did was to lay down a principle. They made no particular finding as to any particular value. They laid down a principle; as it is in the application of that principle that the difficulty arises, and until we are able to apply the principle to the peculiar facts in this case, no change is being made in the existing situation. If the decision of the tariff board had been that the value for duty purposes, so far as these particular importers were concerned, should be $35 or $30 a thousand, it would be applied, but they did not say that at all. The tariff board's decision was that it should be the price at which the greatest volume of the exporters' production moves into consumption in the home market. The question is whether that means the greatest volume as between five classes or two, and until that point is settled we cannot apply the decision.

Mr. LAWSON: Is it not a fact that the tariff board always determines principles and never the application of principles?

Mr. ILSLEY: No; usually they determine the application.

Mr. LAWSON: By decision?

Mr. ILSLEY: Yes.

Mr. LAWSON: Has the department asked the tariff board in this particular case to deal with the application of the principle now that they have determined the principle?

Mr. ILSLEY: We have notified the parties and they are entitled to be heard. We could not go to the tariff board in any hole-and-corner way and ask them what they meant, because one person will lose and the other win. They are entitled to be heard.

Mr. LAWSON: I do not mean in any hole-and-corner way. I meant whether the department had asked the tariff board, upon notice to the other parties, to clarify the application of the principle.

Mr. ILSLEY: We have notified the parties.

Mr. LAWSON: Which leaves it up to the parties.

Mr. ILSLEY: Yes.

Mr. HEAPS: Do I understand that there will be another hearing?

Mr. LAWSON: It is the old system of passing the buck.

Mr. ILSLEY: There will be no delay from these parties.

Mr. HEAPS: Is there to be another hearing before the tariff board before the question is finally disposed of?

Mr. ILSLEY: That depends upon what the parties want.

Mr. ROSS (St. Paul's): I have figures from the bureau of statistics with respect to imports of finished manufactured articles from the United States. In 1935 we brought in $172,165,535; that is, 56 per cent of all articles imported were finished manufactured articles.

Mr. ILSLEY: For what period—the calendar year 1937?

Mr. ROSS (St. Paul's): That was for the fiscal year ended March 31, 1935. For the fiscal year ended March 31, 1936, we brought in finished manufactured articles amounting to $189,341,680, or 59·3 per cent of the total imports. In 1937 that had increased again until it was $247,207,956 or 62·8 per cent, and by the end of March this year we had imported finished manufactured articles amounting to $317,851,663, or 65·2 per cent. That seems to be a very large proportion of finished manufactured articles, and I do not think there would be very much unemployment in Toronto if we had $100,000,000 worth of that made in our city.

Mr. THORSON: Has the hon. gentleman the corresponding exports?

Mr. ROSS (St. Paul's): In view of the fact that our balance of trade has gone from $52,000,000 in our favour with the United States at the end of March, 1937, to $52,000,000 against us by the end of March, 1938, I should like to know what steps the department has taken to see, now that our exports to that country have been greatly curtailed, that our imports shall be curtailed to a corresponding extent in order that we may get in our urban centres some of the benefit in connection with the production of these finished manufactured articles amounting to $317,851,663, or 65 per cent of the total imports. We should like to have an opportunity to manufacture some of those goods here. What is the department doing to correct this situation?

Mr. ILSLEY: The Department of National Revenue is an administrative department whose duty it is to apply the law, and that is what we do to the best of our ability. I do not know what more there is for my department to do.

Mr. BENNETT: In other words, you pass them on to the Finance department.

Mr. ILSLEY: It would not be proper for the Department of National Revenue to be trying to make tariffs. It is our place to collect duties.

Mr. EULER: I would remind my hon. friend opposite (Mr. Ross, St. Paul's) that we had a total favourable balance of trade with all countries of $316,000,000 in 1937.

Mr. WARD: I wish the minister would tell us exactly what methods are being employed to ascertain the true market value of goods entering Canada where the dump clause is applied.

Mr. ILSLEY: Various methods are followed. Very often price lists and catalogues are available, and investigations are made by our investigators in foreign countries and by those who endeavour to find out in difficult cases what the fair home market value is.

Mr. WARD: Take a country like Japan or China. Have we officials there to report to the department as to the home market value of goods in those countries ?

Mr. ILSLEY: We have no investigators in Japan or China. We use such information as we can get, keeping in touch with invoices and using the services of trade commissioners where possible.

Mr. WARD: A great deal has been said in this house, especially by my hon. friend to my left, in defence of dumping duties. I have been informed by many business men in the country that Canadian manufacturers are about as successful in dumping goods in other countries as the manufacturers of any other country. Is that a fact? I am told that Canadian manufacturers can successfully dump goods in other countries, and still they complain so bitterly about goods being dumped into Canada when they might benefit the consumer slightly.

Mr. ILSLEY: I have no precise or complete information about the practices of our manufacturers because the matter does not come within the purview of the Department of National Revenue. We are concerned with imports and not with exports—that is, in an administrative way. I have been given to understand, however, that some dumping goes on, that there is some selling of goods in foreign countries at less than the price charged in the home market; and that more or less goes on the world over.

Mr. HARRIS: The minister will probably get the answer at the Canadian Manufacturers Association convention at the Chateau Laurier. The Minister of Trade and Commerce is just back from the convention, and perhaps he could answer the question.

Mr. BENNETT: Probably the minister could say from his own knowledge or the informatioin in his department that other countries have the same law against dumping in their markets, sometimes a little stricter than ours.

Mr. ILSLEY: Some of them have.

Mr. BENNETT: During my absence from this country some Canadians referred me to the strict provisions that prevail in another country which absolutely prevent the importation of goods from Canada except at the market price, and that market price as fixed was a rather high price. There was no country that I visited which does not make the same provision we have, or a more drastic provision, against the dumping of our surplus products on their market. That is true at least about Great Britain.

Mr. EULER: Great Britain has no dumping law.

Mr. WARD: If the statement of the leader of the opposition (Mr. Bennett) is correct, it should help our low tariff people, because I have been assured by many business men in this country that our Canadian manufacturers can dump goods against these very stringent laws of other countries; so surely they might be a little more generous with the Canadian consumers, and do a little more dumping in Canada, which might do something to relieve the strain in the rural districts.

Mr. BAKER: Would the hon. member give any specific case of a Canadian manufacturer who has been successful in dumping goods in other countries below the Canadian price?

Mr. WARD: I cannot give any specific case. The cases given to me were in conversation with business men who have travelled widely throughout the world. I was talking to a man just the other day, and he made the statement that he believed there was no country in the world more successful than Canada in dumping goods in other countries. I thought it was rather a compliment to the Canadian manufacturers, but I thought that if they were able to dump so successfully as this man claimed, they ought to be able to do a little better for the Canadian consumer.

Mr. HARRIS: The observations made by my hon. friend are very far from the mark. I understand he made some reference to Great Britain. Let him come nearer home and tell us something in regard to our great neighbour to the south. Anyone who has had occasion to make shipments to the United States knows it is a common practice there that if there is any question about a commodity which is being imported, whether it be a carload or a trainload or a small shipment, interfering not only by way of dumping on that market but with the trade of that country, the shipment is held up at the border; a questionnaire is sent through to Washington, and Washington rules as to whether the goods might be considered as being dumped, or whether their importation conflicts in any way with the interpretation of the customs laws of that country. I can tell my hon. friend that in 90 per cent of the cases the interpretation by the authorities at Washington is such that the United States market receives every possible little bit of protection there is in their schedules. The Minister of National Revenue says he is just an administrator of the statute. I have heard that answer many times in this chamber during the last decade and a half. We want a little more than administration. We want in that department a minister who has a vision of his responsibilities to the Canadian people, apart from administering the straight letter of the law.

An hon. MEMBER: That is what we have.

Mr. HARRIS: I am glad to hear it, and I hope he will continue so. When he has a problem of this kind before him, let him give some thought and consideration to what effect these goods coming into this country is going to have, not only on the manufacturer or dealer who is handling them, but on the thousands of our citizens who should be finding their vocation in manufacturing goods of a kind that we can manufacture in Canada. My hon. friend is smiling to himself, but if he will just stop and think what has been

shown in some of the reports that have come before this chamber during the last three or four months; if he will remember that the increase in free imports of iron and steel products alone was from some $42,000,000 last year to $75,000,000 this year, and if he will consider how much employment that difference would give to men in our urban centres, and remember that in that particular trade alone, whereas they had some 99,153 employed in 1929 we find now 35,000 unemployed—

Mr. DEACHMAN: How many did they have in 1933?

Mr. HARRIS: They had 99,153 in 1929.

Mr. DEACHMAN: In 1933?

Mr. HARRIS: No; in 1929.

Mr. BENNETT: Perhaps the hon. member for Huron North will recall that there was a depression.

Mr. DEACHMAN: There could not possibly have been a depression, because my right hon. friend was elected to cure unemployment.

Mr. BENNETT: No; he was not. That does not answer the question.

Mr. HARRIS: If we could inculcate in the mind and heart of the minister and the men administering this department that one idea, that they are charged not only with the responsibility of administering the statute but also with the responsibility of seeing that Canada's interests are best served in like manner as obtains in the United States, Canada could be helped very considerably; and the minister would not be departing from the statutes, but would be interpreting and administering them in the interests of Canada rather than sticking rigidly to the letter of the law rather than the spirit, as sometimes happens. Large quantities of goods are dumped in this country when consideration should be given to the effect they are having.

Mr. DEACHMAN: A few minutes ago the hon. member for St. Paul's (Mr. Ross) was very anxious about our adverse balance of trade. I think the Minister of Trade and Commerce might give us a little information in regard to that. As I recall his figures, he said our favourable balance of trade during the past year was $360,000,000.

Mr. EULER: No; $316,000,000.

Mr. DEACHMAN: Does that include our favourable balance in tourist traffic, or is it limited solely to our commercial balance? The hon. member for Danforth (Mr. Harris) is anxious to know whether the minister could not violate the letter of the law—

Mr. HARRIS: On a point of order, Mr. Chairman, I did not say that.

Mr. DEACHMAN: I beg the hon. member's pardon, I withdraw that. Violate to some extent the spirit.

Mr. HARRIS: I did not use the word "violate" at all. I ask the hon. member to withdraw.

The CHAIRMAN: I understood the hon. member to say that if he did use the word he would withdraw it.

Mr. DEACHMAN: The hon. member for Danforth suggested that the minister should go a little further than the letter of the law—am I right—and that he should try to interpret the spirit of the law in keeping with what the hon. member for Danforth deems to be in the interest of the Canadian people, going beyond the exact letter of the law as enacted by the parliament of Canada. Let my hon. friend recall that during the years 1932, 1933, 1934, 1935 and 1936 our imports were decidedly lower than they were in 1937, and yet employment in Canada in 1937 was greater than it was in any of these years mentioned. If shutting out goods could create employment, then employment should have risen with a swelling tide from 1930 right down through 1931, 1932 and 1933; those were the periods when goods were shut out of the Dominion of Canada. You called upon your gods then to bring down the fire from heaven; but the gods were off at a chess game, and they paid no attention.

Then my hon. friend said we should shut out goods now. I only want to direct the attention of the committee to this fact, that for the first three months of this year imports into the United States fell by $300,000,000 as compared wih the same period in the previous year, and again unemployment increased tremendously in that country, until to-day it is almost as serious as it was at any time during the past five years.

For some reason or another this is one of the remedies that do not work; it is one of the remedies that never work. I ask the hon. member for Danforth to do this: Will he take the record of the trade of Canada; will he go over it year by year; will he put his finger on the year which shows the greatest volume of unemployment? He will find almost invariably that it was a year in which imports were at a very low level. Why is

that? The reason is simple. When goods are coming into this country we are shipping goods out in payment for them, and the result is expanding trade, developing opportunity, expansion of business and relief from unemployment. But when, either from some outside cause or from your own action, you deliberately reduce the volume of imports, whether by tariffs or by some other form of taxation, then I want to tell you that you are budgeting for unemployment. As surely as economic laws are true, so surely will you get that unemployment. I ask the hon. member for Danforth if he will consider these facts and look over these figures. Then, when he has presented the figures to the house, will he tell us why these claims of his fail to work and why he cannot get that remedy applied in such a way as to produce results?

When a political party has been offering a remedy for a considerable time and it has failed; then, when they have a convention coming on, I suggest a very wise procedure, which will bring them support in this country. I do not often give advice to the Conservative party. Sometimes I give it to my own party; sometimes they do not accept it. Perhaps if the Conservative party could be induced to accept the advice I am about to give, they will not remain here in a little band, hopeless, bewildered and forlorn. I suggest that they consider their policy of the past. I suggest as a slogan for them, "Back to the tariff of Borden and Meighen." That is a nice sounding phrase and one that should bring support. Why do they not accept it?

An hon. MEMBER: You tell them.

Mr. DEACHMAN: I should be delighted to tell them; I expect an invitation to the Conservative convention myself. But the hon. member for Danforth mentioned one or two other matters which demand a word or two of explanation, and I am glad to give it. The hon. member said that imports of free goods have increased. They have. We are importing about 10 per cent more free goods than we were back in 1930. We have shifted too far towards a protective and too far away from a revenue tariff. That is the truth, but I want to point out to the hon. member for Danforth that these goods coming in are the raw materials of the manufacturers. These men, who sometimes accuse me of being extreme, are themselves extreme. The increase in the imports of raw materials is largely the result of the pressure upon this and past governments to increase these imports. I am glad to welcome to my side the army of Canadian manufacturers. I am glad to see that they are meeting in Ottawa at the present time. I hope, however, that they will exert the pressure just a little further, and that the medicine which they like so well when it is applied to the things they buy, will be applied also to the things they sell. Frankly, I believe they will do it in time, because the application of a high protective policy leads to increased unemployment and to increased taxes. It leads to the application of a high sales tax and a high income tax, and to large expenditures by governments. Some year, when he has a little more time and a little more experience in the inner workings of protection, the Canadian manufacturer will come to a conference and will tell the people of this country, "We have gone far enough. Protection is costing the manufacturers too much." Then they will come before a government headed by the hon. member for Danforth and the hon. member for St. Paul's—and I hope, if he stays with the party, by the present right hon. leader of the opposition—and ask in the name of the manufacturers themselves that we have a little closer approach to free trade than we have had at any time in the history of the dominion.

Mr. HARRIS: We are still dealing with the item concerning general administration, and I still adhere to the point I raised a moment ago. But I should like to straighten out a few of the ideas of the hon. member for Huron North. A moment ago the hon. gentleman said that the figures of total trade revealed that the imports under the present administration were less, and without reciting any figures he went on to elaborate some of his free trade ideas. I should like to put on record the imports into Canada, using round figures:

1933	$406,000,000
1934	433,000,000
1935	522,000,000
1936	562,000,000
1937	671,000,000
1938	799,000,000

Mr. DEACHMAN: Would my hon. friend be good enough to put the unemployment figures alongside those?

Mr. HARRIS: There is the increase in imports into this country. That does not go far enough, Mr. Chairman. As I see it, the difference between the party that sits here and my hon. friends who sit opposite, together with the rump which sits to my right—this rump which kicks over the traces because the breeching is not on the shaft, much to the embarrassment of my hon. friends on the treasury benches; this rump which emphasizes the line of demarcation between the party to

which I belong and my hon. friends on the treasury benches—is this: Your god as far as this matter is concerned is total trade, no matter what kind of trade that may be. To go a little further, and give our ideas as I see them, the ideas of this very important group, they are these: Trade, yes. We want trade; but we want trade of a kind that will not take away from our citizens their artisanship and their vocations. We are a people very similar to the people to the south. We have at hand goods to work with similar to the goods they have. Their standard of living is similar to ours; their trades and callings are the same as ours. There is a difference in our situation with reference to the United States as compared with what obtains regarding our possibilities of markets elsewhere. The main difference as I see it may be illustrated by a few figures which I should like to put on record.

Our total trade with foreign countries, of which the main portion is with the United States, shows some illuminating facts. When the party led by the right hon. leader of the opposition was in power, what were the imports of fully manufactured goods? I refer first to these because there is about forty dollars' worth of labour in each one hundred dollars' worth of manufactured goods, whether they are made in the United States or in Canada. In 1933 manufactured goods of the value of $173,000,000 came into this country. In 1934, although total imports increased by $25,000,000, our fully manufactured imports receded, as the bluebook shows, to $166,000,000. At the same time imports of raw materials increased from $99,000,000 to $108,000,000, and imports of partly manufactured goods, which represent twenty dollars' worth of labour in each one hundred dollars, increased by only $5,000,000. With the advent of the hon. gentlemen who now lead the government, what do we find? Increases almost by leaps and bounds in importations to this country, but what kind of imports? Imports of fully manufactured goods, which amounted to $166,000,000 in 1934, rose to $288,000,000 last year. That, to my mind, takes away from our citizens a chance to apply their artisanship to goods which they can make in this country.

Mr. BOTHWELL: Why not compare similar years instead of referring to 1934?

Mr. HARRIS: I will give them all, although I do not want to delay the committee. The hon. member for Huron North used the figures for the year I have quoted. However, I will give the hon. member all the figures: 1933, $173,000,000; 1934, $166,000,000; 1935, $207,000,000; 1936, $227,000,000; 1937, $289,000,000. Partly manufactured goods: 1933, $13,000,000; 1934, $18,000,000; 1935, $25,000,000; 1936, $25,000,000; 1937, $27,000,000. Raw materials: 1933, $99,000,000; 1934, $108,000,000; 1935, $132,000,000; 1936, $132,000,000; 1937, $156,000,000. To get a clear view of this picture it is necessary also to think about our exports, and what do we find? My hon. friend wants figures; I hope he will take note of these. Our exports or raw materials were: 1933, $91,000,000; 1934, $92,000,000; 1935, $97,000,000; all in the nineties; 1936, $104,000,000; 1937, $179,000,000; whereas our exports of manufactured goods rose from $116,000,000 to $145,000,000 in 1935, $163,000,000 in 1936, and $194,000,000 in 1937. That, one might say, is a reflection of the expansion of the primary industries, those industries which take out of mother earth her raw materials and ship them to foreign lands. Every time you take a dollar's worth of goods represented by shipments from primary industry you deprive one citizen of the opportunity of exercising his handicraft. When you get into the secondary industries, for every dollar's worth of raw material in the primary industries you have ten dollars' worth of labour produced by the secondary industries in completing the manufacture.

In making mention to the Minister of National Revenue of his interpretation of the act and his construction of the dumping duties, I would like to say not only to him but to those who surround him, give some thought, not to the manufacturer—he will take care of himself—but to our artisans who in thousands are walking the streets wanting work. They do not want to be unemployed. Give them every possible consideration by interpreting the act as it was meant to be interpreted when the statute was enacted and when the dumping duties were imposed. Dumping duties were not inserted on the record just for the sake of the letter; they are not intended to be lived up to merely in the letter; they are put in because behind the statute was the demand of public opinion that we should protect our citizens against the inroads of other countries that want to dump their goods into this country. That is why the statute is there. The minister as an occupant of the treasury benches does his best to interpret the letter of the statute, but public opinion requires that he shall interpret it in the way which was intended by those upon whose demand the law was placed on the statute book.

The difference between our party and that of our friends who at present occupy the treasury

benches can well be shown by their actions in the matter of commercial treaties. I know I may be a little out of order, but I am now addressing those charged with the responsibility of administering the Department of National Revenue. With that thought in my mind I ask them to reflect for a minute upon the effect which treaties negotiated by the present government have had upon the trade of Canada, compared with those which were negotiated by the previous administration. What are the facts, broadly speaking? Consider first our trade with Great Britain. Britain is unable in a large measure to compete with and dump on this market. In the first place Great Britain is so far away; in the second place it contains so large a consuming population; in the third place it supplies world markets which have been dependent upon it for centuries, in Africa, Asia and elsewhere. It was my pleasure the other day to meet a gentleman who was just returning from a district two thousand miles in the interior of China where he had been for sixteen years, selling goods produced in Great Britain. Having these other markets, Britain is not so wont to dump goods on our Canadian market as are our friends to the south. In that connection, consider the treaty of 1932, otherwise known as the empire trade treaty, keeping in mind the problem that I have tried to recite in the earlier part of my remarks, namely that raw materials do not make for work as much as partly manufactured goods, and only half as much again as fully manufactured goods.

We find this to be the fact. Imports of raw materials from Great Britain increased from $19,000,000 in 1933 to $38,000,000 in 1937, or an increase of 100 per cent. Imports of partly manufactured goods from Great Britain increased from $18,000,000 to $37,000,000 in the same period, or an increase of a little over 100 per cent. But the imports of the great class of commodities which represents work, which represents the opportunity for the unemployed to find employment, the fully manufactured goods, increased only 50 per cent. The imports were valued at $81,000,000 in 1933 and $121,000,000 in 1937. I say without fear of contradiction that that was not a treaty which took away from our working people the opportunities of obtaining a livelihood.

At the same time I put on the record the other side of the picture. Our exports of raw materials increased slightly during the period 1933 to 1937, from $112,000,000 to $201,000,000, a total of 80 per cent. The increase in the exports of partly manufactured goods from 1933 to 1937 under that particular trade treaty amounted to 400 per cent. For every $100 worth of partly manufactured goods that left this country, there was $20 paid out to Canadian labour. A moment ago I stated that the imports of manufactured goods from Great Britain had increased only 50 per cent, while our exports of fully manufactured goods increased from $85,000,000 to $189,000,000, a total of 120 per cent. Those exports meant more work for Canadian workmen. For every $100 worth of fully manufactured goods exported, a total of $40 was paid to our Canadian workmen who need their jobs so badly during these difficult times.

Contrasted with this picture is the fact that to the south of us are people very similar to us, with raw materials much the same as we have at our disposal. They are eager and willing to trade with us, but we should not let that trade be the kind that brings only customs duties into the Canadian treasury. It should be the kind of trade that will not take away from the Canadian workman the opportunity he now has to make a living in this country.

Mr. LAWSON: Mr. Chairman, the hon. member for Huron North (Mr. Deachman) skated around the subject matter concerning which I desire to ask a question of the minister. Before doing so, I cannot refrain from a comment or two in connection with the criticism which the minister for Huron North levelled against the administration.

An hon. MEMBER: The member.

Mr. LAWSON: I beg your pardon, the member for Huron North. Even with his free trade doctrines he may be a minister of this government some day because anything is liable to happen the way they carry on. If I understood him correctly, the hon. member for Huron North was criticising the administration because they did not so administer the law as to bring about the greatest amount of imports into Canada. He told us that if we looked at the record of the years in which we had our greatest importations into Canada, we would find that those were the years of greatest prosperity. I suggest that that is not going far enough. If you look merely at the importations into Canada and have no regard for the exportations or for the trade balances, you do not get a true picture.

The hon. gentleman forgets just what happened to us in this country. If you will go back to the years 1926 to 1930, you will find that our imports were mounting steadily, but so were our adverse trade balances. With what results? We had to pay the ultimate price in 1930. Let me give a simple illustration. It always seems to me that many

national problems can be reduced to the problem of the individual. Let me assume that an individual in this country has an income, a wage, or anything you want to call it, of $25 a week, and he goes on spending $30 a week. How long can he last? Only until his credit is exhausted. When his credit is exhausted, he is broke, and when he is broke, he is down and out. That is exactly what was happening to us prior to 1930, until the Conservative administration came into power and created favourable trade balances instead of adverse.

The hon. member for Huron North offered some sympathy to those of us who sit on the Conservative side. I suggest to him that he take the Liberal party, of which he is a member, stand them up in front of a mirror and let them have a look at themselves. We may be small in numbers, but at least we do not present the spectacle we have had presented here. We have heard the hon. Liberal member for Brantford (Mr. Macdonald) urge upon the treasury benches that they should maintain the tariff, while other members of the Liberal party have asked the treasury benches to reduce or eliminate the tariff altogether. At least we have a consistent policy and some measure of unity.

I come now to my question which concerns dumping duty, the matter around which the hon. member for Huron North skated. As I recall it, prior to 1935 there were three sections in the act in connection with which dumping duties were imposed. My recollection is that those were sections 35, 41 and 43. Since this administration came into power, one of those sections has been repealed, I understand section 43.

Mr. ILSLEY: No.

Mr. LAWSON: I know one section was repealed. I have not the act in front of me, so I cannot pick out the section. Will the minister be good enough to outline to the committee any difference in the principles of administration in the imposition of dumping duties which he has carried on as a minister of the crown, representing the Liberal government, since his government came into power, as compared with the principles of administration in effect from 1930 to 1935, under the Conservative administration?

Mr. ILSLEY: That is a large order, and it would take considerable time to answer. The hon. gentleman is not correct in his statement that we repealed section 43, but we did make some changes in the Customs Act. Section 36 is important. It states that the value for duty purposes shall not be less than the cost of production, plus a reasonable advance for selling costs and profit. While I am not intimately acquainted with the practices that existed prior to October 23, 1935, I understand there were many complaints that the advances added by the Department of National Revenue in 1935 and prior years were unreasonable. At any rate the negotiators at the time the negotiations were going on between Canada and the United States requested that a change be made to the effect that the advance added to the cost of production would not be more than was usual in the trade; that section was amended accordingly, and a great many valuations outstanding under section 36 were made accordingly.

I come now to section 37. It authorized the governor in council to provide that in arriving at the value for duty purposes of any particular commodity the discount from the list or published price should be limited to a certain amount. It had particular reference to automobiles, and, I think, to radios.

Mr. BENNETT: And plated silverware.

Mr. ILSLEY: It could apply to anything, but I was told that the chief commodities were automobiles and radios. The discount fixed from the list or published price on automobiles was 20 per cent. As most members of the house know, the ordinary discount to a dealer from the list price is considerably more than 20 per cent. It ranges from 24 to 28 per cent, or something like that.

Mr. LAWSON: May I suggest to the minister that that order in council with respect to the discount on automobiles was repealed before his government came into power?

Mr. ILSLEY: I do not know whether it was repealed or not, but the section of the act remained there.

Mr. LAWSON: I know, because I had the pleasure of recommending its repeal.

Mr. ILSLEY: Section 37 was repealed by us, and it is impossible to limit these discounts under the law as it stands at present.

Mr. BENNETT: They are limited, though, by section 35.

Mr. ILSLEY: Discounts?

Mr. BENNETT: Yes, because the fair market value, as determined in the country in which the goods are sold, as compared with the price at which you get them, prevents a discount from being made. That creates a price which is below the fair market price in the community where it is sold. So it is the same thing in the end.

Mr. ILSLEY: It is not the same thing at all. The value for automobiles under my right hon. friend's administration was higher than the price charged dealers in the United States, because the discount allowed here was only 20 per cent and dealers in the country of origin were getting from 24 to 28 per cent. That meant that dealers importing automobiles were paying on a higher value than the home market value, and that is what we put an end to.

My hon. friend asked me to state the difference in the principles of administration under the former government and this government. When we came in we found outstanding, I forget just how many, but I think there were from twenty-five to thirty-five valuations on manufactured goods under section 43. They were arbitrary valuations, with no relation to the home market value or to the cost of production in the home market, nor were they intended to have any relation to it. The valuations were put on purely to prevent importations. Some were put on for the protection of very small industries, and some for the protection of large and substantial industries. All these valuations have been cancelled by this administration in respect of importations from most-favoured-nation treatment countries and intermediate tariff countries, and no valuations under section 43 have been imposed at all by this administration except on fruit and vegetables and for a few months on coronation souvenirs, for what were alleged to be patriotic purposes. The whole practice in respect of manufactured goods which were the subject of fixed or arbitrary valuations has been changed. All with the exception of three have been cancelled, and none has been imposed. We have had I do not know how many applications to impose them, and continue to have them; but section 43, so far as the imposition of new valuations is concerned, has been a dead letter. It is continued with regard to fruits and vegetables in the way I explained to the leader of the opposition.

Mr. LAWSON: To save another question later on, would the minister be good enough to tell me where there is any difference in principle between maintaining twenty-seven valuations under section 43 and maintaining three? It is merely a difference in the quantum, not in the principle.

Mr. ILSLEY: There is a big difference to the public.

Mr. LAWSON: You did not repeal section 43.

Mr. ILSLEY: No; we used section 43 in respect to fruits and vegetables because it is the most feasible way to protect the fruit and vegetable growers. This has been explained in the house time and time again.

Mr. BENNETT: It was there when you came in.

Mr. ILSLEY: Yes; but we have provided an appeal to the tariff board from valuations under section 43, something which did not exist before.

I was not prepared to answer to-night such a broad question as the hon. gentleman asked me, and I am simply gathering up my thoughts as I go along. There have been amendments to section 6 of the customs tariff to provide that before goods can be classified as of a class or kind made in Canada they must be made in this country. Under the former administration it was common to make a ruling that goods were of a class or kind made in Canada before they were made in Canada, simply because they were getting ready to make them in Canada.

Mr. BENNETT: The Liberal tariff of 1930 made special provision for a certain rate to prevail until such time that it was apparent Canadian manufacturers were producing in quantities to meet Canadian demand, and that then the rate of duty should be determined. That is not a device which was created by the late administration. It has been used by both administrations. It was to anticipate the time when production would be sufficient to meet Canadian demands, and it was an advice in advance to those putting money into factories that when the factory was producing, a certain rate of duty would prevail.

Mr. ILSLEY: That may be a provision of some item of the customs tariff, but that is not what I am talking about. I am talking of rulings, of hundreds of thousands of applications that have been made for the application of dumping duties; decisions have been made by the department, and hundreds, certainly a great many instances can be turned up where a ruling was made that the goods were of a class or kind made in Canada when the manufacturers were not in a position to produce. Rightly or wrongly we have provided not only that they must be ready to produce them, not only that they must have the factory capacity to produce the goods, but that they must actually have a foothold in this market to the extent of 10 per cent of the normal Canadian consumption.

Mr. LAWSON: You did that to make a trade treaty with Japan.

Mr. ILSLEY: My hon. friend wants to know where we have differed from his administration. If I had had a little time for preparation; if I had known that these questions were going to be asked, I could have given him a great many more instances. We amended section 6 of the customs tariff, giving power to the governor in council, in cases where goods were not available through the ordinary channels of distribution in this country, to order the application of special or dumping duty. There were certain monopolies in this country; only they were selling the goods, and they did not offer them through the ordinary channels of distribution at all. We provided in the case of one particular commodity which is quite important, that dumping duty should not apply, so that that monopoly should have foreign competition, though it was brought about by quoting below the home market price. I could go through the whole list if I had time, but undoubtedly there has been a change in the spirit of administration. It would not please the hon. gentleman who spoke here to-night; it would not please the two hon. members from Toronto who spoke, because they think we are on the wrong track. But I have laid down in speeches that I have made—and the officers of the department pretty well know my views on these matters—that the Department of National Revenue is primarily a revenue-collecting rather than an industry-protecting agency. That is exactly what the hon. member for Danforth says it should not be, and exactly what I say that it should be, primarily a revenue-collecting rather than an industry-protecting agency. Otherwise we get into the realm of lawmaking; and we are not lawmakers; we are law administrators.

Mr. SPENCE: You take your orders from the other departments.

Mr. ILSLEY: We administer the law passed by this parliament, not by the other departments at all, but by this parliament; and that is where we should take it from instead of from persons who call on us from day to day asking us to shut out or to let in goods by arbitrary rulings. That is the first principle. The second principle is that we should not be astute to devise ways of shutting out imports. There are a great many ways in which this can be done. It can be done by making regulations, by notifying collectors, by notifying importers that everything must be taken subject to amendment; it can be done by delays in appraisals. As a matter of fact, there are all sorts of ways in which imports can be shut out if it is desired. But the principle we have adopted is that no undue administrative regulations should be placed in that way upon imports.

Mr. FRASER: To be consistent with his remarks to-night—

Some hon. MEMBERS: Louder.

Mr. FRASER: —why does the minister not apply the same principle to the fruit growers in the Annapolis valley? He maintains a fixed valuation in connection with that. Why discriminate against the manufacturers?

Mr. ILSLEY: There is no fixed value on apples at the moment.

Mr. STEVENS: Louder. We cannot hear this interesting conversation.

Mr. BENNETT: A little louder, please; those pearly words of wisdom we would not miss for anything.

Mr. FRASER: I am seeking information, and it is certainly enlightening to have the minister tell me that the fixed valuations have recently been discontinued. He will have to answer for that in the Annapolis valley.

Mr. ILSLEY: No.

Mr. ROSS (St. Paul's): Can the minister give a list of the arbitrary values that have been taken off?

Mr. ILSLEY: I can get it for the hon. gentleman.

Mr. HAMILTON: The discussion has taken a wide field, but there are one or two things I should like to mention in connection with some points that have been brought out. The hon. member for Danforth referred to the great increase in the imports of steel. Well, if imports of steel should cause any member of this house to worry, they ought to cause me to worry. I am one of those to whom the hon. member for York South (Mr. Lawson) referred as possibly having different views on tariff matters from those held by other members of the Liberal party, but I have found that out of the differences in these views, which have undoubtedly existed in the Liberal party from the days of the first Fielding tariff to the present minute, the compromise that has been effected, and the resulting policy that has been enacted and

put upon the statute books, has been a tariff that has generally brought prosperity to the country during those years.

I wish to refer for a moment to one remark of the hon. member for Huron North (Mr. Deachman). I do not agree entirely with that hon. gentleman when he suggests that increased imports are necessarily the cause of increased prosperity, but I have noticed one remarkable fact in connection with steel. It may be a coincidence, but it is certainly a remarkable fact. It is rather dangerous to look for cause and effect, because sometimes there may be several effects from one main cause. I do not think increased imports are a cause of prosperity; but I do know this, with refernce to the steel industry—and as I say, it may be a coincidence—that with increased imports there has been very largely increased production within Canada. In the last few years, the hon. member for Danforth states, there has been an increase in imports of steel. That is true, but it is also true that the steel industry in Canada has been operating at the same time to a very high degree of capacity. In fairness to the government, in fairness to a proper understanding of the effect of imports of steel, I consider it not out of place to say that the steel industry in my city in 1934 had total days work of 389,865, whereas last year the number was 789,758. Hours work in 1934 were 3,299,000 odd and last year, 6,415,000 odd. The number of men employed in 1934 was 2,009 and in 1937, 3,011. That has been during the time the steel imports have been increasing. I will not venture to say what the operation of the steel plant in the maritime provinces has been, but I am informed and I believe that they have had a very high average of operation based upon normal capacity. But I wish to go behind that and to point out that between 1921 and 1929, the peak, imports of iron and its products increased by the figures I am about to give. We imported in 1921, $245,625,703, and by 1929, skipping the intervening years, that had risen to $349,194,597. But during the same period the selling value of the production of iron and its products in Canada had jumped from $382,398,000 odd in 1921 to $738,012,000 odd in 1929. It may be a coincidence, but it is a fact that when there was a dollar's worth of increased imports there has been several times a dollar's increase in production of iron and its products within Canada.

When it is said that, if imports of any commodity amounted to $100,000,000 in 1936 and jumped to $150,000,000 in 1937, had we not allowed that extra $50,000,000 to come into Canada there would necessarily have been increased prosperity or production in Canada, I must question the accuracy of that theory. I think the statistics and records of Canada indicate the contrary. Not that I advocate as a cure for depression seeking to open our doors to imports, but it is not correct to suggest that increased imports necessarily mean decreased production and less prosperity in this country.

Mr. LAWSON: The minister says that by reason of certain revisions in the act since the Liberal government came into power he can no longer limit the discounts. I cannot accept that statement. On another occasion I shall give specific instances to show that discounts are limited, and limited effectively under provisions which still remain in the act.

Mr. ILSLEY: That is because they are limited in the home market.

Mr. LAWSON: Nor can I, much as I should like to do so, give the minister or his government credit for the change in the spirit of administration in the Department of National Revenue. I occupied that position I think for a shorter time than any other minister who ever held it; but I have had associations with the department for a good many years, and I think the change in the spirit of administration started and was consummated as the effect of the courtesy, capacity and ability of the present commissioners began to be felt within a couple of years after their appointment.

Item agreed to.

Inspection, investigation and audit services, $1,102,730.

Mr. LAWSON: Is the increase of almost $100,000 attributable to statutory increases, increases in staff or what?

Mr. ILSLEY: The increase is $97,115. There is an increase of $52,231 in the salaries of permanent officers. It is made up of restoration of the five per cent deduction, $44,746; living allowance, $300; and statutory increases, $19,530. That makes $64,576. There is a saving in another way that brings the total increase down to $52,231. Then there is an increase of $13,585 in the salaries of temporary officers.

Mr. LAWSON: That would be occasioned by more appointments than in the previous year?

Mr. ILSLEY: It is occasioned by the appointment of additional excise tax auditors, who have more than paid for themselves.

There is an increase of $300 in living allowance, that is for one officer in the Yukon. There is also an increase of $30,999 in travelling expenses. That is due largely to the appointment of these additional auditors. That makes the total of $97,115.

Item agreed to.

Ports, outports and preventive stations, including pay for overtime of officers, notwithstanding anything in the Civil Service Act; and temporary buildings and rentals, $7,548,200.

Mr. LAWSON: What is the cause of the increase of $396,700? How much is restoration of salary deductions, statutory increases, and what proportion relates to new appointments?

Mr. ILSLEY: Restoration of salary deductions and statutory increases account for $384,012.

Mr. LAWSON: It would appear, glancing at the details on page 144 of the estimates, that the number of appraisers in the department has been greatly increased. I am wondering whether the appointment of these additional appraisers is responsible for the difference between the figure for restoration of salary deduction and statutory increases, and the total increase. For example, halfway down page 145 we find there are thirty-five customs appraisers as against thirty-two in the previous year; 112 assistant customs appraisers as against 101, and several increases in the appraisal division. Why the additional appointments, why the necessity for a greater number of appraisers?

Mr. ILSLEY: The increase is due almost wholly, if not wholly, to changes in classification which might be described as promotions.

Mr. LAWSON: So that there will be decreases in other classifications?

Mr. ILSLEY: Yes.

Mr. STIRLING: What is the explanation of this very considerable saving in overtime?

Mr. ILSLEY: That is due to an important change of policy effected in the department April 1, 1937. The policy of the department prior to that time was to get a substantial amount of the work at many of the frontier points done in overtime. It was always a question which was the best or most economical way to get the work done. But from April 1, 1937, a great deal of the overtime was abolished and additional officers taken on. The advantage from the standpoint of dollars and cents of having the work done in overtime is that you can fit your officers in and so may be able to keep a smaller staff. But the disadvantage from the economic standpoint is that you pay a higher rate. We pay ordinary examiners seventy cents an hour. So we changed the system. We eliminated a great deal of the overtime; we took on something like 150 of additional staff to do the work that had been done in overtime by the others. That has resulted in an economy for the department, and not only that, but we believe it is a much better system because many of the officers at the frontier ports were working long hours. They did not have any time to do anything else at all. They were working seven days a week, and their usefulness as citizens was impaired to a considerable extent, which I think is generally admitted to be the wrong way to arrange work if it possibly can be avoided.

Mr. STIRLING: And that change, I take it, would be of considerable assistance to the travelling public?

Mr. ILSLEY: I do not know that there was any particular neglect of the travelling public before.

Mr. STIRLING: I was not suggesting that, but sometimes you had to telephone for an official.

Mr. ILSLEY: I think that is quite true.

Mr. LAWSON: Also in the details for this item, at the top of page 147, I notice an increase in the number of clerks from fifty to 103, with an increase in salaries of approximately $36,000. In the very next item I notice that the number of office boys has been reduced from forty-five to one, so I assume that the forty-four office boys must have been made clerks, grade 1, and in addition the minister must have appointed seven or eight other clerks in order to get the number of 103.

Mr. ILSLEY: That is about the picture, I think.

Mr. LAWSON: Why would these office boys be moved up? Would it be because by service they had acquired knowledge and were entitled to the higher classification?

Mr. ILSLEY: Yes. After two years of service as office boys they expect to be promoted to clerks if they can pass the examinations and otherwise qualify.

Mr. DEACHMAN: I should like to ask the minister if the increase in the number of appraisers might have been due to the importation of a power shovel into Huron North. The value of the shovel was $700. For duty purposes they valued it at $900. The actual

cost of bringing it into Canada, including duty, excise tax and so on, amounted to close to 50 per cent of the cost. I checked up on the general average rate of duty on machinery other than agricultural machinery coming into Canada, and during 1937 it amounted to approximately 17 per cent. Machinery generally enters the dominion at a very low rate because it is held by the manufacturers to be important that machinery coming in for their use should have a customs rate not very closely related to the rate which applies on consumers' goods. We have ditching machines admitted duty free, I think, and it strikes me as peculiar that you can bring in a ditching machine duty free, but when you bring in a machine to shovel the clay which goes to make the tile, the tariff rate, on a second-hand machine, amounts to nearly 50 per cent.

There should be, I suggest, something approaching consistency in regard to items of that kind; that is, we should try to get a tariff which reflects adherence to a certain code, if I may put it in that way. If we believe that a manufacturer of cotton goods or a person operating a sugar beet factory should be entitled to a relatively low tariff rate, then the manufacturer of brick or tile should be entitled to the same consideration. There is another factor which applies in that case. The manufacturer of brick or tile may have a tariff on the product which he produces, and it may be argued that he, having an opportunity to exploit other people, may submit with a certain degree of tameness to the exploitation of himself. But in regard to tile, for instance, it is not a product which would come in from very long distances, because the freight cost and transportation risk rather operate against it, whereas some other products might enter the country more readily. I suggest, therefore, that a machine of that kind should receive some consideration, and that applies equally whether the machine is new or second-hand. We must remember that we have passed through a period of depression which resulted largely from the artificial restriction of trade; but we are entering another period of depression on account of the continuance of trade restriction, and therefore there is more demand for second-hand machines than was formerly the case. So I think the government should give particular consideration to second-hand machines of this type.

Item agreed to.

Income tax division—General administration, including authority to create positions and make appointments within the division, notwithstanding anything contained in the Civil Service Act and the said positions and staff so appointed are hereby wholly excluded from the operation of the said act, $310,335.

Mr. CLEAVER: The textile probe brought to light many millions of dollars of undisclosed profits. What steps, if any, have been taken to collect the taxes which should have been paid on these profits?

Mr. ILSLEY: We have eight suits pending against textile companies for sums aggregating slightly over a million dollars. Whether or not we recover that amount depends on whether we win the suits.

Mr. LAWSON: Would the minister be good enough to repeat his answer? I am very sorry, but I could not catch it.

Mr. ILSLEY: My answer was that we have eight suits pending against textile companies for the recovery of income and business profits taxes for sums aggregating slightly over a million dollars. I went on to say that whether or not we recover that amount depends on whether we win those suits.

Mr. ROWE (Dufferin-Simcoe): Would the minister say how many suits are pending with reference to other industries or businesses?

Mr. ILSLEY: Oh, no; I could not say. I do not know. I could not answer that. I happened to know this because the suits arose out of the evidence given before the Turgeon commission on the textile industry.

Item agreed to.

District offices, $2,005,708.

Mr. LAWSON: Is the increase attributable to increase in staff?

Mr. ILSLEY: The increase is $126,874.25. Of that amount $44,340 is due to increase in staff; there has been an increase of forty-one employees. There is $16,326.35 due to general salary adjustment increases to be applicable to 1938-39. That makes $60,666.35. The reinstatement of the five per cent salary deduction in 1938-39 accounts for $57,727.90, and there is an additional $2,600 for travelling expenses. Then there is $5,400 in addition for sundries, $300 in addition for telegrams and telephones, and an increase of $180 for one official in Montreal, making in all $126,874.25.

Mr. LAWSON: The reason I asked the question specifically with relation to this item is that I thought possibly the minister might

have done something to rectify a condition which existed when I was in the department and towards the adjustment of which some effort was made by the previous government. By reason of the fact that the income tax branch of the Department of National Revenue is not under the Civil Service Act, those who are employed in that branch have not the advantage of statutory increases and so forth. I know that prior to 1935 it had been found that on the average the salaries paid for positions were less than for similar positions in the other two branches of the same department, namely the customs and the excise branches, and some effort was made to readjust that situation. I had in mind that some further efforts would be made, and I should like to know if anything has been done in that regard. If so, has it been given effect to; and as a result of what has been done, if anything, are the salaries in the income tax branch now commensurate with those in the other two branches of that department?

Mr. ILSLEY: There is a scheme of reclassification which has not yet received the approval of the treasury board. It was recommended by a committee from the income tax division, sent to treasury board and then referred to the civil service commission, who made a report on it. It is back before the treasury board and is being considered, in regard to some of its phases, at the present time. If it receives approval, it will substantially correct the anomalies to which the hon. gentleman has referred.

Mr. ROWE (Dufferin-Simcoe): In view of this $126,000 increase, is it the intention of the department to cooperate more closely with the provincial government of Ontario, bearing in mind the statement of the premier of Ontario last year that he could obtain no cooperation from the Department of National Revenue at Ottawa in his efforts to collect succession duties.

Mr. ILSLEY: The cooperation has been whole-hearted and thorough throughout.

Mr. ROWE (Dufferin-Simcoe): It has been improved since then, has it?

Mr. ILSLEY: Well, throughout it has been good.

Mr. LAWSON: I should like to make it clear, that if "cooperation" means that information on people's income tax returns is supplied by the income tax department to the succession duty department of any province, I am absolutely and irrevocably opposed to it. I hope that is not what is meant by the minister's assurance that any province is getting a large measure of cooperation.

Mr. ILSLEY: The circumstances under which information is supplied are very carefully defined, and, I think, provide for all the necessary safeguards.

Mr. STIRLING: How successful does the minister consider he is in the matter of dealing with evasion of income tax? Income tax in this country is such a new tax that not so very many years ago it was fairly common to meet somebody who would tell you that he had no intention of even making a return until his neighbours did so.

Mr. ILSLEY: Inevitably there is some evasion, but I have no reason to think that that evasion is on a wide scale or is substantial. The hon. gentleman may remember that the president of the United States on June 1, 1937, delivered what was called, I think, a tax evasion message, to which he attached a memorandum of Mr. Morgenthau setting out eight ways in which income taxes were evaded in the United States. We immediately went into the matter here to see whether by chance Canadians might be evading income tax by any or all of those methods, and we concluded that by reason of the provisions of our act it was practically impossible for them to use at least those methods of evading income tax in this country. I have no reason to think there is more than a minimum of evasion here.

Mr. STIRLING: What policy does the department adopt with regard to prosecutions? As regards the 1935 return, how long can a person escape who has not made due return or has incurred penalties?

Mr. ILSLEY: Prosecutions take place all the time, right along, for failure to make returns. There is a limitation of three years upon prosecutions for false returns. If falsity in returns is ascertained within that time, as a general rule prosecution takes place.

Mr. STIRLING: The prosecution does not take place until after three years?

Mr. ILSLEY: Oh no; that is not it. It cannot take place after three years. There is a limitation of three years.

Mr. ROWE (Dufferin-Simcoe): If I understood the minister aright, the hon. member for York South having said that he did not agree with a certain practice of the government, the minister said that at no time did the government refuse to cooperate fully with the

provincial government at Toronto with reference to the collection of succession duties, so far as the income tax branch could cooperate.

Mr. ILSLEY: Well, within the limits that were laid down. It depends on what the hon. gentleman means by "full cooperation." If he means that we have always been prepared to throw open all our files upon request, that is not the case; but under conditions which are carefully specified in the agreement with the province of Ontario we make certain information available, and that has been the case since, at least, the early part of 1936.

Mr. ROWE (Dufferin-Simcoe): I would go this far in support of what the hon. member for York South has said, that I believe some of the tactics which were used in the collection of succession duties might require too much information from the Department of National Revenue. I do not know how far the government can go or what restrictions are embodied in the so-called agreement.

Mr. ILSLEY: Well, it is not a "so-called" agreement, it is an agreement. It is an agreement under a statutory provision passed by this parliament. The restriction is simply this, that if a minister of the crown in the government of not only the province of Ontario but certain other provinces as well certifies he has reason to think he has evidence that fraud exists and an inspection of income tax returns is required for detection of that fraud, they are shown to the government.

Mr. ROWE (Dufferin-Simcoe): Well then, I think there has been an erroneous impression spread throughout Ontario, by the premier of the province stating that in cases where he was sure there was fraud and refused to settle succession duty taxes, he received absolutely no cooperation from the department at Ottawa.

Mr. ILSLEY: Well, I have stated what the facts are.

Mr. ROWE (Dufferin-Simcoe): Thank you.

Item agreed to.

General—Amount to be paid to the Department of Justice to be disbursed by and accounted for to it for customs-excise and income tax secret investigation services, $15,000.

Mr. TAYLOR (Nanaimo): Will the minister kindly say what this vote is for? I cannot understand the phrasing.

Mr. ILSLEY: This is to enable the department to obtain information in connection with the collection of revenue.

Mr. STIRLING: Through the mounted police.

Mr. TAYLOR (Nanaimo): I am a little troubled by the phrase "to be disbursed by and accounted for to it for customs-excise and income tax secret investigation services." Should not that be "accounted for by it"?

Mr. LAWSON: It means accounted for to the Department of National Revenue.

Mr. ILSLEY: The Department of National Revenue tells the Department of Justice to whom to pay the amounts. That is what is meant by the words "accounted for to it." The amounts are paid by the Department of Justice at the request of the Department of National Revenue. The Department of Justice must be furnished with the names of the persons and the reasons for payment.

Item agreed to.

Customs and excise divisions—To provide for payment to C. P. Blair, formerly assistant commissioner of customs, compensation for services in connection with the revision of the Customs Act, in the event of same being required, $1,250.

Mr. STIRLING: What do the last seven words mean, "in the event of same being required"?

Mr. ILSLEY: If the revision of the Customs Act is completed before six months, that amount will not be required. The amount paid last year for the full year was $2,500, and the expectation is that it will be completed within six months.

Mr. LAWSON: You are providing for the maximum payment you may have to make?

Mr. ILSLEY: Yes.

Item agreed to.

To provide, 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 Hector Hamel, formerly assistant customs appraiser, Montreal, the amount of his contributions to the civil service superannuation fund, $2,759.61.

Mr. STIRLING: What is the explanation of this?

Mr. ILSLEY: Mr. Hamel was an old employee of the department who was dismissed. I am sorry the hon. member for St. Antoine-Westmount (Mr. White) is not here this evening. He spoke to me about this matter and said he would support me on it. I do not think he will mind my saying that he told me he felt that the dismissal was

unjust. An effort was made to have the contributions made by Mr. Hamel returned to him, and it was found that this was the only way in which this could be done. This man is seventy-three years of age and his dismissal was not warranted. It was accompanied by a confiscation of his contributions to the fund, and for that reason we felt that we should vote this item for the return of the contributions.

Mr. STIRLING: When was the dismissal?

Mr. ILSLEY: In 1932.

Item agreed to.

Income tax division—district offices—further amount required, $41,742.

Mr. LAWSON: What is the reason for this general provision?

Mr. ILSLEY: Most of this is for the scheme of reclassification to which I referred. I thought it had to do with the inauguration of a technical branch, but I have been told that is covered by another item.

Item agreed to.

Mr. ILSLEY: The hon. member for St. Paul's (Mr. Ross) asked me to give him a list of items. These are as follows:

Meats, fresh, prepared or preserved.
Eggs, frozen, desiccated, powdered, etc.
Slack cooperage stock.
Lime.
Hardwood doors.
Women's and children's clothing.
Cotton fabrics and artificial silk fabrics.
Fringes, gimps, tassels, etc.
Electrical lighting fixtures, lamps and shades.
Cut roses.
Canned asparagus.
Eggs in shell.
Baby chicks.
Dried peas.
Dried beans.
Market poultry.
Live stock.
Canned salmon.
Sugar of milk.
Wicker furniture.
Cotton wiping rags.
Umbrellas.
Sheet rubber goods.
Wood lead pencils.
Wool jersey cloth and cotton stockinette.
Metal pot cleaners.
Thumb tacks and furniture nails.
Casein.
Wire rope.

Progress reported.

On motion of Mr. Crerar, the house adjourned at 10.52 p.m.

Friday, June 3, 1938

The house met at three o'clock.

BANKING AND COMMERCE

Fifth report of the standing committee on banking and commerce.—Mr. Vien (for Mr. Moore).

SASKATCHEWAN ELECTION

REPORTED STATEMENT OF MINISTER OF AGRICULTURE RESPECTING APPROPRIATION OF $50,000,000 FOR HOUSING

On the orders of the day:

Right Hon. R. B. BENNETT (Leader of the Opposition): I should like to ask the government whether or not we have transferred the seat of government from this parliament house in Ottawa to the province of Saskatchewan. I mean that very seriously; for the British North America Act provides that no money votes shall be dealt with until the approval of the governor general shall have been given, by message to the House of Commons, in which they must originate. Last evening in Saskatchewan it was announced by the Minister of Agriculture (Mr. Gardiner) that $50,000,000 was to be appropriated by this parliament for housing matters, and that the appropriate legislation would be passed by parliament this session. In view of the provisions of the British North America Act, and knowing as I do the ability of this government to undertake almost anything that is unconstitutional, I am desirous of knowing whether or not the government had been transferred to Saskatchewan during the evening in order that the announcement might thus be made. My second question is whether or not His Excellency the Governor General has given his approval to such a statement being made on the hustings in Saskatchewan rather than in the House of Commons, as provided by the constitution.

Right Hon. ERNEST LAPOINTE (Acting Prime Minister): The government of Canada has certainly not been transferred to Saskatchewan. The only transfer that I know has been effected is the transfer there of the government of Alberta. As to campaign promises made there, I do not know of any; but if there have been any on the part of the Liberals of Saskatchewan they certainly pale into insignificance compared with the promises made by the other major party which is contesting the election there—I am not speaking of the lesser groups, of course. With regard to the assertion concerning a program of housing, while it was announced some time ago by the Minister of Labour (Mr. Rogers)—

Mr. BENNETT: But he was very careful.

Mr. LAPOINTE (Quebec East): —the amount I think has not been stated; I should be surprised if it has been stated definitely even in Saskatchewan. It must be an approximation.

Mr. BENNETT: No. There is just one observation that the Acting Prime Minister did not make that I hoped he would make. He said the government of Alberta had been transferred to Saskatchewan; there is not lacking evidence that resources have also been transferred to Saskatchewan.

Mr. LAPOINTE (Quebec East): I do not know about that. I have no experience in that.

Mr. BENNETT: No!

ST. LAWRENCE WATERWAY

INQUIRY AS TO LEGISLATION THIS SESSION RESPECTING TREATY WITH UNITED STATES

On the orders of the day:

Mr. W. R. MACDONALD (Brantford City): Would the Minister of Justice tell the house whether it is proposed during this session to introduce legislation with regard to a treaty with the United States respecting the St. Lawrence waterway?

Right Hon. ERNEST LAPOINTE (Minister of Justice): I do not expect any such speedy development. Obviously this new proposal, accompanied by a draft agreement, will have to be carefully considered and submitted to the interested parties, and it will require a good deal of work before anything can be submitted to the house. It will have to be first signed and accepted, so I do not see any prospect of anything during the present session of parliament.

SEED GRAIN

RECENT DELIVERY OF WHEAT IN SASKATCHEWAN —POLICY AS TO REMAINDER OF WHEAT UNSOLD

On the orders of the day:

Right Hon. R. B. BENNETT (Leader of the Opposition): The Minister of Trade and Commerce (Mr. Euler) is not in his place, but I had intended to ask him a question, which will appear in Hansard and doubtless he will be able to answer on Monday.

I am in receipt of information that cars of wheat have been delivered recently in Saskatchewan, for instance at a station called Coleville, where a car is lying on the track. From the report of May 21, 1938, which is the last weekly statement furnished by the Canadian wheat board, which statements the minister has been good enough to file from time to time in the office downstairs, the wheat board has received $9,000,000 on account of cash wheat sold to the Saskatchewan government, but apparently as of May 21 some 2,368,356·25 bushels still remained unsold. I suggest that the minister might indicate the policy of the government with respect to that, because apparently, according to the terms of the letter directed to the board, the government took over the whole of the wheat. That I think was the effect of it; they may not have intended to do so. I think it is important that we should know the situation. Apparently the amount of cash remaining in the hands of the board from the sale of the wheat that belonged to the board had risen to nearly $6,000,000, if not more.

I thought possibly the minister might make a statement indicating the exact position, from the standpoint of policy, dealing with the remainder of wheat on hand, because I think probably the seeding season is past. I fancy there will be no further distribution of grain this year for seed purposes in Saskatchewan.

Right Hon. ERNEST LAPOINTE (Minister of Justice): The question of my right hon. friend will be called to the attention of the minister, and I am sure an answer will be given.

INDIAN ACT AMENDMENT

PROVISIONS RESPECTING LEASES OF MINERALIZED AREAS AND ADVANCES TO ASSIST AGRICULTURE AND OTHER PURSUITS

Hon. T. A. CRERAR (Minister of Mines and Resources) moved the second reading of Bill No. 138, to amend the Indian Act.

Mr. A. W. NEILL (Comox-Alberni): The terms of this bill seem to be reasonable and appropriate enough, though perhaps section 2 is rather difficult to understand. In the discussion of the resolution on which this bill is founded the minister made a statement in connection with band funds that I was pleased to hear, which apparently indicated the intention of the department to abandon a system about which I have often complained in the past in connection with the handling of band funds. But there is nothing about it in the act itself, and I have learned by experience that it is not what the minister says but what the act states that counts. Perhaps it would be more appropriate to take that up when the house is in committee.

There is one other point I should like to mention. I am not anxious at this time of year to see any delay in legislation, but possibly it is better to bring up this point now instead of later on, after we have taken

more time on the matter. The resolution on which this bill is founded was considered by the committee of the whole, as all such resolutions must be considered, and was passed on Thursday, April 7. The minister moved that the house go into committee of the whole to consider the resolution, which concluded with these words:

—the outstanding advances at any time not to exceed $350,000.

Then in the discussion of the resolution itself, at page 3349, the minister said that the amount was not to exceed a total of $350,000. That phrase occurs again and again, but when the bill is brought down it indicates an expenditure of half a million dollars. I should like to ask the minister or the Minister of Finance (Mr. Dunning) whether that would not upset the legality of the bill and make it necessary to reintroduce it later on. I should think it would be better to have that changed now, because I understand it is not in order to increase by a large sum the amount authorized under the hand of his excellency when the measure is brought in.

Mr. CRERAR: I might say in reply to my hon. friend that this is a misprint in the bill. The amount is $350,000. The error probably arose in this way: there was some discussion of the advisability of making it $500,000, but it was finally decided to make it $350,000, as a beginning at any rate. When we get into committee I propose to amend that section of the bill accordingly. I think that will be quite in order.

Mr. NEILL: Will that make it legal? Can you amend a bill to make up for such an important discrepancy?

Mr. CRERAR: I am not clear on the legality of it; I should think it is within the power of the committee to reduce, but not increase it.

Right Hon. R. B. BENNETT (Leader of the Opposition): I think the point made by the hon. member for Comox-Alberni (Mr. Neill) is a very serious one, unless the house unanimously grants the minister authority to reduce the figure from $500,000 to $350,000. It is quite clear that under the joint operation of sections 53 and 54 of the British North America Act this bill can be considered only after a resolution has been adopted by the house; and inasmuch as the resolution provided for $350,000 we must take it that this is another bill entirely which is being introduced by the minister, a bill that has no reference at all to the resolution that was before the house the other day.

[Mr. Neill.]

Under the circumstances it is quite clear that the bill would be out of order, but I should think that by unanimous consent, in view of the very persuasive explanation by the minister as to how the Minister of Finance saw fit to reduce the amount from $500,000 to $350,000, feeling that the exchequer of the country could hardly go that far, the error might be rectified. I appreciate the explanation that was given, because a few moments before I observed that the minister looked at the Minister of Finance, who returned his glance with that happy smile sometimes described in loose journals as that of the cat that had swallowed the canary. It is quite clear that the fine Italian hand—with no offence to Mussolini—of the Minister of Finance is to be seen in the reduction of the amount from $500,000 to $350,000, and I fancy that the minister had good reason for making the change.

Speaking for myself only, I am sure those associated with me would be glad to accord the minister, with the unanimous consent of the house, the opportunity to treat the $500,000 as a misprint, as a misunderstanding of the will of the Minister of Finance, and to accept the statement that it should be $350,000 instead.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Leases and licences to prospect for minerals.

Hon. T. A. CRERAR (Minister of Mines and Resources): When the resolution was being considered a few days ago the hon. member for St. Lawrence-St. George asked for certain information as to the position of various Indian reserves with respect to the minerals which might be found in or under them, and suggested it might be desirable to obtain a statement in the matter from the law officers of the crown.

I am not in a position to submit such a statement to-day. The matter has been before the Department of Justice for an opinion for some time, but the question is greatly involved and that opinion has not yet been received. With the permission of the committee however I believe I can outline the situation in the various provinces from a statement prepared by the officials of the department. With the permission of hon. members I shall read the statement, which is as follows:

The ownership of minerals underlying Indian reserves does not appear to have been determined with any finality, except as mentioned hereafter. Some months ago however the Department of Justice was asked for a statement

as to just what the position of the crown in the right of the dominion is. Although this reference has been studied, when it is realized that there are 2,200 reserves scattered throughout the nine provinces, that these reserves were set aside or acquired at different times under varying conditions, and that the privy council and supreme court decisions on the subject of Indian reserve under-rights were given in connection with definite sets of circumstances that do not apply generally, and further that there seem to be some differences in the judgments, it will be appreciated that the task is by no means a simple one. Consequently it is not possible at this time to make a clear-cut statement as to the ownership of these minerals in all the provinces. In Ontario, the prairie provinces, and the railway belt and Peace river block, British Columbia, the situation is fairly clear, and it is desirable that proper mining regulations be established.

It might be well to make clear at the outset that part (1) of the bill does not involve any change in practice in the administration of Indian mineral lands. Mining regulations have been standing for years and it was only when the government revised the oil and gas regulations for Indian reserves with a view to bringing them up to date and providing for better revenue for the Indians, that the legal foundation for the regulations was questioned.

The justice department expressed doubt as to whether section 54 of the Indian Act was sufficiently wide to authorize the governor in council to pass general regulations of this kind. In other words while a particular lease or sale might be provided for by order in council, general regulations could not properly be set up under which the department might issue leases or otherwise dispose of such rights. The department has prepared new quartz mining regulations for Indian reserves but submission of these regulations to the governor general in council has been withheld pending approval being given by parliament to this bill.

Generally speaking the situation with respect to ownership of Indian reserve underrights appears to be about as follows:

Ontario

An agreement between the dominion and the province of Ontario was entered into on July 19, 1924, for the settlement of certain questions respecting Indian reserve lands. The agreement is set out in full in chapter 48 of the Dominion Statutes, 1924. It provided that Indian reserves should be administered by the dominion for the benefit of the Indians and—

"6. Except as provided in the next following paragraph, one-half of the consideration payable, whether by way of purchase money, rent, royalty or otherwise, in respect of any sale, lease or other disposition of a mining claim staked as aforesaid, and, if in any other sale, lease or other disposition hereafter made of Indian reserve lands in the province of Ontario, any minerals are included, and the consideration for such sale, lease or other disposition was to the knowledge of the Department of Indian Affairs affected by the existence or supposed existence in the said lands of such minerals, one-half of the consideration payable in respect of any such other sale, lease or other disposition, shall forthwith upon its receipt from time to time, be paid to the province of Ontario; the other half only shall be dealt with by the Dominion of Canada as provided in the paragraph of this agreement numbered 1.

7. The last preceding paragraph shall not apply to the sale, lease or other disposition of any mining claim or minerals on or in any of the lands set apart as Indian reserves pursuant to the hereinbefore recited treaty made in 1873, and nothing in this agreement shall be deemed to detract from the rights of the Dominion of Canada touching any lands or minerals granted or conveyed by His Majesty for the use and benefit of Indians by letters patent under the great seal of the province of Upper Canada, of the province of Canada or of the province of Ontario, or in any minerals vested for such use and benefit by the operation upon any such letters patent of any statute of the province of Ontario."

In effect this means that the dominion deals with the disposal of mining rights in Indian reserves, that the province receives one-half the revenue therefrom and the Indian band concerned the other half, with the exception that in the case of certain reserves in the vicinity of the north-west angle of the Lake of the Woods covered by the Indian Treaty of 1873, the Indians receive all the revenue.

Prairie Provinces

When the natural resources transfer agreements were entered into with the three prairie provinces and the crown lands transferred from the dominion to the provinces, provision was made in the agreements to avoid the difficulties which had existed in Ontario prior to the agreement of 1924. Two sections of these agreements read—

"11. All lands included in Indian reserves within the province, including those selected and surveyed but not yet confirmed, as well as those confirmed, shall continue to be vested in the crown and administered by the government of Canada for the purposes of Canada, and the province will from time to time, upon the request of the Superintendent General of Indian Affairs, set aside, out of the unoccupied crown lands hereby transferred to its administration, such further areas as the said Superintendent General may, in agreement with the Minister of Mines and Natural Resources of the province, select as necessary to enable Canada to fulfil its obligations under the treaties with the Indians of the province, and such areas shall thereafter be administered by Canada in the same way in all respects as if they had never passed to the province under the provisions hereof.

12. The provisions of paragraphs 1 to 6 inclusive and of paragraph 8 of the agreement made between the government of the Dominion of Canada and the government of the province of Ontario on the 24th day of March, 1924, which said agreement was confirmed by Statute of Canada, fourteen and fifteen George the Fifth, chapter forty-eight, shall (except so far as they relate to the Bed of Navigable Waters Act) apply to the lands included in such Indian reserves as may hereafter be set aside under the last preceding clause as if the said agreement had been made between the parties hereto, and the provisions of the said paragraphs shall likewise apply to the lands included in the reserves heretofore selected and surveyed, except that neither the said lands

nor the proceeds of the disposition thereof shall in any circumstances become administrable by or be paid to the province."

British Columbia

Section 13 of the agreement respecting the union of British Columbia with the dominion reads:

"13. The charge of the Indians, and the trusteeship and management of the lands reserved for their use and benefit, shall be assumed by the dominion government, and a policy as liberal as that hitherto pursued by the British Columbia government shall be continued by the dominion government after the union.

To carry out such policy, tracts of land of such extent as it has hitherto been the practice of the British Columbia government to appropriate for that purpose, shall from time to time be conveyed by the local government to the dominion government in trust for the use and benefit of the Indians on application of the dominion government; and in case of disagreement between the two governments respecting the quantity of such tracts of land to be so granted, the matter shall be referred for the decision of the secretary of state for the colonies."

The dominion and the province entered into an agreement on the 24th September, 1912 (McKenna-McBride), which provided for the setting up of a commission to adjust the acreage of Indian reserves in British Columbia. The agreement contemplated the conveyance by the province to the dominion of additional areas for Indian reserves with full power to deal with the lands in such manner as it deemed best suited for the purposes of the Indians, including the right to sell the lands for the benefit of the Indians. This agreement was approved by the governments of the dominion and the province. The commission's report was received on 30th June, 1916, and in 1920 a dominion act was passed (Chapter 51) enabling the governor in council to give effect to the report in whole or in part. A similar act was passed by the province in 1919 (Chapter 32). The report was approved by provincial order in council on 26th July, 1923, and by dominion order in council on 19th July, 1924, excepting suggested "cut-offs" in railway belt.

On 22nd March, 1929, a supplementary agreement was entered into in connection with the reconveyance to the province of the railway belt and Peace river block and with respect to the form of conveyance to be used in transferring the additional reserves to the dominion. This agreement provided in part for the exclusion from the general transfer of the railway belt and Peace river block of reserves previously set aside by the province or the dominion and for the administration of such reserves in accordance with the conditions of the McKenna-McBride agreement. The lands were excluded from the general transfer by section 13 of the natural resources transfer agreement which forms a schedule to the Railway Belt and Peace River Block Act, chapter 37, statutes of Canada 1930. Clause 3 of the agreement of 22nd March, 1929, reads:

"3. We have considered clause 4 of the document known as the McKenna-McBride agreement, which reads as follows:

'4. The lands which the commissioners shall determine are not necessary for the use of the Indians, shall be subdivided and sold by the province at public auction.' It is considered that this provision might beneficially be varied so that it be provided that on agreement between the two governments, through their respective departments, the lands may be either subdivided for sale, or disposed of en bloc, as may appear most advantageous in the circumstances of each particular case, but that such sale and disposal shall be by public auction; and as to disposal of timber, mineral and similar rights, the same should be dealt with by agreement between the respective governments through their proper departments, and we shall recommend accordingly to our respective governments."

The forms of conveyance agreed upon in 1929 reads in part:

". . . the lands set out in schedule attached hereto be conveyed to His Majesty the King in the right of the Dominion of Canada in trust for the use and benefit of the Indians of the province of British Columbia, subject however to the right of the dominion government to deal with the said lands in such manner as they may deem best suited for the purpose of the Indians including a right to sell the said lands and fund or use the proceeds for the benefit of the Indians subject to the condition that in the event of any Indian tribe or band in British Columbia at some future time becoming extinct that any lands hereby conveyed for such tribe or band, and not sold or disposed of as heretofore provided, or any unexpended fund being the proceeds of any such sale, shall be conveyed or repaid to the grantor. . . ."

For years the department has been endeavouring to secure a conveyance of title to the reserves agreed upon by the McKenna-McBride commission but without much success. The matter has been discussed more than once within recent months with Premier Pattullo and he has given his assurance that it would be adjusted without further undue delay.

Mr. BENNETT: Probably the congress of the United States is dealing with it.

Mr. CRERAR: Possibly.

A draft form of conveyance was submitted by the province some weeks ago but it was not in accord with the form agreed upon in 1929 and is not acceptable to the department. This has necessitated further negotiations which it is hoped will shortly produce satisfactory results.

Quebec

There are no outstanding mining leases or mining permits covering Indian reserve lands in Quebec. The situation with respect to Indian reserves in that province is slightly different to that in Ontario.

Mr. BENNETT: None of them are in the mineralized area.

Mr. CRERAR: So far. To continue:

The decision of the privy council in the St. Catharines Milling case established that in Ontario the rights of the Indians in the lands was a "personal and usufructuary right" depending entirely upon the bounty of the crown. In Quebec the Indian interest in some cases amounts to beneficial ownership and in these cases the province has no claim to any reversionary interest.

Mr. BENNETT: In many cases they asserted their right to a reversionary interest, and it has been granted.

Mr. CRERAR: The statement continues:

In others, the rights of the Indians in reserves are personal and usufructuary and their position may be similar to the Indians of Ontario.

It is realized that the situation is not at all satisfactory particularly in view of the fact that the development of the mining areas in Quebec is being extended rapidly and the time will soon come when we will be faced with the problem of dealing with the mineral rights. As soon as a definite opinion is received from justice department further steps can be taken as may be considered advisable.

Maritime Provinces

It has not been necessary to give a great deal of thought to the dominion crown's title to minerals underlying Indian reserves in the maritime provinces. However the situation with respect to those reserves set aside prior to confederation is probably comparable to the case of Ontario. Certain reserves were purchased outright by the dominion and the dominion's title in these cases is absolute.

This is a lengthy statement, but I think it sets out the conditions as briefly and concisely as they can be set out at the present time. It is quite evident that there are varying conditions surrounding the titles to these reserves in respect to all that they may contain in the way of mineral wealth. The conditions governing vary in British Columbia, Ontario and Quebec and between different reserves in these provinces. However, when I approach the Department of Justice to see if they could give me a statement that would meet the wishes of the hon. member for St. Lawrence-St. George, they said it was quite impossible to do so at the present time. Consequently I have fallen back on this statement that was prepared by the officers of the department and which I think outlines the situation fairly well.

Mr. BENNETT: The statement just read by the minister is an interdepartmental statement for use in the department?

Mr. CRERAR: Quite.

Mr. BENNETT: I would think that in the main it is a very clear and correct statement of the situation. The St. Catharines Milling Company case is the leading case dealing with the rights of provinces to the reversionary interests in lands in which it was held the Indians had other than a beneficial interest. When their interest in the reserve terminated, the dominion thought that the interest in the land reverted to the crown in the right of the dominion, but the courts decided that it belonged to the crown in the right of the province. That is the decision so far as Ontario is concerned, and under the circumstances of that particular case. The late government had to deal with a situation in Quebec in which the same principle was applied, the conditions and circumstances being similar, but there are some reserves in Quebec which were created under different conditions than those applicable to the reserve in the St. Catharines case. The only practical difficulty is whether or not the mines and minerals under the soil in an Indian reserve belong to the crown in the right of the dominion or in the right of the province.

Mr. CRERAR: That is, speaking of Quebec?

Mr. BENNETT: That is the only practical question at issue in this bill. It is the whole question, because each case will have to be decided on its merits. It may be found when the minister is dealing with an Indian reserve in one province that the conditions of the original grant creating the reserve are such as to vest a claim in the crown in the right of the province and not of the dominion.

Mr. CRERAR: That would not apply to the prairie provinces.

Mr. BENNETT: That is a point about which I am not entirely clear. There are some appropriations of land which stand on a different basis from the original treaty arrangements; in other words, the boundaries of the reserve have been to some extent modified from time to time, and it may well be that in particular sections conditions are different from those in reserves in parts of what was the northwest territories. But broadly the right to mines and minerals in what was the northwest territories should belong to the crown in the right of the dominion.

The suggestion I make to the minister in respect of this clause, in view of what is happening in the western development of oil, is that these leases should be disposed of by public tender or public auction. I am not saying that because there happens to be in power a government which I am not supporting. Some years ago a former lieutenant governor of Manitoba while a member of this house gave considerable attention and consideration to that phase of our public administration. His attention had been directed to certain conditions, and my attention had been directed to certain conditions. He had investigated certain matters and he discussed them with me. I am inclined to think it would be very helpful to the minister, to the department, and certainly to the Indians—inasmuch as we are only trustees, because that is all we

are; we are administering this Indian property in trust—if the leases should be disposed of only by public tender or public auction. The granting of a lease to search for oil or precious metals is a matter of very great importance to the Indians, and the Indian has become, shall I say, somewhat suspicious in connection with the administration of his affairs. I am constantly having these matters brought to my attention; sometimes I see Indian chiefs in the summertime, and they tell me they are not satisfied about this particular thing or that. While in many instances the alleged grievance is wholly groundless, I believe it would be in the public interest if we provided that these leases should be disposed of by public tender or public auction. In the United States, they now provide that leases of this kind shall be disposed of by tender, and I am inclined to think that if the minister would so provide, he would do a real service to the Indians. At the same time he would render his own lot somewhat easier, because no one who is familiar with the history of this country during the last forty years in respect to the alienation of our timber limits and mining reserves and matters of that kind can be ignorant of the fact that there is always a disposition on the part of those who support the government of the day, regardless of party, to obtain if possible benefits by reason of that support, claiming that it entitles them to more favourable consideration than they would otherwise receive in connection with applications for leases and many other matters. The records of this country contain striking evidence of the success of those efforts, and my profound conviction is that in dealing with the Indians for whom we hold these lands as trustees it would be very much in the interests of all concerned if we provided that their disposition should be by public tender.

Mr. CRERAR: The suggestion of my right hon. friend is certainly interesting, but I am just wondering whether or not it would retard development.

Mr. BENNETT: It might have once, but it would not now, clearly.

Mr. CRERAR: Take a reserve, for the sake of illustration, where the geological formation might be favourable to minerals. A prospector comes along who has studied the geology of that particular reserve, and wants a permit to prospect. Now if the conditions were such that we were required to advertise before he could prospect, I doubt if you would find people interested in the matter. But suppose he carries on his prospecting and makes a discovery. It is at that point that he has to interest someone else, and quite clearly I think the place where the principle of public tender would come in would be in the initial stage, in the right to prospect. The fear I have is that the principle which the leader of the opposition has stated, and with which in general practice I wholly agree, might not, in a particular instance such as I have outlined, work out to the advantage of the Indians but rather to their detriment by retarding or preventing development. The conditions surrounding prospecting for minerals and developing mineral property are quite different from the conditions surrounding the sale of pulpwood or timber—

Mr. BENNETT: Or petroleum.

Mr. CRERAR: —or petroleum. In those cases I think I am safe in saying that the public auction principle should be recognized in the disposal of the surface rights. I recall very well that on the St. Peter's reserve, about thirty-five or forty miles north of Winnipeg, an old reserve, part of which was surrendered, there is still a substantial portion left which is marsh or hay land, and every year the right to cut the hay on parcels of this land is put up by public tender or auction to the neighbouring farmers. That principle I think is very generally recognized in connection with such matters, but I am afraid that in mineral development it would work to the detriment of the Indians rather than to their advantage. In the matter of prospecting for oil, I am not so sure. We had a request within the last year, if my memory serves me rightly, in connection with the Sarcee reserve.

Mr. BENNETT: Many years ago a company I know of had a permit to operate on the Sarcee reserve.

Mr. CRERAR: I believe my right hon. friend is correct. When the permit is given a certain charge is made, and there is a time fixed within which those taking out the permit have to do certain work, failing which there is a penalty which they have to pay, or abandon the work. If the development proceeds to the point where drilling takes place and oil is discovered, there is a provision in the regulations with respect to royalties. But I shall certainly give attention to the point raised by my right hon. friend, which might be covered in the regulations so far as it is practical to do so.

Mr. TAYLOR (Nanaimo): I should like to stress that general recommendation. When we are dealing with sub-surface resources we are dealing with something that is definitely wasting, and any expenditure of energy and

money on the development of these resources tends only to lessen them. So that the generations to follow will have that against us; unless we are very careful to assure something to our Indians which represents compensation for the wasting of their resources, in symbol if not in actual value, they will have something to say about it. I visualize the time when we shall do that with all the mineral resources of this country. At present we throw them open to anyone who chooses to come, but the time is definitely coming when we shall demand from those who prospect and mine for mineral resources some portion of that which they mine and which they recover.

Mr. NEILL: I would suggest that as a matter of accuracy it would be better were the section to read:

The governor in council may make regulations enabling the superintendent general to issue leases on Indian reserves. . . .

According to the way the subsection reads now, he might lease a piece of my home farm. The old subsection 2 read like this:

The governor in council may make regulations enabling the superintendent general without surrender to issue leases for surface rights on Indian reserve.

Apparently we have abandoned that; we have just given them power to issue leases which may be anywhere, but I think that is rather an important thing. I suggest that the minister look into that. Nowhere in this section as it now reads is there any suggestion that the leases are to be on or connected with an Indian reserve.

While I am on my feet I should like to bring up another matter. I do not know that it has strictly to do with this section, but the minister introduced it, and I suppose it is arguable that it is in order; you cannot deal with the minerals on the reserve unless you have that reserve. He alludes to the McKenna-McBride agreement. If I remember aright that was negotiated in 1912. I remember the express urgency of getting the matter adjusted at that time; the government had chartered a steamer at a cost of $800 a day to take the commission around. That is twenty-five years ago, and they have not got it adjusted yet. There was a report made in 1916, I believe. I gathered from the minister's statement to-day that about 1919 they agreed upon a form of conveyance, and the interdepartmental report did not deal with the trouble between the two provinces. As far as my knowledge extends, because I have asked about this matter in years gone by, it arises from the fact that the province is not willing to cede the land it agreed to cede with a clear title; it wants to reserve the minerals and water rights. It must be quite evident that, whatever the terms of the agreement were, as I understand it it was to be a completely free deed by both parties. The dominion government wished on behalf of the Indians to get more reserves, generally small ones which had been omitted in the survey many years ago—mostly fishing stations in the district I represent. On the other hand there were some bigger reserves where it was patent that the Indians did not and never would require the whole area, and it was agreed that they should give up those portions. I think in one case it was a matter of a couple of hundred acres or something of the kind. But the whole thing is held up now; the land to be given back from the reserve cannot be touched because it is in this condition of tentative sale; it cannot be used. That is rather a nuisance in some respects, even to the Indians themselves. On the other hand the dominion government has not the title to these other reserves which it ought to have and which it may need now in the case of negotiations for mineral rights with the white people in the vicinity and so on. The minister says he has had conversations or negotiations with the premier of British Columbia. Did it not develop in those conversations just what the trouble was? —because it is so many years now. Either we have these rights and can make this agreement and should have the agreement, or we have not. Just what is the trouble as the minister knows it?

Mr CRERAR: I do not know that I am in a position to state precisely the reason for the delay.

Mr. BENNETT: I think the minister said he could not get any action.

Mr. CRERAR: It has been difficult to get action in the department concerned. It is not my place to criticize the methods of the administration of another government. Our departmental officers are of the opinion, and I agree with them, that the matter is quite clearly set out, and it should be settled. But it takes two parties to reach a settlement. So far we have not been able to prevail upon British Columbia to carry out the agreement in the terms as we understand it, and we think our judgment is right as to what those terms mean.

Mr. NEILL: I suggest another commission.

Mr. CRERAR: I hope that we may get somewhere with it in the next few months.

Mr. BENNETT: During all the years I have been in the house the hon. member for Comox-Alberni (Mr. Neill) has always interested himself very keenly in these matters affecting the rights of the Indians in the province of British Columbia, and I am not paying him any compliment when I say I think he is more familiar with the situation than most of us. But there is this to be said, that the province of British Columbia under the terms of the McKenna-McBride agreement were to convey to us certain definite areas, and there is no limitation imposed upon the terms of the grant, but they now insist upon restrictions which are not within the agreement. That is the story as I understand it. The minister has very properly said that he and his department decline to give effect to the provincial view. It may have to be the subject matter of a reference to the courts or to an action of some kind before it is finally determined. So I suggest that inasmuch, as the minister very properly said, one does not want to criticize another government, especially a friendly member of the family as referred to in 1935, it might well be that the premier of British Columbia would not be ill disposed to lobby the matter before the congress of the United States, and they might be willing to arbitrate our differences and adjust them, either on the terms of a new military road or some other scenic attraction: possibly something of that sort might be done.

But leaving that for the moment I think if the minister will look at the section he will see that—I do not want to use a harsh term—it is rather loosely drawn. I confess that I do not think the second subsection means anything. If I might have the attention of the minister just one moment with respect to it: (a) contemplates grants being made by the crown of rights to prospect for, mine, and take away minerals under the surface of an Indian reserve after it has been surrendered to the crown. That is clear; only, as the hon. member for Comox-Alberni points out, unfortunately when this bill was drawn somebody, it is quite obvious, was thinking in terms of a half million dollars, and he got that in and forgot to put in the provision that should have been included, that it applies to an Indian reserve. The section that it supplants or replaces provides, of course, that it deals with Indian reserves. There is nothing here to show that it deals with an Indian reserve. It might, for all we know, deal with one of those new sites acquired by the Minister of Transport for the broadcasting corporation, or something of that sort. The minister will note on the opposite page the old section. Of course it refers to surface rights on Indian reserves. This section does not refer to rights anywhere. What does (b) mean? Let us read the section:

> The governor in council may make regulations enabling the superintendent general to issue leases upon such terms as may be considered proper in the interests of the Indians and of any lessee or licensee,
>
> (b) Without surrender, to any person authorized to mine any of the minerals in this section mentioned, of surface rights over such area of any land within a reserve containing any such minerals as may be necessary for the mining thereof.

Surely the matter is not connected up in such a way as to make clear what that means. Another thing I find difficult to understand is, our sudden solicitude for the lessee or licencee. Our primary duty is to the Indian and the Indian only. I always thought the lessee was able to look after himself. But now we are adding to this section the provision, "upon such terms as may be considered proper in the interest of the Indians—" and these words underlined, "and of any lessee or licencee." Why should we be considering him? Our concern is the Indian. We are the lessors. The superintendent general is really the lessor in this case. I hope the minister will not regard me as unfair, but I cannot but think it is loosely drawn.

Mr. STIRLING: And who is the licencee?

Mr. BENNETT: Then the hon. member for Yale (Mr. Stirling) points out that we use the word "licencee" although there is nothing in the section to indicate who the licencee is, prior to the use of the term there.

Mr. STIRLING: When the matter was being discussed at the resolution stage I expressed the view that the cart was being put before the horse, in that the lease is being talked about before the prospecting. In the illustration the minister gave ten minutes ago he drew our attention to the probable chain of events. Certainly the prospector would come in before the lessee. It is improbable that an area will be leased or that an application made for the lease of mineral land which has not been prospected. The desirable way to approach this would seem to be to make arrangements for the possibility of granting a licence to prospect. Possibly this reference to a licencee means that. But it appears to me to come after the granting of a lease. From the minister's story just now it would appear that he is in agreement with me on that point. He did not refer to it when I raised the question before, but perhaps he would indicate now whether he thinks it is probable that anyone will want to lease a

piece of an Indian reserve before there has been some demonstration by someone that there is mineral value on it.

Mr. CRERAR: I would think not, but on the other hand the prospector on a reserve wants to have his interest protected for the future should he find minerals. You could not say to a prospector: We will give you a licence to prospect, but we will not give you any right to develop or explore further than merely prospecting. If the prospector found mineral the department might say: Very well; thank you very much; we now know we have mineral there, and we will put it up for auction.

Mr. STIRLING: Might not a licence be given as a kind of option to that man?

Mr. CRERAR: What is proposed is to set up regulations which will permit of prospecting, and, if the prospecting is successful, lay down the conditions on which development can take place.

Mr. BENNETT: And the royalties, I take it.

Mr. CRERAR: Precisely. So the prospector when he goes on the reserve to prospect has before him a clear picture of what lies ahead as far as his relationship with the department is concerned, should his prospecting result in finding mineral.

Mr. NEILL: But he cannot go on without a surrender, and getting a surrender by the band means the expenditure of a lot of time and money.

Mr. CRERAR: The surrender by the band would have to be prior to his going on the reserve to prospect.

Mr. NEILL: But what prospector would go to the considerable expense of getting a surrender without knowing whether there is any mineral there?

Mr. CRERAR: If we get an application to prospect, or perhaps three or four applications, the matter will be taken up with the Indian band to ascertain if they are willing to give a surrender under the regulations.

Mr. MacNICOL: That is a surrender to permit prospecting.

Mr. CRERAR: And if the prospecting results successfully, the right to develop afterwards.

Mr. NEILL: How is the man to know there is any mineral there? He cannot go on the reserve to find out; that would be trespassing. If he wants to go on he will have to go through all the formality and expense of getting a surrender from the band. And it is expensive, because they are scattered all over; he has to get them together, get their consent, and that of the Indian agent. A prospector's means are limited; how will he do that? If he is allowed to prospect in a casual way and then get the surrender, that is different; but on account of the expense I would not seek a surrender until I knew there was some reasonable prospect of finding something.

Mr. CRERAR: Let me give an illustration. In the Little Long Lac area, if my memory is correct, there are certain well defined geological formations. There is an Indian reserve not far from the district where several mines have been developed. It is known that the same geological formation carries through the reserve. On the strength of that a prospector might say: I should like to prospect on the reserve. The department can then secure the surrender, if the Indians are willing to give it, prior to any prospecting being done at all. The point I am making is that it is not sufficient to have the surrender in the terms of the right to prospect; the surrender must include the right to go on and develop the mineral if the prospecting proves successful.

Mr. STEVENS: That raises the point I mentioned the other day. The bill as drafted, following the general terms of the resolution, is extremely broad. It does say "upon such terms as may be considered proper in the interest of the Indians," but there is nothing in the bill that I see which makes it obligatory upon the Superintendent General of Indian Affairs to protect the rights of the Indians in case of a discovery of minerals, by providing that they shall, in perpetuity I would say, share by royalty in whatever winnings may result from the discovery. Take subsection (a): the Indians must surrender their rights prior to the property being prospected, and some concern or individual having prospected the area, the superintendent general is free to make any agreement he may think fair for the recovery and taking away of the minerals, the Indians having already completely surrendered their rights. Parliament ought above all things to safeguard the inherent right of the Indians to some definite prescribed return in the form of a royalty or participation in the winnings from any discoveries made. That is a vital point.

To come to details, I could visualize this situation. Here is a reserve such as that the minister has cited, Little Long Lac, where it

is known that the geological formation offers a probability of finding mineral. What rule can be designed, other than that which was adopted in the United States in the opening up of the Indian territories in Oklahoma, which would treat fairly different individuals who might go in there and prospect? It appears to me that what is visualized in this bill is that some individual or corporation may go to the government and ask for co-operation in getting the surrender, and then under the regulations may get a prior right to prospect, and acquire the right to mine such minerals as may be found. As I have already stated, the interests of the Indians are not safeguarded, and on the other hand it would shut out the opportunity to others to prospect and stake property. If we are going to follow the principle of surrender then it should be accompanied either by an open right, first come first served, or we should definitely state that the government or superintendent general will enter into an arrangement with the highest bidder, say. That might be one way; or with some corporation, company or individual for a specific right, an individual right, an exclusive right to prospect and recover.

The main point I have in mind, and which I think is quite inadequately dealt with, is the ultimate participation of the Indians in whatever the recovery may be. That is sufficiently defined in the act, and while it is true that for a great many years the superintendent general has satisfactorily administered Indian interests, as the minister has pointed out on several occasions usually those matters have concerned grazing leases, the cutting of hay or in some cases the cutting of timber. They have been comparatively small operations of no very great importance, most of them of very little importance. In this instance, however, it may be of vital importance and ultimately amount to very large sums as development occurs.

Personally I should be loath to see the clause pass in its present form. I think it should be reconsidered and redrafted, and I believe the statute should contain some definite limitation of the power of the superintendent general in the way of leasing, such as a stipulated minimum royalty. That is not a new thing; it is well established in many parts of the United States, particularly in connection with oil, and in Canada as well. There is a well-established principle in regard to royalty, and I see no reason why it should not be adapted to minerals as well as to oil. If such a provision is not included I for one would not be satisfied to have the bill passed in its present form.

[Mr. Stevens.]

Mr. TAYLOR (Nanaimo): I am glad to see this phase of the situation developing. The instinct of the prospector is very much like that of the homing dove; he will go after his ore wherever he thinks it can be found. Obviously the right thing is to have the Indians determine exactly what their position should be, and that can be done very easily in consultation with the Indian department before any prospecting takes place. Then if a prospector goes on a certain piece of land or into a certain reserve he knows that if he finds anything it is subject to certain conditions in regard to royalty or percentage of the company formed or something else, and he knows that definitely has to be faced before he proceeds. Then the matters of prospecting, stripping, cross-cutting and all that sort of thing, which are definitely associated with the ultimate development of a mine, can be undertaken in perfect freedom, and the capitalization of any company for such purposes can be proceeded with in the knowledge that those conditions have to be faced.

I feel quite satisfied that this is the only way in which the thing should be done, and I agree with the hon. member for East Kootenay (Mr. Stevens) that those conditions should appear in the act for the protection of the Indians. There will be a disposition, not necessarily at this time but at some later time, to avoid the responsibility of giving the Indians some value out of their wasting resources, and I think we must face that issue.

Mr. BENNETT: Before the minister replies I should like to mention another question and he can deal with them both at once. I think now the reason the hon. member for St. Lawrence-St. George asked the questions he did the other day, and the reason certain questions were asked the minister to-day, has become apparent. The hon. gentleman who has just spoken, as well as the hon. member for East Kootenay, was under the impression that the mines and minerals belong to the Indians. In some parts of the country they do not at all. In northwest Canada they belong to the crown in the right of the dominion; the Indians never had any title to them. It was for this reason that the hon. member for St. Lawrence-St. George asked his question the other day. In different parts of Canada the ownership is dissimilar, as was pointed out in the departmental memorandum. We have no power at all to reserve a royalty to the Indians with respect to some parts of Canada, because the grant of the reserve did not give them any right to any of the minerals. But that is not so universally. There are some

parts of the country in which that is not so, but it is so in western Canada between the lakes and the mountains. I cannot say as to the situation over the mountains, but when the minister mentioned the Little Long Lac reserve, as a matter of fact part of the mine that has been developed in that section of the country is believed to extend on to the Indian reserve, and as I understand it the law is perfectly clear that the mines and minerals under that reserve belong to the crown in the right of the dominion, not to the province of Manitoba or to the Indians. That is the difficulty. They never did belong to them, because when they received title to the reserve they did not get the minerals; that is provided by the statute which was subsequently confirmed by the imperial parliament.

That is the position there, but it is not universally so. I repeat, I do not think it wise or desirable to leave legislation of this kind to the governor in council. The minister was not in the house from 1930 to 1935, but with his well-known studious habits undoubtedly he read every pearly word of wisdom that escaped the lips of his now Prime Minister; and he realizes that government by order in council certainly is calculated to destroy the very fabric of this young confederation. The very foundations of it are imperilled. And despite the obvious anxiety of the hon. member for Nanaimo (Mr. Taylor) to support Liberal principles, he will find it a little difficult to do so by becoming a confirmed believer in government by order in council. I do suggest to the minister that he is going a very long distance now in substituting the governor in council for the parliament of Canada. It is true that the council of the government now consists of a much more distinguished group of men than was the case then, in the minds of those who spoke so critically of them, but still they are not denied the power of criticism or the right to suggest that after all it was the principle and not the individual that was at stake. I leave it to the minister if he thinks it wise to entrust the governor in council with responsibility for legislation of that kind.

One point more arises out of that. I repeat: Why should we suddenly become imbued with the idea that we are no longer trustees for the Indians? You see, as it was we were always trustees for the Indians, until this bill came down. Now we have to be thinking of a man who is the lessee or licencee. What concern have we with him, and how long have we had to be considering the other man when we were dealing with the interests of the Indians for whom we were trustees? As long as our superintendent general does his job, which is to look after the Indians as trustee, I do not think he should be worrying very much about the interests of the lessee or lessees. But that is one of the amendments proposed by this bill.

Then there is the next point, which is this, and I am going to take them in order. To whom does the Indian surrender—to the crown or to an individual? Heretofore surrenders to my knowledge have always been to the department—that is, to the crown through the department. The surrender is given by the Indian to the crown. What compensation is he to get? The old statute provided:

> Such terms to include provision of compensating any occupant of land from any damage that may be caused thereon as determined by the superintendent general.

That had not to do with this particular phase of it at all. The Indian is asked to surrender. The minister writes a letter to the agent and says, "We have been advised that it is not improbable that a vein of gold or silver may extend under this area. There are men willing to prospect it, but before we can do anything we will have to have a surrender. I want to get a surrender of that from the Indians." He goes out and sees the Indians, saying, "I want you to surrender." He takes the form provided by the department, with which we are all familiar. Those forms are presented to the Indians, some of whom can write and some of whom cannot; others make their mark. They come together. If the prospector is very anxious to see about this surrender being given he usually provides something in the way of liquid refreshments or otherwise, wholly against the law, to lubricate the transaction of business and make it much easier to obtain the surrender. I am sorry to say that this is so.

The surrender is obtained. The crown has the title; what is the compensation to the Indian? It would seem to me that there is a case in which the crown must come in, and in which we should have legislation,—because the Indian has no interest in the minerals, by law. But he should have an interest by agreement. The crown should say, "If you do surrender we will give you in perpetuity or during your lifetime in the mine which may develop there ten per cent, fifteen per cent or twenty per cent, or whatever royalty may be taken from any earnings which may come from the development of the property That is where the crown comes in in connection with the matter. That is where the crown comes in, by reason of the fact that under the law as it now stands the Indian has no interest in the mine or mineral under

the land. He has only surface rights, and they are held in connection with his rights on part of the reserve.

Then, let us come to the next point, which has to do with the question of prospecting. As this bill now proposes, that can come about only after surrender. What starts the minister to ask for a surrender? Because someone says there is something there, or because a prospector says there is, there is no obligation then, as the hon. member for Kootenay East has pointed out, to give it to him. Somebody else may step in the minute it is done, and say, "I am going to prospect there." But he cannot prospect there unless he has a licence to do so. Therefore the minister gives his prospector's licence to a man and sets the wheels or machinery in motion, in order to get the surrender. That is what happens there.

How could it be done any other way, as it now stands? I suggest to the minister that he take the matter up with his officers and redraft the section so as to express more clearly what I am sure he has in the back of his mind, namely a provision that will not retard development but rather assist it, and one which will ensure the Indian getting something through his surrender of something which will accrue to the crown by reason of his parting with his reserve.

Mr. STIRLING: Is it not the idea that he should get the rent?

Mr. BENNETT: He might get the rent, but it would be a very insignificant sum, relatively. It may be a very valuable mine and the royalties may amount to thousands or perhaps hundreds of thousands of dollars. What strikes me more than anything else, having reference to what was said by the hon. member for Nanaimo, is that in connection with the South Africa diamond mines the crown took sixty per cent of the earnings of the Premier mine, the greatest single diamond mine in the world. Sixty per cent, by way of royalties, to the crown; and they still take fifty per cent of the difference between the old statutory price of gold and the new price established by the United States.

Under these circumstances might it not be well for the minister to consider the redrafting of this section, so as to express what he clearly had in his mind, and something which certainly this section does not express? It would take some time to do it properly, but certainly it is not expressed here. I do wish once more to point out to him that the officer who suggested that the words should be added "and of any lessee or any licencee" should be told that after all we are the trustees for the Indians, and that we have had no difficulty heretofore in discovering lessees or licencees who are highly competent to take care of themselves, either directly or through the aid of competent and skilled professional men whose services they can always employ.

We must not get away from the one idea which was common to the whole of the legislation affecting the Indians, namely that we are their trustees. Nothing less than that will satisfy the law; and any attempt to make us trustees for somebody else is at variance with the whole theory of our law, as written. I ask the minister to let the section stand, to recast and redraw it so as to provide that at least with regard to some fundamentals we are going to have it in the statute; I entreat him not to depart from all those great traditions upon which our institutions are founded, and substitute for parliament the governor in council, even although it consists of eminent gentlemen, three of whom I see opposite.

Mr. CRERAR: Well, so far as the governor in council is concerned this particular section does no more than is done in other sections of the Indian Act dealing with the disposal of surface rights.

Mr. BENNETT: Yes, but they are done by auction, as you know.

Mr. CRERAR: Yes; usually sold by tender or auction.

Mr. BENNETT: They have to be.

Mr. CRERAR: The leader of the opposition has placed an interpretation upon the clause which would indicate that we have in mind some protection for a lessee or licencee. The purpose of the provision is simple. There may be a reserve where the surface rights have already been granted to someone; for instance, the right to cut pulpwood for a period of years, as happens in some cases. Such a person has certain rights on the reserve. Along with that may come the possibility of discovering minerals. Someone else wishes to prospect the reserve to discover if minerals are there. This provision is inserted simply to give the governor in council power to make regulations which will properly safeguard the interests of the man who has the right to cut timber, or is cutting it, and of the other man who is given the right to prospect. That is all that is given in the section.

Mr. STIRLING: Who is the licencee?

Mr. CRERAR: The licencee may in one case mean the man who has the right to cut pulpwood on the reserve.

[Mr. Bennett.]

Mr. BENNETT: Then if that is so, clearly it is not stated correctly in the bill, because it says:

To issue leases upon such terms as may be considered proper in the interest of the Indians and of any lessee or licencee.

Mr. CRERAR: And of any person else who may have such right.

Mr. BENNETT: But the words "lessee or licencee" refer to the people mentioned in paragraphs (a) and (b) who now become lessees and licencees. This is all one section.

Mr. STIRLING: We do not know who the licencee is, because it is not referred to anywhere else.

Mr. CRERAR: When we get upon matters of legal interpretation I am on rather difficult ground. It seems to me however that the intention is clear.

Mr. STEVENS: I take it the minister means the prospective lessee.

Mr. BENNETT: Hear, hear.

Mr. STEVENS: The lease to be issued, because it refers to that in the same subparagraph. The subparagraph reads:

The governor in council may make regulations enabling the superintendent general to issue leases upon such terms as may be considered proper in the interest of the Indians and of any lessee or licencee.

There is no intimation that it refers to any other type of lessee.

Mr. BENNETT: That is the only person it could refer to.

Mr. STEVENS: Taking the minister's interpretation there should be a subclause to make it clear that this is protecting the interests of prior lessees, which is an entirely different thing.

Mr. CRERAR: I suggest that this section be allowed to stand and I shall look into the points raised by the leader of the opposition and the hon. member for Kootenay East.

Mr. NEILL: Was this thing drawn up in the department of the minister?

Mr. CRERAR: It was.

Mr. NEILL: It seems to me that the law officers of the crown would have more sense than to do anything like this.

Mr. CRERAR: This bill passed the law officers of the crown.

Mr. NEILL: Was it drawn up in the minister's department?

Mr. CRERAR: As is customary, the draft proposals were placed before the law officers of the crown, who were told what the department desired in respect to these amendments.

Mr. STEVENS: The minister may have answered this already, but I should like to know if any requests were made to the department prior to the introduction of this legislation for the privilege of prospecting or acquiring mineral rights on reserves.

Mr. CRERAR: There were one or two. There was one in connection with oil rights on the Sarcee reserve, west of Calgary.

Mr. BENNETT: That is an old one. There is also one at Little Long Lac.

Mr. CRERAR: There was also, as I recall, a request there. I might deal with another point that was raised by the hon. member for Kootenay East. It would be rather difficult to specify in the act the exact return that the Indians should get from mining minerals on a reserve. The purpose is to draft regulations covering the mineral development from the beginning to the end. Obviously that must be regarded as one operation. A man who goes in to prospect must also be given the right to carry through with the mineral development. Otherwise he will not go in to prospect.

Mr. BENNETT: He gets the one only if there is a surrender, and the other he may get without a surrender, under the proposed legislation. He can get the right to prospect only with a surrender, and he can get the right to surface rights without a surrender.

Mr. CRERAR: The regulations must cover the whole story of the development. You cannot give a prospector merely the right to prospect. If he has not the right to follow up with the development, he will not go in to prospect. You will stop your development right at the beginning. Consequently the regulations must set out the whole process of the development, they must cover the prospecting, the right to explore further, the right to put in a mill and convert the ore into a saleable commodity. The terms upon which that is to be done and the returns that will be made to the Indians must be covered by the regulations.

Mr. STEVENS: My point is that the statute should provide for a minimum royalty, let us say ten per cent. This principle would be applied to all. When an individual prospector or a company contemplates the exploitation of some mineral deposit, he or

they will know that whatever eventuates a royalty of so much will have to be paid. The royalty should be fixed in the statute so that everyone would know what he was faced with should he desire to undertake some development. I do not want to come down to this level, but things have happened before in dealing with the public domain. What I have to say does not apply to this government any more than to any other, but the government might be and probably will be subject to all sorts of pressure to secure leases under the most favourable conditions once it is known that there are good prospects in the reserves. I know, and I am sure the minister knows, that occasionally, not frequently, some of the most insignificant prospects develop into fabulously rich mines. The Sullivan mine, one of the greatest lead mines in the world, was sold for $10,000 after some development work had been carried on. One might cite other similar cases in northern Ontario. The whole business of mining is surrounded with an element of indefiniteness. No one can know until a property has been developed what results may be achieved. To pin in the statute some minimum safeguarding the rights of the Indian would not interfere with the minister or the superintendent general making detailed regulations covering terms and conditions, but the underlying principle should be laid down in the legislation. I appreciate what was said a moment ago by the right hon. leader of the opposition (Mr. Bennett) to the effect that in some sections mineral rights are not inherent to the reserve. Undoubtedly that is true.

Mr. BENNETT: The reservation could be made in favour of the Indian just the same.

Mr. STEVENS: Quite so. There is another phase of it. With the surrender of Indian rights the British Columbia government claims that the reserve reverts to the province. That feature should also be considered. The whole business is exceedingly complicated and complex when we come to deal with mineral rights. I insist that we should protect the rights of the Indians in the matter of participation in the winnings, and I plead earnestly with the minister that when he is considering the redrafting of this measure he include in statutory form a specified minimum royalty right. I am suggesting that ten per cent should be the minimum, but that may not be satisfactory. Then the matter of tendering might be considered and this feature could be provided for in the regulations. This might be considered in connection with cases where it is known that the geological structure is favourable and that there are likely to be valuable minerals in the area. One tenderer might say, "Yes, I will pay more than the minimum; I am ready to pay twelve per cent." Another tenderer may say, "We are willing to pay fifteen per cent." There would be an opportunity to improve the position of the Indians. At the risk of being tedious, I repeat that there should be in the statute a minimum royalty protection for the rights of the Indians.

Mr. MacNICOL: The minister mentioned Little Long Lac. I am sure he is familiar with the situation of the Indians in that area. He must know that the Indians are more or less excited over the possibility of their hunting grounds, not merely their reserve, being overrun by irresponsible whites who are likely to steal their traps, interfere with their hunting, and so forth. If prospectors or anybody else are to be allowed to go on the reserve and prospect for minerals, I wonder what is going to happen to the Indians. Suppose gold is found in large quantities in the area around Little Long Lac; where are the Indians to go? They have been shifted now almost off the face of the earth; the whites keep moving them farther and farther north all the time. Later when the Indian estimates are up I shall have a word or two to say about the matter. I know the minister is sincere in his efforts to help the Indians. I have been on quite a number of reserves where I have heard his good intentions commended, and I want to commend him upon what he has in mind for the Indians. I am deeply interested in the whole Indian set-up in this country, and in due course I may have something to say about it. At the moment, having travelled over quite a number of reserves myself, I am just wondering what the effect will be on the Indians if under this measure the reserves are to be invaded by prospectors.

Mr. WOOD: I should like to make one or two observations, Mr. Chairman, in answer to the hon. member for Davenport (Mr. MacNicol). I believe that the purpose of this bill is to safeguard the interests of the Indians. I have had some experience, as a representative of a constituency containing one of the largest reserves in Canada, in connection with the disposal of oil and gas leases, and if I understand this bill aright it is just to place within the Indian department the leasing of Indian territory because they have there men who by knowledge and ability are equipped to supervise the leasing of these areas. Am I right in that? Is not that the purpose of this bill?

Mr. STEVENS: The minister nods his head. Surely he does not agree with that statement. The Indians are not surrendering their lands to the department.

Mr. WOOD: If you want to get a lease from the Six Nations reserve it has to be approved by the Indian council. They are not competent to look after such things properly, and I take it that the purpose of this bill is to safeguard the interests of the Indians. We had a glaring example on the reserve in my constituency of what a small amount the Indians were able to derive from a lease; had it been on a royalty basis it would have been much better for the Indians. Vast quantities of gas went off that reserve. I shall not give the figures because it is the private business of the companies concerned.

This bill is a step in the right direction to safeguard the interests of the Indians, and I support the minister in every piece of legislation he brings down for the purpose of properly looking after the interests of the Indians. They have a lot of wealth in their reserves; unfortunately the average layman is unable to interpret a lease very satisfactorily, and in many of these Indian leases there have been so many holes that the lessees have been able to get out from under their responsibility and have made only a very meagre contribution to the Indians. I am only a layman, and after listening to the contributions of hon. members of the legal profession to the discussion I am much more confused than I was two hours ago; but I was hopeful that this bill was going to do the very thing the hon. member for Davenport wanted, namely to have the interests of the Indians safeguarded by the superior knowledge of the Indian department.

Mr. NEILL: I am sure that none of us questions the integrity and devotion of the minister and his desire to do the best he can for the Indians. It is simply a question of procedure. I agree very largely, practically wholly, with the remarks made by the hon. member for Kootenay East (Mr. Stevens), but I wish to draw attention to another phase and to make one last attempt to explain about this surrender business.

Speaking subject to correction, and possibly the hon. member for Kootenay East will correct me if I am wrong, I am practically certain that in British Columbia a prospector can go anywhere he likes. He can go on my private garden and stake a claim if he likes. I recall that when the streets of Victoria were being dug for a drain-pipe, there was something that looked like gold; a prospector staked the street in Victoria and was only prevented from going ahead and doing development work by a by-law which required him to put up a large amount as a guarantee. So far as my knowledge goes, the ordinary prospector who has paid a licence fee of five dollars, I think it is, can go and prospect anywhere on public or private land. He can, as I said, stake a claim in my garden; when he has staked it he can record his stake for a fee of $2.50, and he is then confronted with the obligation to buy out my surface rights. I am protected there. There are some railway lands where the base metals are owned by the railway, but a prospector can prospect on those railway lands, and although the base metals belong to the railway he can prospect for gold and silver; and if he makes a discovery he has to get some form of quit-claim from the railway company of their rights in regard to the base metals. But there is no prohibition preventing him from going ahead and prospecting at all. He can prospect anywhere he likes.

The idea of this legislation is to get people to prospect on Indian lands to develop supposed wealth, but you will not get these lands prospected on these lines because the prospector is not going to stop at an imaginary line in the bush; he is going to go right into the Indian reserve and ascertain whether there are any minerals there. Theoretically he is not supposed to go on the reserve until he has complied with the law, and he has to get a surrender from the Indians when he comes to the reserve. Now there may be two or three hundred Indians scattered over the district and elsewhere, and it may take a year to get them together and get the surrender. A man on Vancouver island applied last August to buy a miserable lot, sixty by one hundred and thirty, and he has not got the Indians together yet to give a surrender. The red tape of the Indian department, and the apathy, shall I say, of the Indian agent, has resulted in that condition. A prospector makes a discovery of certain minerals on a reserve and he tries to get a surrender from the Indians. The Indians may be fishing up on the Skeena river and will not be back for six months. The surrender must be obtained from a majority of the band, and the Indian agent says: We shall not be able to get the band together until February. The prospector gets disgusted and goes away. You will not get the ordinary prospector to go in and prospect if you require a surrender by the Indians. I cannot see why the Indians should be compelled to surrender it. Let the prospector go in, and if he discovers minerals, then make your conditions when he is wanting

to develop his mine; but you will not get very far if you compel him, before he can do the most casual prospecting on that land, to get a surrender.

Mr. STIRLING: Would the minister also give consideration to the question of the necessary use of the water if successful mining is undertaken? Will this clause give him all the power that he needs to grant rights to use the water for domestic, industrial and perhaps for power purposes, all of which will be needed if the mine be successful?

Mr. CRERAR: So far as the water power is concerned—

Mr. STIRLING: Water will certainly be required.

Mr. CRERAR: Quite. Of course the purpose of this section is to enable the governor in council to make all the regulations that are necessary in the premises.

Mr. NEILL: To legislate.

Mr. CRERAR: Well, to do just what the governor in council has power to do now in respect to the disposal of other rights on Indian reserves. I would suggest, as I stated a moment ago, that the section should stand. I wish particularly to look into the possibility of favouritism, which might be implied in this section, to a lessee or licensee. However, the point which the hon. member for Kootenay East raised, that the act should definitely contain a provision of a minimum royalty or compensation to the Indians for minerals taken off reserves is one which, I think, it might be difficult to apply. I shall be glad to act upon his suggestion and look into the matter. It might be possible to put in some limitation that the amount should not be less, for instance, than the royalties appertaining in respect of provincial lands under similar circumstances. I recognize at once that there are difficulties in the way of carrying out the suggestion of the hon. member. I suggest that clause 1 stand. We might consider clause 2 and pass it.

Section stands.

On section 2—Advances for assistance to Indians.

Mr. HOWE moved:

That in the last line of page 2 the words "five hundred" be struck out and the words "three hundred and fifty" be substituted therefor.

The CHAIRMAN: "Three hundred and fifty thousand dollars."

Mr. CRERAR: Yes.

[Mr. Neill.]

Mr. STIRLING: Is the idea that the various bands of Indians may approach the minister through the agent and advocate the setting aside of a certain sum of money to enable them to do such and such?

Mr. CRERAR: No. The purpose of this is to provide a fund which may be drawn upon to assist individual Indians or communal enterprises on reserves, or, as I stated the other day in the discussion on the resolution, to supply raw materials, for example, to Indian schools for the promotion of handicraft work. The intention is that it will be provided by way of advances from this fund. The individual Indian may get $1,000 to equip himself with some live stock. That would be done on the advice of the Indian agent, or, in some instances, perhaps of the farm instructor on the Indian reserve. There are other cases where the Indians as a band might be supplied with live stock out of this vote, but with the definite understanding that repayment would be made to the fund over a period of time. The purpose is to encourage in the Indians the virtues of independence and self-reliance. At the present time, if an Indian needs some machinery or a team of horses to work his individual piece of land—if he has one—on the reserve, the only way he can get it is by the money being voted by parliament and given to him, and consequently that has come to be regarded by the individuals concerned as a gift or a grant. Those are not the conditions under which the virtues of independence and self-reliance can be cultivated and developed.

This scheme, if such it may be called, was put into effect several years ago in the United States, and according to the information obtained by our officials in the department at Ottawa, in many instances it has worked out quite successfully. Quite obviously there are a great many reserves to which this would not apply, which could not take advantage of it. On the other hand there are many reserves—several in Ontario and in the prairie provinces, and some in the maritime provinces—where it could be applied. That is the purpose of the fund, and I think we have safeguarded it sufficiently to ensure that the money will be wisely spent.

Mr. STIRLING: Supposing a band or a portion of a band wanted assistance in building a community hall or a church or the setting aside of a piece of land for a cemetery—two of these instances have occurred recently in my riding—would they be permitted such assistance under this scheme?

Mr. CRERAR: No; I do not think those cases would come within what is contemplated in this plan.

Mr. STEVENS: I suppose they must be "self-liquidating."

Mr. CRERAR: Well, I had that precious word in my mind a little time ago, but I hesitated to use it. It is intended to apply where the loans or advances will be repaid. Assistance in the matter of getting an area suitable for an assembly or the building of a community hall would, I should say, come out of the ordinary vote; it would have to be provided for there. Conceivably you might get assistance from the fund for a community hall, but it would have to be on some plan that would permit of the repayment of the money. So far as the administration of this fund is concerned, it is the present intention that it shall be used only for such purposes. We do not wish to create the impression in the Indian's mind that this is the same as an estimate passed in the house and the money handed to him. I think the scheme is worthy of a trial, and I anticipate that some useful results will come from it.

Mr. BENNETT: I think the minister is quite correct in that view. I believe that useful results will follow, but I have great hesitancy in supporting legislation which provides for money being given to the individual Indian by the department. Frankly, I believe you are going to create friction on the reserves where you authorize the crown or the department to lend money to the individual Indian. If it is done through the band or the chief, the situation becomes tolerable. If it is done through the representative of the government, I think the position will be intolerable. I support the experiment with that limitation. I have a fairly intimate knowledge of two bands of Indians; I am quite familiar with their experiments in agriculture; and I know of the coal mine which they operate on one of their reserves with some degree of success. I have seen the department take extreme care of the Indians as regards medical attention, and their numbers, which were formerly diminishing, are now increasing.

The band that lives nearest to Calgary is a band of Indians in indifferent health, the Sarcees. A large area of their reserve is used for military purposes and has been taken as a training ground, and they get some revenues from that source. Then there are the Stony Indians a little further west who are naturally hunters and who complain bitterly that they are not getting sufficient to enable them to live decently, that what they receive is inadequate for their necessities. If I thought that granting them money as individuals for the purposes mentioned in this bill would be helpful, I should like to support it, but from what I know I say to the minister that he would be well advised if his department did not deal with the individual but left it as a matter between the chief and the band. If we start in as a government to make loans to individual Indians, every Indian in the band will ask for money and if he does not get it he is going to wonder why one man is favoured as against another. If they are allowed to work it out in their own way at their own powwow, I think they would select the individuals entitled to loans without arousing the animosities and jealousies which would be inherent in any effort the crown or the Indian agent might make in that direction.

Mr. CRERAR: I do not altogether agree with my right hon. friend on that point. There is, for instance, the Caradoc reserve near London, Ontario, where there is a considerable area of excellent farming land, and we have on that reserve well educated Indians who have a piece of land of their own, but have no means to carry on farming operations. If this were limited solely to advances to the band as a whole, there would be no place in the picture for them.

Mr. BENNETT: The minister did not follow me. I said the advances should be made to the band for the purpose of enabling them to determine the individuals who might be benefited, rather than that the crown itself should do that.

Mr. CRERAR: I should be afraid in that case that even the chief and his councillors might not be the wisest people to decide who should receive a loan, and the extent of the loan. I visited this particular reserve two years ago; I found there several Indians who were doing very well. They carried on excellent farming practice and were successful farmers. But under the act they were Indians. Adjacent to them were other Indians who were depending practically altogether on the government for relief. If I may use that as an illustration, one purpose of this legislation is to assist Indians who are now on relief to become self-sustaining, and if possible put some fibre and morale into them in that way. I think the scheme is well worth trying.

Mr. HAMILTON: Is it contemplated to include under "equipment" in section 94B, such things as fishing equipment, nets, etc.?

Mr. CRERAR: It might include that.

Mr. HAMILTON: I have in mind the Indians on lake Superior who are engaged to a certain extent in fishing, who might be assisted under the provisions of that section, and I am curious to know whether it is contemplated that such things would be included.

Mr. WOOD: Would advances for buildings and repairs come under this section?

Mr. CRERAR: I should not like to answer that definitely at the moment. I think it would require a stretch of the imagination to get them in.

The equipment mentioned by the hon. member for Algoma West (Mr. Hamilton) would come I think, within the category.

Mr. BENNETT: I think so.

Mr. WOOD: I think there is something in what the leader of the opposition (Mr. Bennett) said, provided the band in many of those reserves could be induced to duplicate the amount advanced by the government. On the Six Nations reserve, which is the largest in Canada, and perhaps the most progressive, there was an effort made last year by the department to rehabilitate some of the Indians who by virtue of the fact that they live under the Indian Act could not go out and borrow money to supply themselves with the necessary equipment. On that reserve of 54,000 acres there are practically 6,000 acres not being tilled, and growing up with weeds, because through the depression years they had to sell and keep on selling equipment until there was nothing left to work with. The department has gone a certain way in supplying those Indians with implements of production at cost under an agricultural instructor, and because of this service they are paying back the cost of the implements to the department. The agricultural instructor only two weeks ago called my attention to the fact that this spring alone, for ploughing gardens and corn fields with his tractor, he has received $158 in cash for the services that the department has rendered. This shows that the Indians will pay provided there is proper supervision. I would ask the minister to give some consideration to the suggestion of the leader of the opposition, provided the Indian band will duplicate the amount that the department is prepared to advance, where there is, say an agricultural instructor to supervise those advances and see that they get value for their money. This would extend the service the department is rendering, and putting the responsibility on the band would lead them to take a greater interest in their own people. I do not see any reason in that case why advances should not be made for buildings and equipment which are particularly necessary on the reserve I mentioned because it is a first-class farming section, and they cannot maintain the fertility of the soil unless they have stables in which to keep live stock.

Mr. BENNETT: I think in the last line the wording should be changed to read, "live stock, fishing and other equipment." There is some doubt whether the law officers would not say that under the present wording, you could not provide for fishing nets. To say "live stock, fishing and other equipment" would meet the situation.

Mr. CRERAR: I think "equipment" would cover it.

Mr. BENNETT: But it says, "live stock and equipment", and the ejusdem generis rule might make it different. If you said, "fishing and other equipment", there would be no question. I mention that because the question was asked of me, and I am afraid I agreed too hastily in saying I thought the language was broad enough to cover it. There might be difficulty, and I should not like to find myself in the position of having indicated that I thought it was all right when on looking at it carefully I might be in error.

Mr. CRERAR: If it would tend to clarify it I have no objection to the insertion of the word "fishing," after the words "live stock", and the insertion of the word "other" before the word "equipment".

Mr. MACKENZIE (Vancouver): I so move.

Amendment (Mr. Mackenzie, Vancouver) agreed to.

Mr. NEILL: I do not think we have passed the first amendment yet of $150,000.

The CHAIRMAN: There are two amendments; that was the first.

Mr. NEILL: I just want to say a word or two with regard to the first amendment. I am aware that all these bills must contain provisions granting power to make regulations, but I always protest at such extreme power being taken. It gets down to the point where the governor in council instead of this parliament is given power to legislate. On page 2 the bill states:

—such advances shall be made under regulations established from time to time by the governor in council—

The other day the Minister of Finance introduced a bill in connection with loaning money to municipalities, and he safeguarded

himself by repeated conditions. He said the rate of interest was to be two per cent; that no single municipality could get more than so much, and so on; but all these powers in this case are to be exercised by the governor in council. Is any interest to be charged on these loans? We do not know. Surely we ought to know. If we were dealing with white people I am sure we would be demanding that information. Then again, is there to be a limit; is any one Indian or any one band to be allowed to get a large amount, or is there to be a restriction such as the Minister of Finance provided in his bill? Then again, is there to be any period to the making of these loans? Is it to extend for all time or for a limited time, or what are these conditions?

I submit that we ought to be informed on these points, and that these matters should not be left to be dealt with by regulation. I submit that the general outline of these things should be put in the bill. Surely it is not out of the way that anyone representing Indians, as we all do indirectly, should ask whether they are to pay interest and, if so, at what rate. Is there to be any amortization? If so, what is the period? I think we are entitled to know all these things. Does the minister not think so also?

Mr. CRERAR: The purpose of the provision in the section which my hon. friend has just criticized is really to limit the power of the department; in other words, the conditions under which these loans may be made or advances given, and the uses to which this revolving fund may be put, will not lie wholly within the discretion of the Indian department but will have to conform to regulations adopted by the governor in council. That is the purpose of the provision.

So far as the rates of interest are concerned, certainly it would be the intention to charge interest, but the rate might vary in certain cases. For instance, a certain rate of interest might be charged to an individual Indian; another rate of interest charged on a loan to an Indian school for the purchase of materials to be worked up into goods for sale. Those conditions should not be too rigid. I repeat that the purpose of this provision is to not leave the power wholly in the Indian department to say when or how or to whom these advances may be made out of this fund, but to subject that to the scrutiny and approval of the governor in council. It may be necessary to vary the conditions from time to time, and that is why provision is made to vest the governor in council with power to make these regulations.

Mr. NEILL: I really do not accept with any intense appreciation the explanation given. The minister says the real purpose of giving the governor in council this power to legislate by regulation is to prevent too much power getting into the hands of the department; that now the matter will be controlled by regulations which must be approved by the governor in council. Of course that does not sound so bad, but while I have never been in the council I have an idea that these regulations will be prepared by his department and presented by him to council more or less as a matter of form. Then it will be held in council that as the minister whose department is concerned has gone into the matter thoroughly and prepared these regulations, they must be appropriate, and they will go through as a matter of course. What I am suggesting is that it should not be left to the governor in council to settle these things; they should be settled by this house, as was done in the case of the housing act, the farm loan act and so on, which had to do with white men. I cannot see why an Indian, or those interested in the welfare of the Indians, should be kept more in the dark, than those concerned with white people.

The minister says he does not know what rate of interest will be charged. That is an extraordinary statement. We are going to embark upon what seems to me a hazardous enterprise if we charge varying rates to different people. Why should Jones get a better rate than Smith? I cannot see why. I should suppose that the interest charged either of them would be governed to some extent at least by the interest the government has to pay in the first place, as is the case under the farm loan act. That board has to sell its debentures, and they must loan the money to the farmers at a certain interest rate not more than so much above the rate they have to pay. But now this matter is going to be dealt with by regulation, and the interest may be varied according to the circumstances. I do not know why one Indian should get a better rate than another. An Indian can easily make up a story as to why his circumstances are more necessitous than those of the other man, or why a school should be favoured more than a band of Indians, and so on.

I agree with what the right hon. leader of the opposition said as to the inadvisability of lending money to individual Indians, because if you do you will not be bothered about interest, repayments or anything like that; you will not get back more than two per

cent anyway. However, I do think the committee should be informed on these matters. The minister has not told us the rate of interest he is going to charge, but that will be dealt with by regulation under the act. I really do suggest that it is not desirable to give the governor in council, which largely means the department, such sweeping powers, such as are not asserted by the Minister of Finance, whose department is supposedly much more capable in these matters than the Indian department. I should like the minister to express himself as to whether he does not think it advisable that at least there should be some indication as to the interest to be charged, the period for which it is to be charged and the limitations in regard to individual loans. Can he not give us any information on those points?

Mr. CRERAR: No; at the moment I am not in a position to give my hon. friend information on those points. As a matter of fact, the farm loan act, the home improvement act and the Dominion Housing Act all give power to make the necessary regulations for the carrying out of the acts. This is a new venture, wholly in the nature of an experiment—I think with a fair chance of working out—and I do not think it is asking too much to give the governor in council power to make regulations for the administration of this fund. We could have left out that provision, in which case the administration of the fund would have remained wholly in the hands of the Indian department. Obviously that might be open to criticism. I can assure my hon. friend that while I may bring or recommend to council certain regulations under this act, that does not at all mean that council will accept my proposals.

Mr. BENNETT: No; that is proved by that $500,000.

Mr. CRERAR: Yes. That was really a mistake, though. The right hon. leader of the opposition is getting a good deal of merriment out of that typographical error, but I can assure him that his guess in that respect is just as wide of the mark as many of his guesses in connection with other matters.

Mr. BENNETT: If his other guesses were as accurate as this he has been correct very often.

Mr. CRERAR: No; he is wide of the mark. Those are the reasons why we suggest that the governor in council should be given power to make regulations. They may limit the loans and say, "You cannot go above a certain amount in individual cases."

Mr. NEILL: What amount?

Mr. CRERAR: That will be determined by the circumstances of the case.

Mr. NEILL: That is what I am objecting to; we are giving the government power to legislate. I protest that we are passing a bill which we would not pass if it were to apply to white men. The minister says the other acts give power to make regulations. That is so, but it is subject to the other provisions of the bills which set the rates of interest. Is the rate of interest in this case to be one per cent or 6 per cent or 10 per cent, or what is it to be? Is this a proper provision for us to pass? The minister says he does not think there is going to be any harm done. If we are to surrender to the governor in council our power to legislate, let us understand it; but why does not the Minister of Finance do it? I may say any experience I have had with the Indian department in recent years would encourage me to put power into the hands of the Minister of Finance rather than into those of the Department of Indian Affairs.

Mr. BENNETT: But that was prior to 1935.

Mr. NEILL: We will not go into dates. But I do submit the minister has not given us satisfactory reasons why we should pass legislation giving his department power—because it comes down to that; his recommendation is accepted by council—to fix a rate of interest which is entirely in the air. Will he say it will not exceed 6 per cent? When the bill in connection with farm loans was before the house we asked the questions: What is the farmer to pay? What rate will he be charged? What is the service charge to be?

Is there to be amortization in this instance, and over how many years is it to be spread? I think we are entitled to know these things before we pass legislation of this kind? The minister is content to say, "It is an experiment." Yes, but let us limit the experiment to within at least reasonable bounds.

There is one other matter I should like to discuss, although it does not apply directly to the bill. It was introduced by the minister. When he spoke on the resolution he referred to band funds, and indicated that those funds belonged to the bands and therefore could not be used for purposes suggested in the bill. His actual words were:

> As a matter of fact, when these moneys go into the band funds, they cannot be taken out of the band funds by the administration without the consent of the Indians.

If he had put that into the bill I would be very happy, because I have been trying to get

that provision for many years. When I was Indian agent I would at times be sent to get the surrender of a piece of land from Indians to be used for necessary purposes, such as the building of a railway, or something of that kind. The first thing the Indians would say was—and I need not put it into dialect—"What are we getting out of this?" I would say, "The law says you are getting a certain sum of money, half of which will be distributed among you, and the other half put into a fund in your name." Although they did not ask it at first, later they did ask, "What is the fund going to be used for?" Later on they discovered, and I discovered, that this was used to pay relief to the Indians, and the Indians—not being absolute fools—when I came back again to get another surrender said, "What is the advantage in our surrendering this piece of land? We give up a piece of our land, and you take the equivalent in money and put it into a fund. We understand that. You keep it in a bank. Then, when our people are poor and when we go on relief you take the money out of our fund. If we had not given the surrender of that piece of land we would still have enjoyed relief. But now you make us pay our relief out of our capital. You have persuaded us to surrender this land. We receive only half the sum in cash, and now you pay the rest into the fund and it is used to pay relief." They said—and they used a strong word—"you allow the department to rob us of that money." The same policy is still going on in a greater or lesser degree. If the bill is to provide for funds to lend the Indians money, and if the minister says that, as a matter of fact, when these Indian moneys go into the band funds they cannot be taken out without the consent of the band, then it is all right with me. But that is not by any means the policy the department has carried out.

Mr. BENNETT: I really think that on reflection the minister will realize that it is desirable to state, say 3 per cent interest. I concur in the views expressed by the hon. member for Comox-Alberni.

Just let us pause for a minute. If it is going to be open to differentiation between east and west, we are going to have the same difficulties that governments have experienced in times past. That is the reason why I take it that in the measure before us yesterday there was provision for a 2 per cent rate, but it applied equally to the west and to the east. It applied to every part of Canada; and I should think that if the minister provided for possibly 3 per cent, he would be fair to the Indians, having regard to the nature of the experiment, and to the country.

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I can only say, of course, that the minister knows how fully I agree with the observations of the hon. member for Comox-Alberni as to the governor in council becoming a legislative rather than an administrative body. There are measures which are quasi-administrative and quasi-legislative in regard to which the executive must at all times have jurisdiction, and exercise it. Here you are dealing in a legislative way with matters which during the present session and in previous sessions we have thought of sufficient importance to be dealt with by parliament, and not by the delegated authority which the governor in council receives from parliament.

I think the minister would be well advised to consider, and favourably, the suggestion made by the hon. member for Comox-Alberni, and provide for a 3 per cent rate. Then there would be no difficulty between contending communities as to the rate. The minister would say, "It is fixed by statute; I cannot make it more or less. It is the same in Ontario as it is in British Columbia." I believe he would find this very satisfactory.

Mr. CRERAR: There is no danger of conflict between contending communities in the administration of this provision.

Mr. BENNETT: There might be.

Mr. CRERAR: I do not wish to place upon it the limitation suggested by the hon. member for Comox-Alberni. It may be desirable in certain circumstances to loan money for a certain period free of interest altogether. For instance, we may wish to take up the matter of making handicraft articles for sale, and as an encouragement to an Indian school we might say, "We will advance you a few thousand dollars"—or a few hundred dollars, as the case may be—"to buy material out of which you may make these goods." There may be another instance where we would be advancing money to an Indian tribe as a whole for the purchase of live stock, a project which would be of common interest to the tribe. In that case we might wish to charge 4 per cent or 5 per cent. If we put in a definite provision setting out that a certain rate of interest will be charged, I believe we will make the administration too rigid and too difficult.

I should be very glad indeed if I might believe that the hon. member for Comox-Alberni had a little more confidence in the impartiality and fairness of the government in protecting the public interest in connection with making these regulations. I believe this might be very well assumed in the circumstances.

Mr. NEILL: It is the judgment of the Indian department I am dubious about.

Mr. CRERAR: I promise the hon. member for Comox-Alberni that as always I shall scrutinize carefully any recommendation I make to council in connection with a matter of this kind. I should like to agree to the suggestion of the hon. member for Comox-Alberni, but I think it would be a handicap in administration.

Mr. NEILL: I assume we must accept the minister's statement and must not waste more time in the discussion, but I must point out that this is a most extraordinary situation, one which has never been seen in the house before, where large sums are being loaned without the rate of interest being indicated. However, let it go at that.

Mr. BENNETT: I do not think they can collect any.

Mr. NEILL: And it is discriminatory. One man can get it at one rate, and another body such as a church or some body with possibly more political influence, can get it at another. The Minister of Finance is now in his seat. May I say to him that I was paying him a compliment by stating that when he introduced legislation in connection with a large loan he insisted that the rate of interest, the amount of amortization, the period of the loan, limitations as to municipalities, and so on, be defined in the bill. I do not know whether the minister's attention has been called to it, but here is a bill under which we are told it is proposed to lend up to $350,000 at varying rates of interest.

Mr. CRERAR: I stated it might be desirable to vary the minimum, or it might be useful.

Mr. NEILL: I had in mind the bills the Minister of Finance introduced in connection with farmers' creditors and so on. In those bills the minister always defined the rates of interest, the charges and so on. However, the Minister of Mines and Resources will not accept this suggestion. I just want to make one last suggestion, that there should be a concluding section in this bill similar to that which appears in many bills, that within fifteen days after the opening of parliament a report shall be made covering the preceding calendar year. That would make the information readily available for us during the session.

Mr. CRERAR: I would be quite prepared to accept that suggestion.

Mr. NEILL: I am astonished.

[Mr. Crerar.]

Mr. CRERAR: The hon. member for Comox-Alberni is making headway. If he continues he will have the whole bill redrafted according to his wishes. However, speaking seriously, I think his suggestion is a useful one. Perhaps this section could stand also, and the hon. member's suggestion will be incorporated in the bill.

Amendment (Mr. Howe) agreed to.

Section stands.

Progress reported.

TRANSPORT COMMISSION

AUTHORITY TO CONTROL TRANSPORT OF PASSENGERS AND GOODS BY RAILWAYS, SHIPS AND AIR CRAFT

Hon. C. D. HOWE (Minister of Transport) moved that the house go into committee on Bill No. 31, to establish a board of transport commissioners for Canada, with authority in respect of transport by railways, ships and air craft.

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

Section 1 agreed to.

On section 2, subsection 1, paragraph (a)—Definitions—"Agreed charges."

Mr. REID: Could the minister explain why lumber is not included in paragraph (e) covering goods in bulk? In the committee this paragraph was amended to include pulpwood, woodpulp, including pulpwood and woodpulp in bales, iron and steel scrap and pig iron. It seems to me that leaving lumber out of this definition is detrimental to the Pacific coast. Pulpwood and the other commodities mentioned in this paragraph have to do mostly with the eastern coast, and I should like to know why lumber has been left out.

Mr. HOWE: The intention was to include in this definition those goods which ordinarily move in bulk and which are the raw materials of manufacture. There is one exception in the case of grain and grain products, including flour and mill feed in sacks. The reason for this exception is the fact that the life of a mill depends upon its being able to ship its products at a rate more or less competitive with the rate of its raw materials. With that exception, the goods enumerated are goods usually shipped in bulk. It may be considered that an exception is made in connection with pulpwood and woodpulp in bales, but we find that on the St. Lawrence it is customary to bale these commodities for shipment. Woodpulp is the raw

material for paper mills, and it usually moves as a full bulk cargo. Lumber is a manufactured product and is highly competitive as far as transportation goes. It was felt that the shipment of lumber should be regulated. I may say that intercoastal shipments of lumber are regulated in the United States in connection with cargoes passing through the Panama canal.

Mr. BENNETT: It will be observed that paragraph (e) contains the following:

> ores and minerals (crude, screened, sized, refined or concentrated, but not otherwise processed) including ore concentrates in sacks.

What the hon. member for New Westminster has said with respect to lumber being a raw material can be said also of refined concentrates. In many instances the lumber is shipped just as it comes from the saw without being planed. Frequently it comes to the prairies in that condition. Surely lumber unplaned must occupy the same position with relation to poles and logs as refined concentrates occupy with respect to "ores and minerals (crude, screened, sized, refined or concentrated, but not otherwise processed)." It could be said that some apt words might be used, such as "lumber other than planed lumber." I can understand the point made by the minister, that planed lumber is a material immediately ready for use, but I would remind him that a great deal of the lumber which comes to the prairies is not planed. It is planed in our mills after it arrives on the prairies. Then we have lumber moving down the east side of the Rockies to the mills on the prairies. That is true of Edmonton and Calgary, and to a lesser degree of Regina. They would not pay the freight on rough lumber when they could have it sent forward as planed lumber. I think that point is worthy of consideration. There should be a clear distinction as to lumber being a bulk cargo when it is not so prepared as to be ready for use.

Mr. HOWE: The committee considered this carefuily and it was felt that the raw material for lumber is logs. Of course, the movement on the prairies would not be affected by this bill. Whereas logs sometimes move in bulk to the extent of a full shipload, it is seldom that lumber moves as a full shipload.

Mr BENNETT: It does by water.

Mr. HOWE: Not since the schooner days. I have not seen a full shipload of lumber for many years on a boat of a class that would come within the scope of this bill.

Mr. BENNETT: I have seen cargoes, but I do not know how large the boats were.

Mr. REID: I have seen these large boats with nothing but lumber on. Wheat and lumber and bulk goods are what they ship. The bulk goods are principally from the east and are exempt under this bill, while the bulk of the lumber from the coast of British Columbia is going to be controlled under this legislation.

Mr. BENNETT: I suppose this has been agreed to by the committee; but I must say that I have great difficulty in inducing myself to believe that it is sound, having regard to what took place in the United States in the early days of transportation, as described by Miss Ida Tarbell, in connection with rates and agreed charges that were made by great companies with the carriers of that day, notably the Pennsylvania. It does seem to me to present an opportunity for great abuses. The minister is unable to point to any country in which it is successfully working. It is true that in the United States they have talked about it, but they have not done it. I have made inquiries since the minister spoke on the second reading of the bill, and I cannot find that they have it in force in the United States, although they have talked about it.

Mr. HOWE: No; but there are over two thousand agreed charges in effect in England, where it has been operating for four years.

Mr. BENNETT: But the situation in England is quite different from what we have on this continent, as anyone knows who is familiar with their network of transportation facilities and the way in which they have arranged them. There are areas wholly within the sphere of activity of one transportation system; you have another one in a given area, and then you have the London, Midland and Scottish taking control of an area. Then there is the Southern. There are four separate systems.

I do not want the minister to go over the ground again, because I know this has been threshed out in the committee and perhaps I should not be taking up time over it, but I confess I have been unable to find any good reasons for thinking that this is not going to work a hardship, and not only that, I think it will bring about those very conditions which caused so much difficulty in the United States and, by discrimination, made it possible to create a situation that brought into being the Interstate Commerce Commission, the standardizing of rates, and the prohibition against common carriers making rates for

one person that were not enjoyed by all. That is what it gets down to. Stripped of everything, this simply means that a rate can be made which cannot be availed of by everyone.

Mr. HOWE: The bill says just the opposite.

Mr. BENNETT: Whatever the bill says, stripped of everything it does mean that. Those of us who recall the history of transportation in Canada will remember that before the late Hon. A. G. Blair, as Minister of Railways, introduced and passed through this parliament legislation providing for a railway commission, he deputed Doctor McLean, the deputy chief commissioner, to study the whole matter abroad for, I think, a whole year, and his book is the one that is still circulated among those who desire to obtain a knowledge of the history of the development of transportation in this country. It is looked upon almost as a standard work in some of the universities. On the strength of that Mr. Blair, as Minister of Railways, introduced that bill, which is now the law of the country and under which he became the first chairman of the railway commission.

But with respect to freight rates it was no longer possible to do what was done in days prior to that. Some shippers, for instance, got free transportation. I can remember when I went west forty years ago that a man who had large traffic had transportation given to him by one of the systems or by both. Every effort was made to induce him to do all his business in that particular way, and the whole essence of Mr. Blair's legislation was: No discrimination between the carrier and his customers, none at all, under any circumstances, and discrimination was made a very serious offence. Perhaps the minister, with his early training in the great country to the south of us, will recall the great agitation which went on there which brought into being the Interstate Commerce Commission. In addition to that, in order that there might be no discrimination, most of the individual states have their several railway commissions to prevent, with respect to local rates, any variation. A man's business may be worth only one dollar a year to the corporation, or it may be worth a hundred thousand dollars. The rate is the same. That was the basis of the rates, as regards both state and federal authorities in the United States. Now, whatever may be said of this bill, stripped of everything it is going to get down to a form of discrimination.

Mr. HOWE: It is rather difficult to discuss, the matter of discrimination when we are considering the definition of "agreed charges." We have whole paragraphs designed to prevent discrimination, and I would suggest that that phase of the discussion might wait until we reach them.

Mr. BENNETT: Perhaps that is a sound observation. The definition of what is an "agreed charge" is one thing, and the application of it is another.

Paragraph agreed to.

Paragraphs (b) to (e) inclusive agreed to.

On paragraph (f)—"Great lakes".

Mr. BENNETT: I desire to direct the minister's attention to the fact that in the letter which came from the Secretary of State for the United States, and which is to be found in the votes and proceedings of May 31, 1938, he specifically pointed out that the sovereignty of the United States with respect to lake Michigan must be admitted. The second paragraph of Article VII of the draft treaty states:

> Nothing in this article or in any other article of this treaty shall be construed as infringing or impairing, in any way, the sovereignty of the United States of America over lake Michigan.

I mention that only because I have grave doubts whether or not the parliament of Canada should attempt to give a definition of the great lakes that involves the inclusion of property which the United States asserts solemnly is within their sovereignty, and they use the word "sovereignty" in the draft treaty.

Mr. HOWE: I am quite prepared to delete lake Michigan. It has no purpose in the bill anyway. Lake Michigan is surrounded on all sides by United States territory, and this bill does not apply to traffic plying from a Canadian point to a United States point. I would ask my colleague the Minister of Finance to move that the word "Michigan" be deleted.

Mr. DUNNING: I move accordingly, Mr Chairman.

Amendment agreed to.

Mr. BENNETT: I do not wish to be taken as indicating that I agree with the Secretary of State of the United States—

Mr. HOWE: Quite.

Mr. BENNETT:—because Lake Michigan so mingles with the other great lakes that to say there is sovereignty over the whole of it, without being able to define it, is a proposition with which I am unable at the moment to express agreement.

Mr. HOWE: Quite. I may say I did not suggest deleting the words because I admitted

sovereignty. I deleted it because it had no real purpose in the bill in the connection in which it is used.

Mr. TAYLOR (Nanaimo): How, then, do the words "and its tributaries" become affected by the same description given by the leader of the opposition?

Mr. BENNETT: It is a tributary all right. It is a tributary of the St. Lawrence.

Mr. HOWE: St. Lawrence and its tributaries. Of course there are tributaries of the St. Lawrence; for instance the Richelieu.

Paragraph as amended agreed to.

On paragraph (g)—"licencee".

Mr. REID: I was wondering if the word "railroads" should not be in there, because I notice in paragraphs (m) (n) and (o) transport by air, water and rail specifically mentioned, although in paragraph (g) it just mentions "transport by water or by air".

Mr. HOWE: No licence is required for railroads. The railroads come into this bill under the Railway Act.

Mr. BENNETT: Would it not be well that the minister should add the words "within Canada" after the words "St. Lawrence river and its tributaries"? It certainly could do no harm, and would make it clear that we were not endeavouring to legislate beyond our own jurisdiction. Probably the hon. member for Selkirk (Mr. Thorson) will say it is the rule that we must be taken to be legislating within our own competence. On the other hand, would it not be wise to add the words "within Canada"?

Mr. HOWE: In view of the international section of the river I would prefer not to do that. For example, a boat coming from Kingston to Montreal does pass beyond the jurisdiction of Canada.

Mr. BENNETT: I know that. Is that not one of our difficulties?

Mr. HOWE: Of course there are restrictions to our legislative competence in an international sense; for instance, pilotage and anything of that kind affecting the two countries. But for the purpose of this bill I do not think there is any difficulty. I believe that to insert the words "within Canada" would introduce difficulties which would trip us up later on.

Mr. BENNETT: But have we any jurisdiction outside Canada?

Mr. HOWE: We have jurisdiction over boats which travel outside Canada in moving between two Canadian ports.

Mr. BENNETT: In foreign waters our jurisdiction, except such as attaches to the flag, is gone.

Mr. HOWE: Nevertheless we have jurisdiction over the voyage. We are talking about rates for a voyage between two Canadian ports.

Mr. BENNETT: But we are talking about the definition now. This is a definition clause.

Mr. HOWE: I would prefer not to make the change.

Mr. STIRLING: Does this cover the Ottawa river?

Mr. HOWE: Yes.

Mr. STIRLING: Is that clear from the paragraph?

Mr. HOWE: Yes. It is a tributary of the St. Lawrence.

Paragraph agreed to.

On paragraph (h)—"Maritime provinces."

Mr. BENNETT: Quebec would say it is a maritime province. But we need not discuss that.

Paragraph agreed to.

Paragraph (i) agreed to.

On paragraph (j) —"Ship."

Mr. REID: Could the minister explain why this is changed to "five hundred" tons? Previously, I think, it was one hundred and fifty tons. That does not take in such a large ship.

Mr. HOWE: Representations were made that there is a class of trade plying from Montreal on the lower St. Lawrence which has never been regulated. In many instances goods are not even carried with a bill of lading. The limitation suggested was one hundred and fifty tons, and it was believed that limit would cover traffic of that class, but representations were made that some of that traffic would have been brought under regulation, and the committee decided, somewhat against my better judgment, to raise the limit to five hundred tons.

Mr. BENNETT: I think one hundred and fifty was too low, and I think five hundred is too high.

Mr. HOWE: I did, too.

Paragraph agreed to.

Paragraph (k) and (l) agreed to.

On paragraph (m)—"Transport."

Mr. BENNETT: It is a little difficult to see that this definition means much. "Transport means transport."

Mr. DUNNING: It is just in case it might mean something.

Mr. BENNETT: The paragraph says that "transported" and "transporting" shall have corresponding meanings. I take it they are going to carry on "correspondence." Otherwise they have no meaning.

Mr. DUNNING: A lawyer must have done that.

Paragraph agreed to.

Paragraph (n) (o) and (p) agreed to.

Subsection 1 agreed to.

On section 2, subsection 2—Application of Railway Act.

Mr. BENNETT: Is it quite clear that there is no inconsistency between subsection 2 and the previous definitions? I would have thought subsection 2 might have said, "Except as herein provided." It says:

> Unless it is otherwise provided or the context otherwise requires, expressions contained in this act shall have the same meaning as in the Railway Act.

Probably that is broad enough to cover the different meanings which are given to some of the terms, and which are not exactly similar to the meanings given in the Railway Act. Perhaps the thing is clear.

Subsection 2 agreed to.

Section agreed to.

Mr. BENNETT: We shall go on with part I this evening?

Mr. HOWE: Yes, after the private bills. Section 2 is carried, Mr. Chairman, as I understand it?

The CHAIRMAN: Yes.

Mr. BENNETT: Yes, and subsection 2 of section 2.

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

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS

Bill No. 130, respecting The Mail Printing Company.—Mr. Slaght.

Bill No. 131, respecting the Globe Printing Company.—Mr. Slaght.

[Mr. Howe.]

Bill No. 132, for the relief of Kathleen Barnsley Prichard Hartney.—Mr. Jacobs.

Bill No. 133, for the relief of Thomas Russell.—Mr. Emmerson.

Bill No. 134, for the relief of Marie Marguerite Agnès Marcelle Dupont Ross.—Mr. Jacobs.

Bill No. 135, for the relief of Wilfred Augustus Cottle Stead.—Mr. Lennard.

Bill No. 136, for the relief of Celia Caplan Tucker.—Mr. Heaps.

Bill No. 139, for the relief of Irene Thomas Smith.—Mr. Walsh.

Bill No. 140, for the relief of Sylvia Salzman Udashkin.—Mr. Lawson.

Bill No. 141, for the relief of William Dougald Stanley Campbell.—Mr. White.

Bill No. 142, for the relief of Mildred Varner MacLeod.—Mr. MacLean (Prince).

COPYRIGHT ACT AMENDMENT

POWER OF MINISTER TO PROTECT PUBLIC AGAINST ABUSES OF EXCLUSIVE RIGHTS

Mr. LIONEL CHEVRIER (Stormont) (for Mr. Martin) moved the second reading of Bill No. 124 to amend the Copyright Act.

Mr. NEILL: Explain.

Mr. CHEVRIER: The sponsor of this bill, the hon. member for Essex East (Mr. Martin) is unavoidably absent this evening, and has asked me to speak to this motion. The present Copyright Act contains provision for relief where the owner of the copyright fails to print a copyrighted work or cause the same to be printed in Canada, or fails to supply the reasonable demands of the Canadian market for such work. In such case any person may apply to the Secretary of State for a licence to print the work. The granting of the application is subject to various conditions. The compulsory licence provisions are limited to domestic works where the author is a Canadian citizen. The purpose of the present bill, as I understand, is to give to the minister greater powers in dealing with such applications and to protect the public against any abuse of the exclusive rights conferred upon copyright owners by the act. The further powers conferred by the bill correspond with the powers given by similar provisions under the Patent Act, 1935. It is the intention of the sponsor of this bill to amend it in committee so that application may in future be made not to the minister but to the registrar of patents, and also that the relief may be granted by the registrar of patents. It also provides for leave to appeal from his decision to the exchequer

court of Canada within a certain period of time, so that such applications will ultimately be reviewed by the courts.

The present bill arises out of a decision of the minister holding that under the present working of the compulsory licence sections of the Copyright Act he had no jurisdiction to grant an application for a compulsory licence in connection with certain fire insurance maps which are the subject of copyright. This application had the support, among others, of thirty-three Canadian fire insurance companies, but the minister was unable under the present wording of the section to consider the application on its merits. The bill is obviously one which should be considered by a standing committee, and it strikes me that the committee on banking and commerce is the one to which it should be referred.

Hon. FERNAND RINFRET (Secretary of State): Perhaps in the absence of the hon. member who introduced this bill I may now give a further explanation as to its motive and what it may lead to. I must congratulate my friend, the hon. member for Stormont (Mr. Chevrier) who in a few words has given the essential features of this bill. Its object is to introduce into the Copyright Act sections similar to those which already exist in the Patent Act, permitting the minister to grant redress in the case of monopolistic ownership of a copyright. This provision does not exist in the Copyright Act, and the reason is quite obvious. I may point out that in the Patent Act there are a number of sections which are fairly sweeping, whereby in case of abuse of rights under patents the commissioner of patents may order the owner of the patent to supply the Canadian market, and a complete series of sections provide that the patent owner may appeal to the exchequer court, etcetera. These sections are Nos. 65, 66, 67, 68 and 69 and other sections of the Patent Act of 1935.

There is an essential difference between a patent and a copyright. By reference to the interpretation section of the Patent Act one finds an invention defined as "any new and useful art, process, machine, manufacture or composition of matters, or any new and useful improvement in any art, process, machine, manufacture or composition of matter." In other words, the Patent Act deals with an object, and gives an exclusive right to a patentee to manufacture and sell that object. A copyright is a different thing. The definition of copyright is found in section 3 of chapter 32 of the Revised Statutes of Canada, 1927:—

> For the purposes of this act, "copyright" means the sole right to produce or reproduce the work or any substantial part thereof in any material form whatsoever, to perform, or in the case of a lecture to deliver, the work or any substantial part thereof in public; if the work is unpublished, to publish the work or any substantial part thereof.

I think it is apparent, when those two definitions are compared, that a copyright is quite a different thing from a patent. In the case of a copyright, which covers mostly works of a literary or artistic nature, it has never appeared that the owner of a copyright could have the least interest in not publishing or selling reproductions of the work; therefore there has been no provision made in the Copyright Act, and to my knowledge—and I have been following copyright discussions for the last twenty years—this is the first instance of a demand being made, at least in the house, for a provision similar to that in the Patent Act against the monopolistic ownership of a patent.

The situation which now faces us is different altogether. Experience has shown that not only may we have to deal with an artistic or literary work, but there might also be copyrighted works of a commercial application, of which the exclusive ownership might become of great advantage to the owner of the copyright. That is the case which has been submitted recently to the Department of the Secretary of State, in which a group of insurance men are the owners of a copyright covering insurance maps which have no literary or artistic value, but which have an exceptional commercial value. In their refusal to allow another group of insurance men to buy copies of those maps they were put in a position of imposing conditions whereby these maps might be acquired by the other group, which has led to the charge against the first group of exercising a monopoly. Therefore the case has been submitted to the Secretary of State. After very careful consideration of such case, and without pronouncing on the merits but merely considering whether there is in the Copyright Act any section that might apply, my officers and I have come to the conclusion that there is none. There are, it is true, the licence clauses of the Copyright Act of 1921, but they do not apply to a case like this. I remember distinctly when these clauses were inserted. That was done under the late Hon. Mr. Doherty, and I was a member of the committee which dealt with the act at that time. I know very well that the purpose of these clauses was altogether different from the purpose that is now invoked. It was also the legal opinion of the departmental experts that these licence clauses could not possibly apply to such a monopoly.

Mr. MAYBANK: If the minister would permit a question at this point, was the copyright in the case presented an inherent copyright as the result of having done the work, or was it a copyright that had been applied for and obtained from the Department of the Secretary of State?

Mr. RINFRET: It was acquired from the original author by the present owners, if that is what my hon. friend wants to know.

Mr. MAYBANK: I did not mean that. I had understood that in the case of these insurance books there was an inherent copyright; that it was not a copyright sought and obtained upon application to the Department of the Secretary of State.

Mr. RINFRET: I do not think that would have a great bearing on the case. I may tell my hon. friend that the application I had to consider was whether the licence clauses of the present Copyright Act could apply to the ownership of the copyright in those insurance maps. I just wanted to explain that the licence clauses had no other purpose than to protect the Canadian printers. I may add that at the time the authors protested vigorously against the insertion of these clauses in the Copyright Act, as they object also to the amendment now before the house, because they claim that copyright is an exclusive right. When the case was submitted to the department my only function was to decide as to whether the licence clauses could apply to the ownership of those insurance maps, and it is quite apparent to anyone who reads these clauses carefully that they do not. In brief, the licence clauses merely state that when a book or a work of art is edited outside Canada and the Canadian market is not supplied with copies of the work, then the printer may apply to the Secretary of State and obtain permission to publish the same work in Canada under certain conditions. That is why this bill is introduced now, because I think both parties are quite agreed—or at least they have to abide by the decision of the Department of the Secretary of State—that there is nothing in the present Copyright Act which deals with the particular case that has been submitted to us. Therefore, under the terms of the present act we have to decide that the owners of the copyright have exclusive rights to it and cannot be forced to sell it to anybody.

The intention of the present bill is to give the minister power to decide that in certain cases the owners of a copyright carry it to abuse, and to grant such relief, in the words of the bill, as the minister may deem just and fair in the circumstances. Without any desire to criticize, I am afraid the bill has been drafted rather hurriedly. I am not pronouncing as to its merits in general, but I think it is an endeavour to cover the particular case that has been submitted to the department.

Mr. LANDERYOU: Was this matter not taken before the exchequer court last February?

Mr. RINFRET: I was coming to that. This particular phase of the question was not before the court, but the ownership of the copyright itself has been disputed and the case has been heard in the exchequer court. That court has rendered a judgment, and an appeal has been taken to the Supreme Court of Canada, so that phase of the matter is now sub judice

For all these reasons I agree with the hon. member for Stormont that we should not, in the single hour that is available twice a week for the consideration of public bills, and at this late stage of the session, endeavour to consider in detail a bill of such complexity, but that it would be much better to have some committee of the house consecrate the necessary time to it. I still have my doubts as to whether or not the principle of the bill should be adopted. I am not quite convinced that the dispositions of the Patent Act could well be applied to the Copyright Act in general. I must admit, however, that this exceptional case has created a doubt in my mind which did not even exist before the point was brought to my attention. I may say also that, as in dealing with patents or trade marks, or even the shop cards bill that I introduced earlier in the session, whatever power may be placed in the hands of the minister I believe there should be an appeal to the exchequer court. This bill does not provide for such an appeal, and I believe it would be a mistake even to consider the bill unless it contained a provision of that kind.

May I add that I have received a considerable number of telegrams both for and against this question as well as quite a number of representations on both sides. I believe we should approach this bill with very great care and not be too hasty in our decision. I believe both sides should be heard. Therefore I desire to move in amendment that the bill be not now read the second time but that the subject matter be referred to the committee on banking and commerce. This is moved as an amendment to the motion for second reading.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I congratulate

the minister upon having made a motion that will obviate the necessity of our affirming a principle which, unfortunately, at this time of the session it would be difficult thoroughly to appreciate and understand. It is quite clear that, in any event, those provisions of the bill which contemplate retroactive action with respect to pending litigation should not be accepted by this house. It would be cruel indeed if we were to interfere with pending litigation, and I cannot think that the sponsors of the bill would so desire.

With respect to the merits I have no observations at all to make, because I would be prejudging something about which it may well be that in the light of further evidence I might be able to arrive at a conclusion other than that which I now have in mind. But I feel quite certain that the bill should be referred to a committee. My only doubt was as to whether or not that committee should be the committee on banking and commerce, or a select committee, because the banking and commerce committee has a very great deal of work to do. It is a large committee, and it has been found that in matters of this kind usually a select committee is able to devote more time and attention than the standing committee to the consideration of the subject matter of a reference. However, in view of the remarks of the minister it apparently is to go to the committee on banking and commerce, and so without prejudice to the merits or demerits of the measure, except in respect to that portion of it which would deal with pending litigation, I have much pleasure in supporting the amendment of the minister.

Amendment agreed to.

Motion as amended agreed to.

TRANSPORT COMMISSION

AUTHORITY TO CONTROL TRANSPORT OF PASSENGERS AND GOODS BY RAILWAYS, SHIPS AND AIR CRAFT

The house resumed consideration in committee of Bill No. 31, to establish a board of transport commissioners for Canada, with authority in respect of transport by railways, ships and air craft—Mr. Howe—Mr. Sanderson in the chair.

On section 3—Board of transport commissioners.

Mr. BENNETT: What is the minister's intention with respect to the present board of railway commissioners? This contemplates the creation of a new board.

Hon. C. D. HOWE (Minister of Transport): It simply changes the name of the existing board, as I understand it.

Mr. BENNETT: I am asking as to the personnel.

Mr. HOWE: It does not affect the personnel at all.

Section agreed to.

Section 4 agreed to.

On section 5, subsection 1, paragraph (a):—Application for licence.

Mr. REID: Although I appeared before the committee and made representations regarding this clause, I am afraid I must still register an objection, because I view the section with alarm, if it is passed in its present form. It is all very well for the minister to express the view that the section would not bring about discrimination; but I fear that once it comes into effect, a steamship company in British Columbia wishing to go into the business of transporting lumber or other goods may very well, according to this section, meet with grave objections from the board administering the act. I therefore raise the objection and ask that even at this late hour some further consideration be given. Perhaps the minister could meet the argument I have advanced, and if so I should like to hear what he has to say.

Mr. BENNETT: Before the minister answers the hon. member, probably I might say a few words.

Mr. HOWE: Very well.

Mr. BENNETT: We are now getting to the point where we propose to license transportation facilities. That is what this means. We have created transport companies on sea, land and in the air. Now we are carrying bureaucracy one step farther and providing for the licensing of organizations which under the act will transport goods and/or passengers.

To lay a foundation for a licence for that purpose is not an easy undertaking, but those who propound the measure must be prepared to support that thesis. While I have not followed in detail the work before the committee, the minister and those who hold similar views, namely the supporters of the administration, believe that a case for licensing has been made out. I am not unmindful of the difficulties that we have in this country with respect to our railways and their revenues, and the difficulties that are being experienced by the railways in other ways as well. But it is a long, far cry from financial

conditions to the point where we say that we shall licence those whom we have created for the purpose of carrying on the business.

I know how strongly this has been advocated in certain quarters, and I understand their motives, motives which are sincere and earnest. They are endeavouring to increase their revenues. And they propose to increase their revenues by diminishing the traffic that is handled on the one hand by unlicensed organizations, and by increasing the traffic, they believe, of those whom they say are entitled to the licences, namely, their own organizations and others, including those operating in the air.

The section is explicit in stating that you have to determine, first, "public convenience and necessity". That is the purpose as indicated by the bill. The board of transport commissioners will have to determine whether the public convenience and necessity—it is not alternative, but is a cumulative expression—require this transport service. That issue goes before the board of transport commissioners.

If you left the issue just at that point alone, it would be rather a difficult problem. But it is rendered more difficult still; for the board is given directions as to certain factors which must be considered in determining that issue. Those factors are stated in sub-clauses to the bill, one of which refers to complaints by competitors, to put it shortly. That is number one. The board will consider the attitude of the competitors to the competing applicant organization, whether by rail, water or air, "on the routes or between the places which the applicant intends to serve on the ground that suitable facilities are or, if the licence were issued, would be in excess of requirements, or on the ground that any of the conditions of any other transport licence held by the applicant have not been complied with."

Mr. Chairman, think how splendid it would have been if we had had a provision such as that in Canada, say when we built some of our present railway lines! But you see, we have these railway lines. One of the factors being considered by a senate committee to-day is that we have three transcontinental lines in certain sections of the country, merging into two as they pass through the mountains. This is locking the door after the horse has been taken from the stable. You will observe I use milder language than is usually used in connection with that proverb.

The second factor is this:

(b) whether or not the issue of such licence would tend to develop the complementary rather than the competitive functions of the different forms of transport, if any, involved in such objections.

[Mr. Bennett.]

That is, would there be an elimination of competition? It is not for me to say at the moment whether or not that is sound, but it contemplates the granting of a licence to an applicant if his proposed methods of transport are complementary to and not competitive with existing facilities. The third one is quite comprehensive. Paragraph (c) reads:

(c) the general effect on other transport services and any public interest which may be affected by the issue of such licence.

That is involved in the broad principle which has to be determined by the board on every reference. The next paragraph deals with the quality and permanence of the service to be offered by the applicant, his financial responsibility and so on. The questions of safety in the air and matters of that kind are next dealt with. I pass these by because they are matters which we would expect any board would have to consider. Then comes this provision:

Notwithstanding anything contained in subsection one of this section, if evidence is offered to prove,—

(a) that during the period of twelve months next preceding the coming into force of the relative part of this act on, in or in respect of the sea or inland waters of Canada, or the route between specified points or places in Canada or between specified points or places in Canada and specified points or places outside of Canada, or the part of Canada to which the application for a licence relates, the applicant was bona fide engaged in the business of transport, and

(b) that the applicant was during such period using ships or aircraft, as the case may be, for the purpose of such business—

I take it that the effect of that is to have the board consider the existing facilities and conditions and the length of time during which they have been operating. Then it is provided further:

The board shall, if satisfied with such proof, accept the same as evidence of public convenience and necessity to the extent of the user so proved and issue a licence accordingly.

This section has been changed in part since the bill went to the committee. I shall not say more than that these provisions apply largely to the inland waters, the air and the sea and do not deal with other branches of the transport service. It is a recognition of an existing right based upon and determined by the method applied in the utilization of that right by the protester during a period of twelve months prior to the date of application.

It is a little difficult to determine whether or not in a young country like this we should undertake to license these facilities. I am told by those who are deeply interested

in the problem that we should likely agree to it; that it is sound. I know that they have been endeavouring to do it in the United States for a long time, but thus far they have failed. They are watching this experiment with great interest. I made some inquiries myself, and I had inquiries made by others. I believe Mr. Eastman is the gentleman who is undertaking to correlate the activities of the railways of the United States. Without trying in any sense to repeat his language, I was told that at a public hearing he made the observation that they were watching with much interest what might happen in this country. If we were less poor as a country, the situation would be less difficult. I am not talking of our physical assets; I am talking of our accumulated material resources.

I cannot but think it is taking a rather long leap in the dark to apply to this extent the theory of bureaucracy to transport. I apprehend the answer that will be made. I should not anticipate the answer, but I have tried to think of it fairly. It is felt that this may do something to improve the financial position of our transport companies. The last paragraph to which I directed attention applies to the sea and to the air. I know the apprehension that exists among some of our friends on the prairies as to the possibilities of increased freight rates for the movement of grain from the great lakes. Whether or not that apprehension is based upon any real appreciation of the problem, time alone will demonstrate.

The minister is of the opinion that this can be faced with equanimity, without fear as to the possible results. I suppose the answer he will make is the answer that ministers always make: If it does not work out satisfactorily, it can always be repealed. But nations cannot make experiments as easily as individuals without paying a pretty long price. We are paying a heavy price for some of the experiments we made in Canada in days gone by when we believed that something would happen that did not happen. In other words, we predicated our views of the future upon an anticipated expansion which did not develop. The minister will observe that I am not speaking with, shall I say, my usual certainty. There is grave uncertainty in my mind, but I cannot think I would be doing justice to the situation if I adopted the principle without pointing out what I concede to be the difficulties, and my real fear of the consequences.

I believe that a planned economy may be very necessary under new conditions in many parts of the world. I am making that confession of faith at once. I believe that the vast accumulation of knowledge which has come to mankind during the ages cannot be utilized unless by some planned utilization of the accumulated skill that comes to people only by reason of planning their operations, whatever they may be. But to plan in this instance, without its being part of a further plan, that is, a general plan, is to set up one branch of a bureaucracy without correlating its activities to a planned or logical scheme for the whole. Until such time as we are ready to contemplate that feature of our national life, it seems to me that making this gesture will not accomplish what the minister so earnestly desires.

I suppose there is no member of this committee who is not as anxious as the minister that our difficulties should find a favourable and successful solution. But it is a great responsibility to attempt regimentation with respect to our transportation services without correlating it to a planned and considered scheme that contemplates the application of the accumulated scientific and other knowledge of our world to the economic affairs of the country. I have expressed very vaguely what is in the back of my mind, but I felt that I should make these observations before I became a party to the adoption of a principle which is far more than the application of it. In the application we find that we are touching every phase of our national life. Transportation is very important from every angle, whether it be the transportation of passengers through the air, on the sea or across the land, or the movement of our freight in any way that the act contemplates and has provided for.

I can readily understand how one who represents a constituency in British Columbia looks with the greatest apprehension on a measure of this kind because British Columbia is peculiarly situated. There is transport by water, which passes through a foreign country to reach the Atlantic coast by traversing a part of the Pacific, and the utilization of a canal that has been provided at an enormous expense. So this becomes a matter of vital importance to the people of the seaport areas of British Columbia. Their ship-borne traffic passing through the canal goes not only to the markets of Europe but also to our own eastern Canada, which makes it very important from that angle also, so that if we are to license these enterprises in this way I think we might perhaps have taken a little longer time to determine whether or not in practice it would effect the benefits which the minister desires without inconveniences and disadvantages that may amount almost to a calamity in connection with the nation as a whole.

Mr. HOWE: Mr. Chairman, it seems to me that the discussion of this bill brings out enormous inconsistencies. I have followed this legislation now for the second year in this chamber and in another chamber, and the inconsistency of the discussion is perhaps the chief feature of it. We have to-day the right hon. leader of the opposition (Mr. Bennett) before dinner expressing the greatest concern lest there should be any relaxation whatsoever of regulation as applied to the railways. The regulation of the railways was applied at a time when the railways had a virtual monopoly of transportation in this country. To-day they are far from occupying that position. The purpose of this bill is to meet the changed situation by making a move in the direction of equality of opportunity for competition. Having relaxed the regulations applied to the railways, we desire to extend these relaxed regulations to those competing forms of transport over which the federal government has jurisdiction. Strangely enough, those who are most opposed to any relaxation of the regulation of the railways seem to be the ones most fearful of evil results following from the application of such relaxed regulation of other forms of transport.

May I point out another inconsistency? Something has been said about the senate investigation. On the walls of the committee room where that discussion is taking place is a map of Canada. On that map about five thousand miles of railway are covered with a black tape, being lines that it is proposed to abandon. I think that is a fair indication in railway circles, at least, that we have too much railway transportation. On the great lakes during the last year, when traffic was light, we have had some forty lake boats scrapped simply because there were no cargoes for them. There is actually to-day an impending shortage of tonnage on the great lakes, and the fact that freight rates on grain from the head of the lakes to Montreal have advanced from four cents to 5¾ cents a bushel during this season is an indication of changed conditions that exist there.

Mr. BENNETT: What was the average rate about three years ago?

Mr. HOWE: The rate has gone as low as a trifle under three cents.

Mr. BENNETT: That is my memory.

Mr. HOWE: And it has gone up to 5½ cents, and it touched six cents once or twice.

Mr. BENNETT: Very seldom.

Mr. HOWE: It has never stayed at six cents for any long period. However, I think we all will agree that a surplus of transport is uneconomical for any country, and that the shippers of the country would be better and more cheaply served if it were not necessary for the transportation industry to have a surplus of transport facilities. The public pays for those facilities in the end, and while in times of depression there may be abnormally cheap transportation, in times of large production the price is apt to go to a point which will bring a fair average return on the surplus facilities.

We believe—and other countries have shared that view, because the principle of convenience and necessity is of widespread application as applied to transportation facilities—that it is desirable to give the regulating board the privilege of deciding whether an increase in our transportation facilities is required by public convenience and necessity. This bill proposes that we attempt to make some progress in the direction of relaxation of the regulation of the railways, on the one hand, and that we extend regulation to unregulated carriers, on the other. I think everything in the bill indicates that we are instructing the board of transport commissioners to apply the new regulations cautiously. The board has behind it fifty years of experience in regulating transportation as a background for extending its operations, and I believe that no harm can be done by the application of this bill to transportation in Canada. I believe, on the contrary, that considerable good can be accomplished by a wise application of the provisions of this bill.

I find it difficult to understand why many people are very timid about placing this bill on the statute books. People talk very freely about drastic solutions of the railway problem. But think of the havoc that would follow the tearing up of any five thousand miles of railway in this country, and compare that with any disabilities to the Canadian people that could arise from this bill, and in comparison the latter must appear very trivial indeed. I believe this is a constructive step to place the transportation industry on a sound basis, and I sincerely trust that hon. members will take a kindly view of the bill.

Mr. REID: Mr. Chairman, I am not presuming to speak for British Columbia, but we have good cause from our experience with past legislation to view with alarm anything that imposes statutory restrictions with respect to transportation. British Columbia is in a unique position. If we had not the railways, we could still transport our products by water. By this bill you are going to place transportation by water in the hands of one company, and give them a virtual monopoly of

transportation. I can visualize a new company going before the board and asking for a licence to transport lumber by ships. It could easily be pointed out by the company at present operating and by the railroad companies as well that there were ample transportation facilities already provided to take care of all shipments of lumber or any other goods from the Pacific coast to the Atlantic on the Canadian side. I am pointing out to the minister and warning him that in my opinion—and I have not heard any argument or evidence to the contrary—you are going to place transportation by boats in the hands of one man or company who will have a monopoly of it, and so the right to others in the future to obtain a licence and transport by water will be denied.

Mr. BENNETT: I am sure the minister will acquit me of any desire to take up too much time. This matter has been thoroughly discussed in the committee and I have no desire to trespass upon their good will. But I think I should point out to him that he is in error when he speaks of inconsistency; he has failed to grasp the essential underlying foundation of the argument addressed to the committee. It will be remembered that after a long struggle the masses of the people secured equality under the law with respect to freight rates. That was a very long struggle. All one has to do in order to get a clear appreciation of the nature of that struggle is to read casually the history of transportation in the United States. And in our own country we followed that old statement of Commodore Vanderbilt that freight rates were based upon all the traffic could stand, and that the large shipper who had a tremendous volume of trade for the railways could get a rate denied to the small man who was endeavouring to start a very indifferent business. That principle was swept away. That fact is at the basis of our whole railway law on the traffic side of it, and the change in the United States was secured after infinite struggle. Perhaps no one knows more about that than the minister, because he was in an institution which had a great deal to do with teaching regarding this very matter. I refer to what is known as the school of technology, I think it is the Massachusetts school of technology, one of the foremost institutions in the world; they had to do with the mechanical side of business; but across the way, in the great university, the question of transportation was enagaging the attention of very brilliant minds, and at last the Interstate Commerce Commission came into being. Here Mr. Blair, having deputed Mr. McLean to make an investigation, put upon our statute books the law which established the railway commission.

There is no inconsistency in our position. I want to make clear to my hon. friend the minister our contention that at this stage of our national life we cannot go back and start again. Disraeli once said that democracy could never retrace its steps. I have a favourite saying that not even heaven itself can change the past; what has been, has been. These words I regard as of tremendous import in the life of nations. Here is this country with all these railways—rightly or wrongly. My hon. friends opposite are responsible for our having three systems. The great Canadian who sat in that chair opposite me told the people of this country that $13,000,000 would pay for the National Transcontinental; and his colleague the Minister of Finance, Mr. Fielding, made the same observation, and they believed it. I am not for a moment saying that they were endeavouring to impress these views upon the Canadian people without believing in them, for they did believe them. We looked into the future; we had great dreams, and we are unable to see them realized.

What we are doing now is endeavouring to start again at scratch. If the minister had said, when we were duplicating existing facilities, "I am going to insist upon a licence being granted before that facility is duplicated," we would have had a different situation. If the minister will take the trouble to read the debates on the Grand Trunk Pacific and the amendment of the late Sir Robert Borden with respect to the construction of the line from the head of the lakes eastward, he will see that had that amendment been adopted we should not have had what we have now; we should not be faced with our present difficulties in connection with these various systems. I mention that not by way of argument but to indicate some of the difficulties there are in retracing our steps. The minister knows, when he speaks about that map on the wall with black tape on five thousand miles, that we cannot retrace our steps and cancel five thousand miles of track. Everybody knows that. A method by which it may not be served as it has been in days past is another thing altogether, whether it should be treated as a secondary or tertiary line or in some other manner. Some lines can be taken up, but to talk about blacking out five thousand miles is another matter altogether. I do not believe it is possible for us at this time to retrace our steps in the matter of transportation. I do not think the minister has recognized the

consistency which runs through our position, or perhaps I should say my own position, because I do not say that it represents anyone but myself, and I speak for myself only. The position is this: Once having established uniformity under the law for the rich and the poor shipper, it is a retrograde movement to undertake to retrace your steps and say that the man with a lot of business is going to have an advantage over the man with a little business.

Mr. HOWE: That is just the opposite to what this bill says.

Mr. BENNETT: I have heard my friend say that so often that sometimes I think he almost believes it.

Mr. HOWE: I do believe it.

Mr. BENNETT: Well, I had far more confidence in my hon. friend's intelligence before he made that observation. But just let us look a step further and see what we get in this bill. I am not going to weary the committee, but I want just one thing to be considered. You come to this section, the governing section which deals with the principle, and then you get down to clause 11:

No goods or passengers shall be transported by water, from one port or place in Canada to another port or place in Canada, either directly or by way of a foreign port or for any part of the transport, by means of any ship other than a ship licensed under this part.

Well, Great Britain's greatness grew up largely as a mercantile and commercial country because of what she did in connection with shipping. We might as well be perfectly fair about it.

Mr. HOWE: And there is no shipping to-day so regulated as the British shipping.

Mr. BENNETT: Does my hon. friend the minister suggest that any part of it is licensed except those vessels licensed under the board of trade for crossing the Atlantic ocean and carrying passengers?

Mr. HOWE: Every one is in a passenger or tramp conference of some kind, and the rates are regulated by board more or less sponsored by the government.

Mr. BENNETT: Not sponsored by the government.

Mr. HOWE: Oh, absolutely.

Mr. BENNETT: The North Atlantic conference, of which—

Mr. HOWE: That is a passenger matter. I was talking more about the tramp shipping.

Mr. BENNETT: I am talking about the freight conferences. There are two conferences, the passenger on the one hand and the tramp on the other. All passenger ships which go into a British port are licensed, under that board of trade regulations; having the Plimsoll mark and the prescribed load line and everything of that sort. And the accommodation of these ships that fly the British flag and are licensed to carry passengers is controlled. Any passenger who crosses the Atlantic can see the certificate fixing the number of passengers that may be carried, the number of lifeboats, and so on. The tramp ships may have a cartel or arrangement amongst themselves; but they are subject to the competition of the foreigner, the Scandinavian ships, and latterly the 20 knot freight ships of Japan.

Mr. HOWE: But they are in the same conference. Every boat which has come into the St. Lawrence this year has been a member.

Mr. BENNETT: The Japanese have not been members of that conference in what you call competitive territory. The minister of course has made this his business, and I have only met it incidentally as a subject for investigation. I discovered magnificent Japanese freight ships of 20 knots. Those ships were getting the traffic. Belonging to this conference or that conference is not a matter of importance; because of their speed they get the traffic in the area they serve. And the result has been that the Vesteys have five magnificent ships running between Great Britain and Australia and South Africa. They do not carry passengers to the extent of requiring a medical man on board, but they have accommodation with baths for about twelve passengers. A great many of our fast freight boats now have that accommodation. But they are not licensed as this section provides. And if they are, this is not going to take anything away from them on the one hand or give them any advantage on the other. All we say in this bill is that no goods shall be transported by water from one port in this country to another unless these ships have a licence from this bureau, never mind their standard of equipment. The ship may be class A1 at Lloyds for one hundred years, the highest classification there is; but under this bill we authorize our customs officers to hold that ship up because we have not given her a licence to carry a passenger from Vancouver to Halifax. Why should we add that? Every provision for safety has been made; every accommodation has been provided. But now we are going to say: One more river to cross; one more bureau to meet; one more licence to get. I do not think that is going to help the business of this country, nor do

I see where it is going to be of value to the Canadian people; for we once had a mercantile marine; we no longer have.

Mr. HOWE: We did not have licences in those days; you cannot blame that on us.

Mr. BENNETT: I am not blaming the minister for something that has not yet been in operation.

Mr. HOWE: I was afraid the right hon. gentleman was.

Mr. BENNETT: No, no; I have no desire to be unfair to the minister. But this is the position; to-day we are without a mercantile marine. I remember as a boy that Canada's mercantile marine was rather extensive. But it disappeared; steel ships and tramps and that sort of thing wiped it out. The ships that have to get a licence now are not going to be Canadian ships, if this legislation is literally enforced. The ship that sails from Vancouver to Montreal with any cargo must have this licence. What is the purpose of it? It is to do one or both of two things. Licences should be granted in the public interest for the safety and convenience of the individuals who may be passengers on the ship, or for the rapid conveyance of the goods the ship carries; or second, the purpose may be to destroy competition. That was the point which the hon. member for New Westminster (Mr. Reid) made. The minister, I am sure, has studied and realizes that open competition on the high seas has been the regulating factor in connection with ocean freights, notwithstanding cartels or tramp arrangements and everything of that sort; the sudden introduction into a harbour of a tramp flying a Scandinavian flag, or the flag of Germany or of some other mercantile power, has had the effect of adjusting freights at once. We know that in Montreal; we know it in Vancouver, and we know it in other parts of the world. That is the view to which I find it difficult to accommodate myself.

One more statement and I have concluded. I have trespassed too much on the patience of this committee. The consistency of my position lies in the fact that I maintain there should be equality under the law for all persons who have voyages to make or freight to ship; that is, that the tolls which are fixed by law should be of universal application, fixed by a body which is free from political control, as the board of railway commissioners set up by Hon. Mr. Blair was, he himself being the first chairman; and that that board's rates should be of universal application.

I wonder whether the minister remembers the case that was tested as to whether or not a freight rate was in the nature of a toll or tariff; having once been approved by the body which had to give its approval, no lower rate could be taken nor could a greater sum be exacted; and if a mistake were made the money could be recovered, because there is no power to alter a toll for freight which stood in the same position as a tariff. I once defended an action—unsuccessfully—from that angle. I point out that the really fundamental principle which has governed us for over thirty years has been equality under the law with respect to tolls and charges for the transport of goods in this country, and that no discrimination was possible and no differentiation by reason of the volume of traffic that the shipper had to offer to the carrier.

I ask that that principle be retained, and I submit that to exact a licence with the conditions to be imposed regarding an agreed charge is an inroad on that principle. When the minister suggests that I am favourable or anyone else is favourable to the relaxation of the rule, he has failed to understand the position we take. I am in favour of the maintenance of the principle I have enunciated, and I am opposed to any statutory provision which encroaches upon the application of that principle. The minister says that this does not interfere with it; but I say that any agreed charge, the benefit of which is not open to any man to receive, whether the traffic he has to offer be large or small, is not sound in principle. And the agreed charge contemplates that a man is going to tie himself up to a given condition for a given time in order that he may be able to secure a given rate. That, I submit, is contrary to the principle which I think should continue in effect in this country.

Without going into details, because the matter has been threshed out by so many members of the committee, although of course the jurisdiction of this general committee is still complete and we have the right to discuss it in any detail we please, I do not propose to enter into any further discussion with respect to general principles. I content myself merely by saying that I think it is a retrograde movement. If we were going to start de novo, I am not sure that I would not be in favour of the general application of a principle that utilizes the accumulated knowledge, scientific and otherwise, and the skill of mankind for the benefit of the citizens of this country as a whole. To think by legislation to turn back the hands of the clock and put ourselves in the position we

were in when we started in this transportation business is, of course, not for a moment to be considered. Under these circumstances it is the inconsistency of our position that I present for the consideration of the minister, and I do submit that to license vessels which carry people from one part of Canada to another, not for purposes of safety, not for purposes of their well-being, not for purposes of expedition in the handling of freight but for another reason altogether, is contrary to the general principle upon which nations have built up their positions as commercial communities, and I believe will be detrimental to the best interests of the country as a whole.

Mr. HOWE: I have followed my right hon. friend's lecture on consistency very carefully; but as yet I do not understand why it is a good thing for a boat to be able to contract for freight over any period it wishes, and not a good thing for a railroad; why it is desirable that a boat should have the privilege of quoting a low rate to a large shipper and a higher rate to a small shipper, and why there should be grave danger that a bill designed to afford protection against that practice on all forms of transportation may permit such practice on the railroads. I was not able to follow the lecture on consistency quite that far, but I think perhaps we have dealt with that subject sufficiently.

Paragraph agreed to.

Paragraphs (b) and (c) agreed to.

On paragraph (d).

Mr. TAYLOR (Nanaimo): Will the effect of this bill, Mr. Chairman, be to close out inventive progress? Are you permitting the general development of invention and progress, or are you going to cause everything to stagnate for the purpose of permitting the railroads and transportation companies generally to meet their expenses and pay dividends? If the latter, then I submit that we have not reached a solution of the problem. No stream dammed is stopped. The flow continues and the flood will carry away the dam sooner or later. I am quite certain that until you have tackled and definitely settled the immense problem of adjusting the capitalization and capital indebtedness of these transportation companies to their effective earning capacity, which can be done but which as yet has not been done, the problem of transportation in Canada or anywhere else will not be solved. Supposing in the next few months somebody comes along with a transportation method which will eliminate all these methods now before us. You may say, of course, that this is a highly hypothetical case. I grant that; but that principle being considered, does this bill prevent inventive progress?

Mr. HOWE: I think I can assure my hon. friend that it does not.

Paragraph agreed to.

Subsection 1 agreed to.

Subsection 2 agreed to.

Section agreed to.

On section 6, subsection 1—Term of licence fees.

Mr. BENNETT: Is it contemplated that the fee will be based on tonnage, or is it intended to be only a nominal fee?

Mr. HOWE: It is purely a nominal fee. The purpose of the licence is only to afford a direct contact between the unit of transportation and the board of transport commissioners. Otherwise the licence has no significance. But naturally if we have a unit of transportation that is not complying with the regulations of the board, it is liable to have its licence revoked. That is the only purpose of it.

Mr. BENNETT: I see the fees are to be fixed by the governor in council, and I wondered what was the general principle.

Mr. HOWE: Purely a nominal fee.

Subsection agreed to.

Subsection 2 agreed to.

Section agreed to.

On section 7—Fines payable to receiver general.

Mr. BENNETT: I think the word "over" is a bit of bad drafting. The section states:

> Every fine imposed under this act or under any regulation shall be paid over to the receiver general of Canada—

I think that word "over" might be taken out.

Mr. HOWE: I should think so.

Mr. BENNETT: But possibly it is put in to make certain in the event of any question about a magistrate receiving a fine in the first instance and paying it over. I do not like the word, but I assume it was put there deliberately.

Section agreed to.

Section 8 agreed to.

On section 9—Limitation of proceedings for violations.

Mr. BENNETT: In connection with matters of this kind, where you have such a shifting

population, should not six months be a sufficiently long period? I do not want to press the matter, but it is so difficult to deal with matters of this kind after a given time. Papers are lost; people move about, and when I read it over it did strike me that six months should be long enough.

Mr. HOWE: I am not sure what purpose is behind the twelve month period, but is it really serious?

Mr. BENNETT: No; I do not think so. I just put it to the minister.

Mr. HOWE: Perhaps I should prefer to leave it at twelve months.

Section agreed to.

On section 10, subsection 1—Board licence to ships.

Mr. STIRLING: Would a transport company owning ships, a railway and perhaps aeroplanes have three licences or only one?

Mr. HOWE: Of course the railway does not require a licence. The shipping and air craft would be licensed.

Mr. STIRLING: Two separate licences?

Mr. HOWE: Yes.

Mr. STEVENS: Mr. Chairman, I do not intend to labour the discussion on part II of the bill. I intend later on to speak more fully to another part; but I should like to say in regard to part II, which deals with transport by water, that I think it is an unwise policy to adopt to bring this shipping under the board, and to restrict, control and regulate in the manner proposed in the bill. I shall state in a few sentences why I take that position.

One of our major items of export, as well as one of our chief sources of new wealth, is found of course in the great wheat plains of the west. The handicap to which the Canadian wheat producer is subject is that his product is produced at a point a couple of thousand miles away from the seaboard. We are in competition chiefly with the Argentine, as well as with other countries, of course. But the Argentine wheat is the closest competitor to Canadian wheat. The Argentine grower virtually has water transportation at his door. Therefore anything that affects or is likely to affect the cost of the movement of grain from the western plains to the seaboard is a matter which should be very carefully considered by parliament.

This is not a new proposal by any means. It was introduced to the house very frequently in years gone by. Almost every year it was placed before the house by the hon. member who at that time represented Lambton. On every occasion I opposed it, and the bill which was introduced year after year did not become law, not because I alone opposed it but because parliament in its wisdom decided it was not advisable to impose restrictions upon shipping on the great lakes, because of the danger of affecting the cost of transportation on those lakes.

There is no need of subterfuge or evading the issue, and parliament ought to face the facts that the only possible effect of part II of the bill would be to raise the cost of transportation on the great lakes. That is its object; there is not any question about it.

Mr. HOWE: Mr. Chairman, on a question of privilege—

Mr. STEVENS: A question of privilege? Let us hear the question of privilege.

Mr. HOWE: Why impute motives to myself on this bill?

Mr. STEVENS: Mr. Chairman, surely the language I am using cannot be any—

Mr. HOWE: That is all right, to make a speech to the country.

Mr. STEVENS:—stretch of the imagination be considered as imputing motives. I am discussing a question of public importance, in connection with which I take a view directly opposed to that set forth in the bill. And to consider an expression of opinion of that kind as directed to any one individual is, to put it mildly, arrogating to that individual a position of importance that he is not entitled to have. I have not mentioned the minister, nor have I directed a single personal reference to him or to anybody else, except to mention the late member for Lambton, who introduced bills containing this proposal. I assume there is no question of privilege; certainly I cannot see one myself.

I was proceeding to say that anything which interfered with the movement of freight over the great lakes is likely to result in an increase in the cost of movement of those goods, and I added—and I repeat it now without hesitancy—that we must recognize in the language, structure and intent of the bill that its effect is to raise the cost of the transport of goods. There can be no other excuse for its introduction. The very essence of this part of the bill is to regulate and to license, and as the terms of the bill would show, so to regulate and restrict the freedom of movement of goods by vessel over the great lakes that vessels prepared to take them at a low price would be handicapped because of the licensing feature of this bill.

In the interpretation clause of the bill we have outlined a distinct and absolute limitation as to the goods which may be carried by bulk carriers which are not necessarily licensed under the bill. The rights are definitely limited, because we have forbidden them from carrying any goods other than those mentioned in paragraph (e) which reads:

"Goods in bulk" means the following goods laden or freighted in ships, and except as herein otherwise provided, not bundled or enclosed in bags, bales, boxes, cases, sacks, crates or any other container;

grain and grain products, including flour and mill feeds in sacks,

ores and minerals (crude, screened, sized, refined or concentrated, but not otherwise processed), including ore concentrates in sacks,

coal and coke,

liquids.

The bulk carrier in the past has moved grain to ports such as Montreal and Quebec, and has been at liberty to pick up any kind of cargo in any quantity he wished, on a return trip. It is well known that the vessel hauling grain down there desires as quickly as possible to return to the head of the lakes in order to secure another load of grain eastward. The consequence of that method of movement was that they did pick up cargoes, sometimes only small portions and sometimes cargoes of a substantial size, on return trips. The more cargo they secured going west, the lower would be the rate on grain coming east. We are definitely restricting that. What I said a moment ago, to which the minister took exception, was that the committee ought to be fully seized of the effect of this part of the bill before it is finally passed.

I took this stand in the committee. It is true the bill passed the committee, but I now submit to the committee of the whole house that merely because a standing committee passed the bill is no reason why it should be passed here without discussion. The bill should be fully discussed; the committee should be seized of the import of it, and the possible effect it may have. In part II we propose to license ships on the great lakes and certain other ships running from the Pacific coast to the great lakes. These ships are to be licensed; they are to be restricted, and such ships as are not licensed are forbidden to carry certain cargoes westward on the great lakes, which at present they are privileged to carry.

Let me give one illustration of the far-reaching effect of this bill. One of the main items of cargo moving westward is sugar. Sugar is something that affects the livelihood of every person in western Canada. A certain part of western Canada is supplied with its sugar requirements from the Pacific coast. I believe the Pacific coast refineries reach eastward as far as Regina.

Mr. BENNETT: At one time they sold as far east as Brandon.

Mr. STEVENS: A year ago they came as far as Winnipeg, but the dividing line has gradually moved westward and to-day Regina is approximately the point of division. That portion of the population of western Canada living between Port Arthur and Regina secures its sugar supplies via the great lakes. We are now prohibiting the bulk carrier moving grain eastward from taking cargoes of sugar westward, unless he complies with the regulated rates. As a regulated carrier he would have to file a tariff and comply with the rates under the direction of the board. Sugar is only one of many items.

My purpose in raising this point was to call the attention of the committee to this part of the bill and to register my objection to the regulation of traffic on the great lakes. The inevitable result will be to raise the rates, generally speaking, for the movement of goods eastward as well as westward on the great lakes. I think that is something of very grave importance to this country.

Mr. HOWE: I take exception with my hon. friend when he says that the effect of this bill will be to raise rates. In my opinion the effect of the bill will be to create a more efficient transportation system in Canada. As I said previously this evening, an efficient transportation system is less costly to operate. The people who pay the cost of operating our transportation systems are not the owners, they are the users of transportation. If we can reduce transportation costs by a more effective co-ordination of the various forms of transportation, we shall be benefiting the users of transportation. I do not think anyone will contend that regulation has increased the cost of railway transportation. I think it is quite obvious that by bringing order out of chaos in the way of rates, the cost of railway transportation has been somewhat reduced. My hon. friend seems to be the defender of everybody from the needleworker to the Montreal brokers. I suppose he is now the defender of the people against a government that are trying to increase transportation costs. There is nothing in this bill that justifies the position he is taking in that regard.

Mr. STEVENS: I have no apologies to make to anyone for being the defender of the needleworkers, as the minister has so facetiously remarked.

Mr. HOWE: The Montreal brokers.

Mr. STEVENS: Let me say to the minister that there happens to be about 40,000 of these needleworkers, and if there was any group of workers in this country that needed a defender, it was the needleworkers. I consider it as about the highest compliment that has been paid to me since I have been in the House of Commons to be called the defender of the needleworkers of Canada.

The minister attempts to brush the whole question aside by drawing a parallel between railway and water transportation. No student of transportation would for a moment accept such an analogy. There is no parallel at all between the two. The essence of sound policy in connection with water transportation from its earliest days down to the present has been freedom from control and direction and restriction. Freedom of the seas! The movement of freight on our inland lakes is virtually the same as the movement of freight across the seas. There is no difference between the two except that geographically the lakes happen to be within the territory of the United States and Canada, while the seas are open to all. In so far as the movement of goods by water is concerned, our inland lakes do not differ from the seas in any particular. As I said a moment ago, the essence of the policy down through the ages has been to keep water-borne transportation as free as possible from restriction and regulation. There is no parallel between the two.

My hon. friend said a moment ago that no one would suggest that the regulation of rail traffic has resulted in increased freight rates. If one examines the schedule of rates, his answer certainly will be disconcerting to the minister, because, generally speaking, freight rates are higher to-day than they were before the introduction of regulation. But that argument is not applicable to the case at all. I am not suggesting that the regulation of railway rates was improvident or unwise. The chaos that existed then is the very chaos which will exist if part V of this bill is put into force. What were the chaotic conditions that existed prior to the regulation by the board of railway commissioners in 1905? Then the railways were competing with one another. They were making secret rebates and giving special rates to favoured shippers and all that sort of thing. They were failing to supply the public with the proper facilities for loading and unloading goods at different points along their systems. But all of that was changed. All of that chaos was wiped out by the regulation of the railways. There is no parallel between that and water-borne transportation.

We might as well be frank about this. As far as the ship owners are concerned, this is being done for the Canada Steamship company alone. The minister knows perfectly well that practically all the other shipping concerns on the great lakes opposed this part of the bill. The Canada Steamship company will be benefited because it happens to carry the major portion of the package freight on the great lakes. I have nothing against that company. I should like to see it prosper, but I think it is unwise for parliament to pass legislation that will benefit this one company alone and be detrimental to other shipping concerns. In my opinion this legislation will tend to increase rates generally on the movement of grain eastward to seaboard points.

Mr. BENNETT: I probably fell into the same error with regard to wheat as has been suggested here. Wheat is not covered by this bill. It is definitely stated in section 12 that the provisions of this part shall not apply to the transport of goods in bulk. I was greatly concerned about that provision being inserted. The minister must realize that we did endeavour to regulate these matters at one time. The government of the day, led by the present Prime Minister, had almost to entreat the owners of ships to break the law because parliament was not in session. That was in connection with the movement of grain on the great lakes. I suppose it is within the memory of some members here that we undertook to regulate rates on the great lakes in connection with United States ships, and they said: All right. But in the fall of the year we had to take active steps to induce them to break the law.

Mr. HOWE: Just exactly what year was that?

Mr. STEVENS: It was when Mr. Low was Minister of Trade and Commerce.

Mr. BENNETT: Yes. I was not in the house, but I well remember the circumstances. Does the hon. gentleman remember what year it was?

Mr. STEVENS: About 1924 or 1925.

Mr. HOWE: There was no regulation of rates but rather a restriction on United States shipping.

Mr. BENNETT: But the effect on the rates was quite apparent.

Mr. HOWE: There is nothing parallel in this bill.

Mr. BENNETT: That bill applied to all commodities. I can send and get it.

Mr. HOWE: I remember it very well. I lived on the great lakes for twenty-five years.

Mr. BENNETT: Yes. The hon. gentleman will remember the circumstances. That bill we had to get out of the way. Any effort we have ever made to control rates on the great lakes has been difficult, and we have not succeeded. There is one thing I would ask the minister: Do we contemplate being able to control by this means the movement of commodities—I will use the broad word, "commodities"—from a Canadian port to a United States port, and subsequently transshipped from a United States port to a Canadian port?

Mr. HOWE: Yes; we control that movement under this bill.

Mr. BENNETT: Is there not an international question there of the first order? Can we control a United States ship that loads at Fort William and goes down to Buffalo, unloads her cargo there, which is then loaded into another United States ship that sails from Buffalo to Montreal?

Mr. HOWE: It is illegal in the first place between two Canadian ports.

Mr. BENNETT: But it is not between two Canadian ports. In the case I put, the transit ends at Buffalo.

Mr. HOWE: You cannot load into another United States ship at Buffalo, except by a violation of Canada's coasting regulations.

Mr. BENNETT: The United States ship clears the next day from Buffalo for Montreal. A United States ship is allowed to go from Buffalo to Montreal.

Mr. HOWE: It is not allowed to bring goods from a Canadian port.

Mr. BENNETT: Quite. But the end of the transit was at Buffalo, and the goods were in bond.

Mr. HOWE: We stopped that several years ago.

Mr. BENNETT: I have seen it stopped in my life time, but I have also seen it unstopped. The United States authorities asserted their position.

Mr. HOWE: Unless the goods are duty paid in Buffalo they certainly could not make that voyage. They would be "through billed" from the head of the lakes to Montreal.

Mr. BENNETT: I have reference to a case where there is no through bill, where the goods lie in bond, and then are shipped from Buffalo to a Canadian port in a United States bottom, which is within the law. It will be recalled by the minister that at the time Mr. Low's bill became effective, the Americans lodged violent protests, and then we found ourselves in the position of asking them to do something for us, namely, to come and break the law. But that had to do with another phase. If the minister tells me he is satisfied he can control it, then I understand why the provision is there. But this whole part that we are now discussing is not intended to be put into force until it is proclaimed, and if the minister understands there are difficulties in the way, the proclamation will not be made until such time as he is able to iron them out?

Mr. HOWE: Quite so. The situation will be very thoroughly studied.

Subsection 1 agreed to.

Section 10, subsections 2 to 4 inclusive agreed to.

On section 10, subsection 5—Board shall issue licence if satisfied service is required.

Mr. BENNETT: What about a ship "about to be built"? There was strong objection here yesterday evening to making provision for something about to be done; the Minister of National Revenue (Mr. Ilsley) will remember it. Here is a licence to be issued in respect of a ship "about to be built."

Mr. HOWE: It would be difficult to build a package freighter unless the builder were sure the licence would issue. He must show convenience and necessity.

Mr. BENNETT: The word "building" I thought covered that; but this is "about to be built," which might enable a considerable racket to be maintained.

Mr. HOWE: Would it not cover the case of a man considering building a ship, who represents to the board: "I want to build a ship, but first I want to know whether or not I can get a licence." He must show convenience and necessity.

Mr. BENNETT: The best evidence I think would be for him to say: "I have a contract here for the building of a ship." In my opinion it is a bad provision.

Subsection agreed to.

Section 10, subsection 6, agreed to.

Section agreed to.

On section 11, subsection 1—No goods or passengers transported except in licensed ships.

Mr. BENNETT: Is it quite clear that this does not contravene any provisions of the shipping act, which by agreement at the imperial conference is common to all parts of the British Empire?

Mr. HOWE: This licence has to do purely with rates; the shipping act has to do with safety. This has been carefully checked.

Subsection agreed to.

Section 11, subsection 2, agreed to.

On section 11, subsection 3—Power of detention.

Mr. BENNETT: It says that the collector of customs may, if he believes that any ship "has transported" passengers or goods. That puts him in the position of being a judge with respect to an alleged past offence. A collector of customs could always hold a ship that does not comply with the law immediately; but to say that he shall become a judge and deal with a case when he believes that any ship "after the coming into force of this part has transported passengers and/or goods without licence, in contravention of this part," is clothing him with judicial powers, which I really think should not be done. The rest of it I am in accord with, but that part puts him in the position of exercising judicial powers at once.

Mr. HOWE: I hardly think that the actual working out of the legislation will follow the implication of this part. A customs officer would hardly detain a ship of his own volition. He would detain it on instructions from the transport board.

Mr. BENNETT: No; that is the odd part. If the minister will look at the rest of the section, he will see what I mean. It says that he "may detain the ship pending the disposition of any complaint or charge and the payment of any fine imposed in respect of any such offence." If there is any complaint or charge, he holds the ship until such time as he gets further information. That was my difficulty about it.

Subsection agreed to.

On section 11, subsection 4—Suspension or cancellation of licence.

Mr. BENNETT: Mr. Chairman, I think there is a contravention of an elementary rule there. It says:

> If the board is satisfied that a ship is operated otherwise than in accordance with the terms of a licence applicable thereto, the board may suspend or cancel the licence of such licencee in respect of one or all of the ships licensed.

I think it is elementary that the licencee must first have an opportunity to be heard.

Mr. HOWE: Oh, yes.

Mr. BENNETT: I mention that to the minister only because it is perhaps within the memory of some of the members of the legal profession that a judge was dismissed in one of the West Indies for very good cause; but the privy council found that, as he had had no chance to defend himself, his dismissal was wholly illegal. Here we have the loss of a licence without any provision that the licencee shall have an opportunity to be heard.

Mr. HOWE: Would it suit the purpose if we inserted the words: the board, "after hearing"? The board would not be satisfied without hearing both sides of the case, I suggest.

Mr. BENNETT: It is just for that reason that I suggest you add the words, "after hearing the licencee," or similar language. The minister will recall the Pilot case that I once spoke to him about. It was alleged that there was no opportunity for the party to be heard before certain action was taken. How would it be to say, "The board may, after hearing the licencee, suspend..."

Mr. MACKENZIE (Vancouver Centre): I move that subsection 4 of section 11 be amended by adding, in line 17, after the word "may," the words, "after hearing the licencee."

Amendment agreed to.

Subsection as amended agreed to.

Section agreed to.

Section 12, subsections 1, 2 and 3 agreed to.

On section 12, subsection 4—Nor between certain ports.

Mr. NEILL: I move to strike out paragraph (a) of subsection 4.

The CHAIRMAN: The paragraph reads:

> Between ports or places in British Columbia.

Amendment negatived.

Subsection agreed to.

On section 12, subsection 5—Provisions not to apply.

Mr. REID: Even at the risk of being accused by the minister of delaying the bill, I am going to protest strongly in this chamber once again against the principle in this bill of giving special privileges to the east. Away back in 1897 there was passed through parliament the Crowsnest pass rates, giving the eastern central provinces special consideration. Later, in 1925, the act was amended, but still the eastern provinces retained their special position. The Maritimes Freight Rates Act

was another measure enacted by this house which gave the maritimes special consideration, and now we have a provision in this bill exempting the maritime provinces on their shipments. Even at the risk of delaying the bill, I feel that, as a member from British Columbia, and knowing the fight I have put up for the past number of years in an endeavour to get a change in the act with respect to freight rates, I could not remain in my place without rising and strongly protesting. So strongly do I feel on this matter that I am going to move this amendment:

That after the word "lakes" in the forty-first line the words be added, "or between ports or places in British Columbia and the maritime provinces and ports or places on the St. Lawrence river."

There is less reason for including in the act the province of British Columbia than there is for including the maritime provinces.

Mr. HARTIGAN: "Less reason"? Does the hon. member say "less reason"?

Mr. REID: Less reason for including the province of British Columbia than for including the maritime provinces. There is less competition between the ships and the railroads in traffic emanating in the province of British Columbia than there is in the maritimes.

Mr. HARTIGAN: I think the hon. member has a wrong conception of that. This exclusion pertains only as far as Montreal, and on the maritime coast the coastal trade is presumed to come up the river to the port of Montreal. That is the legitimate territory through which maritime traffic moves, through which maritime trade always had its being up to tidewater.

Mr. REID: Yes. I can see the members from the maritime provinces are wonderful advocates in regard to having this change made; nevertheless I am sticking to my point in spite of the hon. member's argument.

Mr. HARTIGAN: As far as the—

Mr. REID: Never mind; I want a chance to finish my remarks as far as this is concerned. Speaking to the amendment, I feel that British Columbia should not be left out of the special provision of this legislation. I maintain that once more the maritime provinces and eastern points are receiving special consideration, even from the maritimes to the head of the lakes, by being exempted as they are under this section. The traffic obtained by any steamship line or steamers from British Columbia to Quebec, Montreal or the maritime provinces is not lost traffic to the railroads. It is competitive business, and lumber being sent there would not be sent were it not for the fact that at times there are ships operating which will carry that lumber at a somewhat lower rate. But if those ships were not taking that lumber, the railroad companies would not get that order. The fact of the matter is that, as they would be in competition with United States and other lumber interests, the orders to British Columbia would be lost. Why British Columbia should be included in this act when they are not in direct competition, in so far as shipping is concerned, with the railroads, I am at a loss to understand.

Knowing the difficulty of getting any change made when something is once put into a measure, I feel that this is the proper time to protest. I took occasion to make the same protest before the railway committee, so I cannot be accused of waiting until the bill came back here. I would ask all hon. members from British Columbia to take note of what is being done now, that we are being brought under the legislation, and the maritime provinces excluded. I am going to protest even if no one else in the committee does.

Mr. HARTIGAN: Regarding the hon. member's complaint, shipping from the Pacific coast ports to the maritime provinces or from the maritimes through the canal to the British Columbia coast will be in identically the same position. The east is not exempt so far as ocean shipping is concerned. Am I not right?

Mr. BENNETT: Yes, of course.

Mr. REID: But if I may be allowed to answer that point, subsection 4 of section 12 reads:

The provisions of this part shall not apply in the case of ships engaged in the transport of goods or passengers

(a) between ports or places in British Columbia.

That is, ships operating on the Pacific coast from one point in British Columbia to another. But when it comes to the maritime provinces it does not say from Nova Scotia to another port in Nova Scotia; it is from a point in any of the maritime provinces to some point in any other of them. So there again they are favoured.

Mr. HARTIGAN: There is only one province facing on the Pacific ocean, but in the east the maritime provinces, although separate, are taken as an entity. The mere fact of their

being divided into three provinces makes no difference in the coast-line. It is the same thing as shipping between different ports in British Columbia.

The hon. member seems to be very much concerned about maritime freight rates.

Mr. REID: I certainly am.

Mr. HARTIGAN: The preference given under that act is practically wiped out to-day owing to the lowering of competitive rates on other sections of the railways. It is practically nullified. In the case of maritime shipping to a British Columbia port we are placed in identically the same position as a ship coming from British Columbia to a maritime port.

Mr. REID: I do not understand the statement that the maritime freight rates preference has been wiped out. If so, why is this parliament paying so many hundred thousand dollars a year under the Maritime Freight Rates Act? That question requires some answering.

Mr. BENNETT: Because the rates were increased beyond the arrangement made when they came into confederation.

Mr. REID: But the hon. member says the whole thing is nullified. I cannot agree with that. But speaking to the point under discussion and the amendment before the committee, the maritime provinces receive great benefit by shipping up the St. Lawrence because this country has paid out millions of dollars to improve navigation there, whereas our waterway from British Columbia is the Panama canal, to which this country contributed not one dollar. Any ship going through there is charged $1 per gross ton, and for some ships the charge may amount to $9,000 or $10,000 for passing through that canal. So it still helps out my argument that we in British Columbia are being discriminated against by being brought under the measure, while the maritime provinces are excluded.

Mr. BENNETT: Under subsection 4 of section 12, ports in British Columbia are excluded from the provisions of the legislation. And the same applies between ports in the maritime provinces. As far as this is concerned, ocean-borne traffic pays the same licence fee if it originates in Nova Scotia or New Brunswick and goes to British Columbia as if it originates in British Columbia and goes to the maritime provinces. The only thing is that the provisions do not apply to ships engaged in the transport of goods and passengers between ports or places in the maritimes and ports or places on the great lakes, with the proviso that if they undertake to handle either goods or passengers on the great lakes they must pay. There is no exemption except for what is called in the maritime provinces coastal services, where the distance is not as great as it is up the coast of British Columbia. From the maritimes up the St. Lawrence is not as far as the distance up the coast of British Columbia, which is about—

Mr. STEVENS: Five hundred miles.

Mr. BENNETT: I think it is more than that.

Mr. STEVENS: It is five hundred miles to Prince Rupert.

Mr. BENNETT: This is merely an assurance that the maritimes are to enjoy the benefits of coastal trade. My friend was not in this country at the time, and I was not born; but I was brought up on the talk of our coming into confederation, and the whole basis of this provision is maintaining good faith, the terms under which we entered confederation. For the same reason we are maintaining a railway to British Columbia; whatever happens, this nation has bound itself to see that that is done—contract in the west; contract in the east. One was crystallized into legislation in the British North America Act, the other in a later statute. This is merely to give effect to that understanding.

Mr. STEVENS: I think the hon. member for New Westminster (Mr. Reid) has perhaps not made the point quite clear. Speaking for myself, I do not object to the exemption of the maritime provinces from this measure; in fact I supported it very strongly in the committee. The point is this: In recent years, say the last twelve years or thereabouts, we have developed an inter-coastal trade between Pacific coast ports and eastern Canadian ports, Montreal and places on the great lakes. The history of that is very interesting and important. Prior to the introduction of that service, which was inaugurated originally by the Canadian National Steamships, supplies for British Columbia came very largely from the eastern United States and Europe. By the introduction of this inter-coastal service a great deal of that business, that is, manufactured goods, was diverted to eastern Canada, Ontario and Quebec. Then, because of high rail freight rates, we were not able to ship lumber into eastern Canada to compete with southern pine from the United States. After the introduction of that service, however, we moved lumber from the Pacific coast to the east, and we took back

manufactured goods; steel, sugar, etc. I saw a manifest the other day with, I think, forty different items on it from eastern Canada to the west. That is distinctly in the interest of building up trade within Canada.

The service was inugurated by the Canadian National Steamships and subsequently was taken over by Mr. MacMillan's company, which has maintained it ever since without any subsidy or assistance of any kind. Under this bill that service is brought into regulation. The reason that exemption was not included in the bill is that those who operate the service made no objection to being regulated, and I did not press the point. But they do object—and I am going to refer to it later—to the agreed charges part. There is a vital point there affecting their interests. But as far as this particular part is concerned, my view is that they would be better if they were not regulated; for it is obvious that a service running eight or ten thousand miles from British Columbia ports around through the Panama canal and up the St. Lawrence to the great lakes is not a local service, because the major part of it is a sea voyage; but my position in the committee was that, inasmuch as the operators of the service did not press to be exempted, I did not myself insist on the point. I would, however, submit to my hon. friend that the maritime provinces case should not be brought into comparison, because that stands on its own footing, and I think they had a perfect right to claim the exemption which they received.

Amendment (Mr. Reid) negatived on division.

Section agreed to.

Progress reported.

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

Militia services—Engineer services and works —further amount required, $316,385.

Mr. STIRLING: Would the minister give us some information with regard to this additional amount required for engineer services and works, particularly with regard to why these sums are required now when the main estimates are only a few months old?

Hon. IAN MACKENZIE (Minister of National Defence): Yes. In regard to the amount of $204,385, this includes revotes to cover the undernoted construction items which were not completed at the close of the fiscal year 1937-38:

Port Elgin, Ont.—Provision of gun shed, $3,360.

Barriefield, Ont.—Central heating plant, $6,222.

Saint Johns, P.Q.—Conversion of old married quarters to barracks, $5,200.

Montreal, P.Q.—Purchase of site for rifle range, $55,000.

Winnipeg, Man.—Extension to M.T. garage, Fort Osborne barracks, $6,130.

Kenora, Ont.—Extension to drill hall, $5,430.

Esquimalt, B.C.—Coast defences, west coast, $30,903.

Esquimalt, B.C.—Ordnance workshop, $77,835.

Kamloops, B.C.—Purchase of fencing materials for magazine area, $14,305.

The supplementaries consist of two items, one of $100,000 for interim plan, Pacific coast defences, and the other of $12,000 for the construction of a drainage culvert at Charlottetown, Prince Edward Island, to connect with a culvert at Green Bridge. That is in connection with the rifle range at Charlottetown.

Mr. STIRLING: Could the minister give the committee any information with regard to the magazine at Kamloops, as to its distance from the river and the height of its floor above the river?

Mr. MACKENZIE (Vancouver): I have not that information before me at the present time, though I had it when the main estimates were up. I should be glad to get it for my hon. friend.

Mr. STIRLING: Has the attention of the minister been called to the fact that it is stated that the floor is below the level of flood water? I cannot vouch for the accuracy of this statement, but I am informed that there is not a sufficient margin of safety between the high water level and the floor of the magazine.

Mr. MACKENZIE (Vancouver): I can only say that I have not heard the suggestion until this moment. The engineers of the department made a very careful examination to ascertain the best available site in that vicinity, an examination which occupied them for some time, and of course this is in accordance with their recommendation. I shall be glad to look thoroughly into the matter.

Mr. STIRLING: Does the minister remember, from his own knowledge, how far the site is from the river? I do not know exactly where the site is.

Mr. MACKENZIE (Vancouver): I have not been there since construction was commenced.

Mr. BENNETT: What other items of the department are standing?

Mr. MACKENZIE (Vancouver): There is item No. 180 of the main estimates.

Mr. BENNETT: Will that be coming up to-night?

Mr. MACKENZIE (Vancouver): Yes, after we deal with the supplementaries.

Mr. MacNEIL: The supplementary estimates follow a rather different plan from the main estimates, but in the public works vote I notice a number of items for the construction of armouries. What is the total amount of the estimates for the construction of armouries and barracks in addition to those included in the main and supplementary estimates of the National Defence department?

Mr. MACKENZIE (Vancouver): I think these are mostly by way of revotes of amounts voted last year. For the armoury in Hull, Quebec, the amount is $260,000. Then there is the Craig street drill hall, Montreal, $75,000 which is not a revote; Cornwall, Ontario, partly a revote, $246,000; Broadview, Saskatchewan, for the purchase and alteration of a building for armoury purposes, $4,200; Moose Jaw, Saskatchewan, armoury reconstruction, $18,000; Esquimalt, British Columbia, dockyard office building, $16,000, including a revote of $8,000; and Salmon Arm, British Columbia, towards the purchase of a building for national defence, $1,650, or a total of $620,850.

Mr. MacNEIL: I do not wish to open up a discussion of policy on this item; but may I ask just why at this time, when according to the statement of the minister we so urgently require coastal defence, steps now should be taken to construct armouries at small points such as Cornwall and Hull?

Mr. MACKENZIE (Vancouver): I want to say immediately to my hon. friend that from the point of view of the Minister of National Defence we have not nearly enough armouries at the present time in Canada, especially following the reorganization of the militia that was effected a year or a year and a half ago, and the adaptation of mechanization processes to militia training. We find many new units of a technical nature, either artillery or engineering, with no proper armoury in which to drill or train. As a matter of fact, to be very frank, I should have preferred to see greater provision made for very necessary armouries. The only purpose of the armouries, apart from the community purposes for which they are frequently used, is to provide for the training of the militia forces of Canada for the defence of Canada.

Mr. MacNEIL: Does not the construction of armouries at a number of points make it more difficult to distribute to the units the equipment required for modern technical training? Would it not be preferable to have fewer training centres more completely equipped?

Mr. MACKENZIE (Vancouver): My hon. friend will realize, of course, that sometimes we have a small section of a technical nature in a local centre, and naturally they want to have their training done at that point. I think one of the duties of any department of defence is to provide these facilities as far as that can be done.

Mr. STIRLING: The minister read his list rather rapidly, and I am not sure that I followed him. Was he taking out the national defence items from public works, and referring to them?

Mr. MACKENZIE (Vancouver): Yes.

Mr. STIRLING: Then in this item No. 547 there is $136,000 over and above the revote—

The CHAIRMAN: We are still on item 546.

Mr. STIRLING: I beg your pardon.

Item agreed to.

General stores—further amount required, $530,000.

Mr. STIRLING: Would the minister give the details, please?

Mr. MACKENZIE (Vancouver): There is a revote of $394,300, making a total vote of $530,000. The revotes were partly for clothing ordered but not delivered within the fiscal year 1937-38; there is an amount for miscellaneous stores ordered but not delivered within the fiscal year 1937-38; an additional amount for new uniforms, clothing for the non-permanent militia, amounting to $50,000. That is not a revote; it is in the supplementary estimates. There is a revote of $59,000 for armament stores ordered but not delivered in the fiscal year 1937-38. For technical equipment required for repairs to mountings and for miscellaneous accessories for armament generally, west coast and east coast, there is an additional amount required for 1938-39, $20,000. There are a few small amounts in connection with search-light equipment, to provide for possible arrangements for purchase. Then, partly to com-

plete the purchase of trucks, G.S. 15 hundredweight, an amount is required to meet increased cost of fifty-one vehicles included in last year's appropriations. For these purposes there is an amount of $50,000. There is also a small amount for coastal defence ammunition, and there is a revote of $30,300 for telephone, signal and wireless equipment.

If I may recapitulate, the table would be as follows:

Recapitulation of Stores and Equipment

	Revote 1937-38	Additional 1938-39
Clothing and miscellaneous stores	$ 75,000	$ 50,000
Armament stores	59,000	70,500
Ammunition procurement, progress	....	200
Telephone, signal and wireless equipment	30,300	....
	$164,300	$120,700

Mr. STIRLING: Is the contract for the Bren gun complete?

Mr. MACKENZIE (Vancouver): That was dealt with in the main estimates.

Mr. STIRLING: Yes, and the minister announced that 7,000 of them would be for Canadian use.

Mr. MACKENZIE (Vancouver): Correct.

Mr. STIRLING: Has construction actually started on them?

Mr. MACKENZIE (Vancouver): The assembling of the plant and the preliminary processes necessary in the obtaining of equipment—I suppose the technical terms are jigs and dies—was commenced about two or three weeks ago. They are assembling some of the plant that we had in Quebec. It is being assembled at the plant in Toronto.

Mr. STIRLING: That is one of the pieces of work undertaken for purposes of defence as a result, I take it, of the work of the committee of inquiry into industrial possibilities?

Mr. MACKENZIE (Vancouver): Yes.

Mr. STIRLING: Are any further purchases actually in hand or contemplated for other things? In one of his speeches the minister referred to search-lights, and I believe there was some reference to gas masks. There may be other requirements for defence, generally speaking. Can he give any information with regard to the developments we may expect shortly as a result of the committee's work in investigating industrial possibilities?

Mr. MACKENZIE (Vancouver): In regard to search-lights we have called for tenders and hope to have them produced in Canada. In regard to gas masks, may I say that we have been making the main portion of them in Canada. The experiments, which were of a difficult nature have been successful. We trust to have a production of so many a month, from this day forward.

Mr. HARTIGAN: Probably the observations I am about to make may refer more particularly to public works. But I must point out that Sydney is the centre of an important mining area, and from it a large number of recruits went to the last war and fought for their country. Apparently, from the standpoint of the defence department Nova Scotia begins and ends at Halifax. I think it is high time this aspect of the question was gone into by the authorities in the department, and that Sydney was given at least an armoury in which to train the units that exist down there.

Both Sydney and Glace Bay have first-class units. The men have given of their time gratuitously, and are doing good work. Stili there is an armoury, so-called, in Victoria park which the minister knows full well is a disgrace to any military district of Canada. We cannot expect those people to do the work, such as we see done around Ottawa, and expected of them by the department, if we do not provide facilities for them.

So far as the militarization of Canada is concerned, whether it be for internal or external defence matters not to me, if the shows put on around Ottawa, which we witness every other day in close proximity to this building, give an indication of how the money is spent, then I say that that is not a fair expenditure of the taxpayers money. If we want the whole-hearted effort of all Canada, the east as well as the west, moneys for militarization purposes should be distributed across Canada and not centered wholly in one place with the idea of putting on a show on certain state occasions. While they are all very well in their place, still I say that is not giving other sections of Canada a square deal. I do not believe Cape Breton has received a square deal from the defence department this year, because it has not been given proper facilities to train the units.

Mr. MacNEIL: I notice in the press mention is made of several public statements by the minister with regard to the survey of plants in Canada in connection with the manufacture of munitions. Did he in that survey include workshops and machine shops of the Canadian National Railways and those under the jurisdiction of the various federal departments?

Mr. MACKENZIE (Vancouver): I believe directions were given to the committee to survey those facilities.

Mr. BENNETT: Who had the contract for the Bren gun?

Mr. MACKENZIE (Vancouver): John Inglis and Company in Toronto. They have two contracts, one from the Department of National Defence at Ottawa for 7,000 guns, and a similar contract from the British War Office for 5,000 guns.

Mr. BENNETT: That was secured through the good offices of the Department of National Defence, was it not?

Mr. MACKENZIE (Vancouver): No; as a matter of fact I think negotiations were carried on entirely by the company's representative in England for the last two years, since 1936.

Mr. BENNETT: Have they facilities, either in the factory or otherwise?

Mr. MACKENZIE (Vancouver): They have an excellent plant there.

Mr. BENNETT: What kind of plant?

Mr. MACKENZIE (Vancouver): I cannot give the exact acreage.

Mr. BENNETT: What facilities for the manufacturing of guns?

Mr. MACKENZIE (Vancouver): After the equipment is assembled, I believe they will have all the necessary facilities for the purpose. Of course, I do not pretend to be an expert on plants, in any way.

Mr. STIRLING: The minister informed the committee on the last occasion that a considerable quantity of machinery we have had stored at Valcartier all these years is to be adapted to this purpose.

Mr. MACKENZIE (Vancouver): Yes; I understand a valuation of about a quarter of a million dollars is placed upon that machinery. That much will be saved, as against the necessity for new purchases.

Mr. BENNETT: Did the minister sell it?

Mr. MACKENZIE (Vancouver): No; in one or two instances the principle has been followed of the government sharing with industry, the government purchasing equipment and retaining ownership. In this instance I understand the British War Office pays one-third of the price, and Canada pays two-thirds, with the entire ownership being vested in Canada.

Mr. MacNEIL: Has any consideration been given to the protection of the civilian population in points adjacent to those places which might be the targets of enemy forces?

Mr. MACKENZIE (Vancouver): There is a committee to consider that question.

Mr. MacNEIL: Has provision been made for the purchase of equipment for the protection of the civilian population?

Mr. MACKENZIE (Vancouver): I have not yet received a definite report, so I am not in a position to give the hon. member the information required.

Item agreed to.

Naval services — Royal Canadian Navy — further amount required, $122,875.

Mr. STIRLING: Would the minister give the information with respect to this item?

Mr. MACKENZIE (Vancouver): Of the $84,875, $73,875 is a revote of unexpended portions of the contracts for four mine sweepers. There is $5,875 held up in regard to the construction of the Venture. Then, there are stores and equipment, $38,000, required to complete the purchase of special stores and technical equipment for the new mine sweepers.

Mr. STIRLING: We were told by the minister that the Venture was in Halifax where she was receiving certain alterations in the dry dock. Is that $5,000 for that work?

Mr. MACKENZIE (Vancouver): I believe the work at Halifax cost $970, roughly speaking.

Mr. STIRLING: Can the minister give us any further information with regard to additional acquisitions for the Royal Canadian Navy. I believe the flotilla leader, which is in the A class, was obtainable, but I do not know whether Canada made any attempt to purchase it.

Mr. MACKENZIE (Vancouver): As far as my knowledge goes, no definite steps have been taken by the dominion government with reference to the flotilla leader. I know that to have the complement complete we should have a flotilla leader and possibly more mine sweepers, but there have been no negotiations entered into so far by the government.

Mr. STIRLING: When are the new ships expected to reach Canada?

Mr. MACKENZIE (Vancouver): About the end of July.

Mr. MacNEIL: In a sessional paper tabled last session, it was stated that Canada had entered into contractual obligations to maintain naval bases at Esquimalt and Halifax. To what extent are we under obligation to defend those bases in the event of war?

Mr. MACKENZIE (Vancouver): I am afraid that is a legal and constitutional question which I would rather refrain from answering with any definiteness.

Item agreed to.

Royal Canadian Naval Reserves—further amount required, $30,000.

Mr. MACKENZIE (Vancouver): This is for the naval reserves.

Mr. STIRLING: The new reserves?

Mr. MACKENZIE (Vancouver): Yes.

Item agreed to.

Air services—Royal Canadian Air Force—permanent air force—further amount required, $884,900.

Mr. STIRLING: Would this item apply to contracts which were let, and in connection with which delivery has not been obtained?

Mr. MACKENZIE (Vancouver): Exactly.

Mr. STIRLING: What are the details?

Mr. MACKENZIE (Vancouver): They are practically all revotes. The details are:

Bombs and ammunition	$ 50,000
Miscellaneous stores	66,000
Airframes and new engines	390,000
Wireless telegraph equipment	25,000
	$531,000

Mr. STIRLING: What are the details in connection with the $884,900?

Mr. MACKENZIE (Vancouver): The details are:

Construction of buildings and works:	
Dartmouth	$ 50,000
Trenton	114,948
Vancouver	63,451
Kamloops—magazine	5,500
Patricia Bay	25,000

There is a supplementary amount of $50,000 for Patricia Bay, and the extension of further facilities on the Pacific coast, $30,000.

Mr. STIRLING: Is the amount for Trenton to cover a new building?

Mr. MACKENZIE (Vancouver): The details are, in round figures:

Construction, stores building, $25,000.
Doors for hangars, $603.
Construction of barracks block No. 2, $19,000.
Supplying and installation of mechanical equipment for central heating plant, $15,000.
Construction of central heating plant, $4,500.
Underground telephone system, $7,300.
Construction of N.C.O's and airmen's mess building, $42,700.

Mr. STIRLING: Has the minister anything further to say with regard to the developments at Jericho?

Mr. MACKENZIE (Vancouver): The contract for the two hangars has been let. Negotiations are proceeding, but we are waiting for the exchequer court in regard to the property I have mentioned.

Mr. HARTIGAN: Does the department intend to proceed with the airport at Sydney?

Mr. MACKENZIE (Vancouver): I understand the report that has been received is not final or definite enough to come to a decision immediately. It is being considered at the present time.

Mr. MacNEIL: What are the qualifications required for recruits to the permanent air force?

Mr. MACKENZIE (Vancouver): I had all that information in the other reference books in connection with the main estimates.

Item agreed to.

Non-permanent air force—further amount required, $48,000.

Mr. STIRLING: Does this indicate an extension of the non-permanent air force?

Mr. MACKENZIE (Vancouver): The amount for revote is to replace partly funds which will be returned to treasury at the close of the fiscal year 1937-38 and which cannot be replaced from funds included in the main estimates without detriment to the program contained therein. The details are:

Aircraft and engine spares	$ 2,000
Miscellaneous stores	6,000
Airframes and engines	32,000
Wireless telegraph equipment	8,000
All revotes	$48,000

Mr. STIRLING: Are the non-permanent air squadrons fully equipped with the necessary aircraft?

Mr. MACKENZIE (Vancouver): They have what may be termed preliminary training equipment. Advanced trainers are not yet available, but we are taking steps to obtain them as quickly as possible.

Item agreed to.

Departmental administration, $425,720.

Mr. BENNETT: I had intended to make some rather extended observations with re-

spect to the administration of the Department of National Defence, but at this hour of the evening I shall not endeavour to do so. However, I shall deal with this matter when the supply bill is under consideration and an opportunity is afforded for discussion. But there is one matter that I must bring to the attention of the committee to-night. This concerns the right of a deputy minister, because he occupies a position of importance, to libel a citizen of this country.

The department called for tenders for coal at Kingston. Tenders were submitted by Drury's, Crawford's, Norman's, the Morris coal company, and also by the firm of James Sowards company. Their tender was the lowest, whereupon the deputy minister advised the minister that the acceptance of the lowest tender, that of James Sowards company, was not recommended because of reports received concerning this firm. The minister passed on that information in his order in council and it became part of the permanent records of this country. I should like to know just what those reports are. Mr. Sowards is a large taxpayer and a reputable citizen. He does not support the government of the country; at the present moment he is a supporter of the opposition, and has been for some time. He made his tender, which was the lowest tender by thousands of dollars, and the deputy minister advised his minister not to accept that tender because, to quote his words, "of reports received concerning this firm." I have here the return in my hand. I have shown the return to Mr. Sowards. As a citizen of equal reputation with the deputy minister at least, he demands the right to know what those reports were that prevented the taxpayers of Canada from being relieved of a burden of many thousands of dollars. What right had the deputy minister to take this action? What right had any man in that position to do it? And that is only one of about twenty similar proceedings which I desire to discuss. The minister, of course, must assume responsibility for these things, as he does, because he passes them along; but when it is recorded that the deputy minister recommends such and such a thing, I rather doubt the right of any deputy minister to be the controlling factor in the language here used:

> The minister, on the advice of the deputy minister of National Defence, recommends that the tender of Messrs. Morris Coal Company, be accepted as follows:
>
> 1,000 tons bituminous run of mine coal, "Yatesboro" at $6.60 ton.
>
> 100 tons coke, nut size, "Hamilton or Lasalle" at $12 ton.
>
> Acceptance of the lowest tender, that of Messrs. James Sowards Coal Company is not recommended because of reports received concerning this firm.

That is part of the public records, and Mr. Sowards wants to know what those reports are. That is one of many matters in which the deputy minister, either of his own volition or under pressure, has become the instrument of political oppression. It applies to individuals; it applies to firms; it applies to contracts. Whether or not he did this of his own volition, it is for the minister to say, and whether or not he reflected the mind of the minister and the administration when he made this statement. But it is my duty to ask why a citizen should be pilloried in this way by any person who finds himself in a position of brief authority.

Mr. MACKENZIE (Vancouver): I have not the documents before me at the moment with reference to the particular tender mentioned by the right hon. gentleman, but I definitely recall that complaints were made in regard to the carrying out of a previous contract by this same gentleman, with reference to a definite breach of the labour conditions in the contract. I shall ascertain the exact terms of the complaint and shall be glad to supply it to my right hon. friend or to any member of the committee.

In view of my right hon. friend's references to the deputy minister, I wish to say immediately that the minister of the department assumes full and complete responsibility for every action by the department, and I wish also to say immediately that in my whole experience there is not to be found in the public service of Canada a gentleman more devoted to his duty and more self-sacrificing in the execution of his duty than the deputy minister of National Defence. I know personally that he toils far into the night, probably at a great sacrifice of his own health, and I submit to the right hon. gentleman, with the utmost deference, that he has been misinformed with reference to this matter.

Mr. BENNETT: I am reading from a public document.

Mr. MACKENZIE (Vancouver): I submit to my right hon. friend that what he has read from that record will be substantiated, and that it does not refer in the slightest degree to the deputy minister of National Defence. I do not recall the exact circumstances, but very likely instructions came from the minister to the deputy. I shall be glad to look up the exact details and back up what I say

because this is probably the only case in which the lowest tender has been refused in the department for the last two and a half years. I wish to state that there has never been an inquiry from the deputy minister to me of the slightest political significance, and that I have never seen a deputy minister more courteous to the members of this house of all shades of political opinion. The members of the opposition receive the same courteous treatment from him as do the supporters of this administration, and I regret very much that the right hon. gentleman saw fit to make the remarks that he did. I can assure him in reference to the contract he has mentioned that the information will be supplied to justify the statement made in that memorandum.

Mr. BENNETT: The minister has entirely failed to appreciate the point that I made. He has seen fit to make a recommendation to council based upon a recommendation made to him by the deputy minister, which provided for the acceptance of a tender that was not the lowest, which lowest tender was declined because, it was stated, "of reports received concerning this firm." Did the minister take any steps to ascertain whether they were correct or not? Did he give the man an opportunity to make an answer? Did he communicate with him at all?

Mr. MACKENZIE (Vancouver): No.

Mr. BENNETT: No, and that is British justice. Right there in black and white is a document impugning the reputation of a firm that enjoys at least as good a reputation as the deputy minister, and he attacks it and gives no reason for it, and does not communicate with the man. Why? This gentleman could not get a set of the tender forms, not being on the list of the Minister of Labour (Mr. Rogers) and not being able to get the forms, he puts in his tender and says: "I will fill out any form you require." The director of contracts felt that he could not deal with the situation, and so the minister says: "Do not accept the lowest tender; he happens to be a Conservative."

Mr. MACKENZIE (Vancouver): That is not correct. It had nothing to do with it.

Mr. LAPOINTE (Quebec East): Where is that stated, that he is a Conservative.

Mr. BENNETT: I will tell you where it is stated. It is stated right in the document where his tender was refused—not in terms, but that was the reason. I will show you his letter. He did not have a set of the forms sent to him. Oh, no, that was not done. But he wrote to the department:

Sowards Coal,
Kingston, Ontario,
June 26, 1937.

We the undersigned are prepared to supply the department at Kingston and Barriefield with coal and coke at the following prices:

Then follow the prices, and the letter concludes:

We will fill in regular form if supplied with same.

Yours truly,
James Sowards Coal Company,
per J. F. Sowards.

There was no objection made to the fact that the tender was not on the regular form. No forms were sent to him to fill in. But the deputy minister, according to this document—the minister says he has no recollection of the circumstances at the moment—advised the minister that the tender of Messrs. Morris Coal Company be accepted, and that:

Acceptance of the lowest tender, that of Messrs. James Sowards Coal Company, is not recommended because of reports received concerning this firm.

The taxpayers of this country have had to pay thousands of dollars more for their coal, and no opportunity was afforded to Mr. Sowards to meet the anonymous assassin who stabs him in the back without giving him a chance to defend himself. And this is typical of the administration. The Minister of Labour is not in his place, but if the Minister of National Defence will apply to him he will get some information about the matter.

Mr. MACKENZIE (Vancouver): I shall be very glad to do so.

Mr. BENNETT: I have been reading from sessional paper No. 170A as brought down, and when the minister has ascertained the facts we shall be able to deal with this and other matters of a similar kind that have also to be dealt with.

Mr. MacNEIL: Does the item stand, Mr. Chairman?

Mr. MACKENZIE (Vancouver): If my hon. friend is anxious to have it stand, I have no particular objection.

Mr. MacNEIL: If you would, please.

Item stands.

Progress reported.

On motion of Mr. Lapointe (Quebec East) the house adjourned at 10.55 p.m.

Monday, June 6, 1938

The house met at three o'clock.

THE LATE ALEXANDER McKAY EDWARDS

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I have again to ask the house to pause in its proceedings to permit mention being made of the sudden passing of another of our number, who but a few days ago was in his accustomed seat, to all appearances in the best of health. I refer to Mr. Alexander McKay Edwards, the deputy whip of the conservative opposition, who for nearly thirteen years past has represented the constituency of South Waterloo in this house.

At the end of the week before last, when the hon. the Minister of National Defence (Mr. Mackenzie) left Ottawa to address a meeting in the city of Galt, Ontario, in the constituency of the hon. member, the minister was accompanied by Mr. Edwards, who on the day following introduced him to his audience. Later in the day Mr. Edwards complained of not feeling well, and was obliged to rest. It was not thought, either by himself or by others, that his condition was serious. On Friday last this house had only begun its afternoon's proceedings when word was received that the hon. member had passed away.

Mr. Edwards was in his sixty-third year. He was born at Bothwell, Ontario, but at an early age went to live in Waterloo county. His personal, business and political interests were centred in the county of Waterloo, and, more particularly, in and about the thriving and industrial communities of Galt and Preston. His career, however, had its intimate association with the affairs of his native province and with the larger and wider interests of our dominion.

By marriage, Mr. Edwards was related to the late Hon. George Clare who for many years represented the constituency of South Waterloo in this parliament. Like the late George Clare, Mr. Edwards held an enviable place in the esteem and confidence of his fellow citizens. He was successful and prominent in business; the head of an important manufacturing enterprise, and the director of several others. For eight years he served the city of Galt as an alderman, and for two years as its chief magistrate. He was first elected to the House of Commons in the general election of 1925, and was reelected at each of the three subsequent general elections, representing the constituency in all, as I have said, for nearly thirteen years.

During his years in parliament, Mr. Edwards represented his constituents with fidelity and ability. He was held in high personal esteem in parliament as he was in his constituency. In this house he was regular in his attendance, was active in the work of its committees. When he participated in the debates he spoke to the point, and was listened to with attention and respect. As assistant to the chief whip of the Conservative party, he rendered services which were much appreciated by all parties in the house.

It is not without significance that his last public act should have been the one to which I have already alluded, an act of courtesy and chivalry towards a political opponent. It was the expression of a nature which was essentially kindly, cheerful, and generous, and which won for him many strong and enduring friendships among members of all parties.

We shall all greatly miss his pleasing personality. His was a career of quiet, unobtrusive conscientious service to his community and to his party, one which maintained and served to further the amenities of public and parliamentary life. Not his party only, but the entire membership of this house, has suffered in his passing a loss which will be deeply felt.

I extend to hon. gentlemen opposite, and to their leader, the very sincere sympathy of my colleagues and myself, and, indeed, of all hon. members on this side, in the loss of so old, trusted, loyal, and valued a colleague and friend.

I should like to express our sympathy as well to the constituency which the late member represented so faithfully over many years.

To Mrs. Edwards, and to her son and daughter, who have been thus greatly bereaved, and to the aged mother of Mr. Edwards, who shared his household and now mourns the loss of her son, the sympathy of all hon. members of this house goes out in fullest measure. It would, Mr. Speaker, be appreciated by all if this expression of our sympathy could be conveyed by Your Honour, to Mrs. Edwards, and to the other members of the family.

Hon. H. A. STEWART (Leeds): Mr. Speaker, may I first thank the right hon. the Prime Minister (Mr. Mackenzie King) for his kindly sympathetic and appreciative references to the gentleman whose loss we mourn to-day, one who was a prominent member of the official opposition. The house meets under the shadow of death of one of its members. This has happened so frequently during the present parliament that we are reminded of the saying that there is nothing certain about man's life but this, that he shall lose it.

As has been ably pointed out by the Prime Minister, the late Mr. Edwards by his activities in his home town and constituency was well qualified to be a worthy representative of that constituency in the House of Commons. He became a member in 1925, and since that time has continuously represented South Waterloo. His membership in the house was characterized by regularity of attendance, industry, careful attention to his many duties in the house and to the deliberations of the important committees upon which he served. His zeal for his constituency was outstanding, and the confidence of his electors was expressed as has been indicated here. Although his speeches in the house were not frequent, they showed careful preparation and a knowledge of his subject, and were delivered in a calm and reasoned manner which commanded respect, carried conviction, and made a lasting impression upon his hearers. His relations with his fellow members were cordial, and in a large measure he enjoyed their confidence.

The sympathy which will go out from this house and from the large number of people who knew the late Mr. Edwards will in a measure help to sustain his mother, his widow and family in their sad bereavement. With the right hon. leader of the official opposition and hon. members supporting him I join in requesting that Your Honour convey to them our expression of deep sympathy.

Mr. A. A. HEAPS (Winnipeg North): Mr. Speaker, I desire to associate myself with what has been said respecting our late colleague, Mr. Edwards. I am sure it will be consoling to his family to know of the high esteem in which he was held by members of the house. In my association with him I always looked upon him as a kindly and generous man, one who had no hate in him. Such characteristics in these days are in certain quarters no longer regarded as virtues, and it is well that we lay special emphasis upon them. With the other members of the group to which I belong, I wish to associate myself with what has been so well said by those who have preceded me.

Mr. JOSEPH NEEDHAM (The Battlefords): Mr. Speaker, the group to which I belong wishes to associate itself with the expression of appreciation of services rendered and sympathy for the bereaved. When we met the late brother in the lobbies and through the various activities of the house, we learned to respect and honour him. With other hon. members who have spoken we would request you, Mr. Speaker, to convey our sympathy to the bereaved family.

[Mr. H. A. Stewart.]

BANKING AND COMMERCE

Mr. THOMAS VIEN (Outremont, for Mr. Moore) moved that the third report of the standing committee on banking and commerce, presented on June 1, be concurred in.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

NATIONAL HARBOURS BOARD—GRAIN HANDLING AT QUEBEC

Mr. WALSH:

1. Has any member or employee of the national harbours board, Department of Transport, or any other government authority, either directly or indirectly, entered into any special arrangement or agreement, verbally or otherwise, with any Canadian or foreign company, partnership or individual or with any carrier, to handle grain through Quebec or other government owned elevators in the St. Lawrence at other than published tariff, either by rebate, commutation, lump sum payment or any other medium, based on the quality of grain exported through the said elevators during a specified or unlimited period?
2. If so, what are the rates charged under this special agreement?
3. Were the terms of the said agreement submitted to and approved by the board of grain commissioners prior to its acceptance and completion?
4. Were any special arrangements made with any grain firm or carrier which would have the effect of reducing the cost of transportation and/or handling charges on grain already shipped, about to move, or to be forwarded in the future from Bayports to Quebec and through the Quebec elevator?
5. Will the free storage concession granted at Quebec be extended to grain exported from Montreal elevators?
6. If so, will this concession apply also to part cargo lots exported by liners?

Mr. HOWE:

1. No.
2 and 3. Answered by No. 1.
4. No.
5. Published tariffs apply.
6. Answered by No. 5.

MOTION FOR PAPERS

MANITOBA HIGHWAYS

Mr. BEAUBIEN:

For a copy of all letters, telegrams, orders in council, agreements and other documents having to do with the construction of the Piney highway, Morden Sprague highway, Brandon Clear Lake highway, in Manitoba, carried on between the province of Manitoba and the dominion government, as well as all other correspondence in relation thereto between the Minister of Labour, the Prime Minister and any other parties, between the dates of August 20, 1935, and October 15, 1935.

NATIONAL HOUSING ACT

MEASURE TO ASSIST THE CONSTRUCTION OF HOUSES —PROVISION WITH RESPECT TO LOW RENTAL HOUSES AND MUNICIPAL TAXES

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee at the next sitting to consider the following proposed resolution:

Resolved,—That it is expedient to bring in a measure which in part I thereof repeals The Dominion Housing Act, 1935, and reenacts certain provisions thereof with amendments and additions so as to provide inter alia that the amount of loans to be made and expenses to be incurred shall not exceed $20,000,000 less loans made under the said act, and to enable the Minister of Finance to guarantee approved lending institutions or local authorities against loss up to certain maximum amounts in respect of small loans in order to encourage the making of such loans in small and remote communities and in certain districts of other communities and to make payments to lending institutions to cover the special costs of making such loans; which in part II thereof authorizes the making of loans at low interest rates to local housing authorities to assist in the construction of houses to be leased to families of low income at rentals less than the economic rentals therefor, such loans not to exceed $30,000,000 in the aggregate; which in part III thereof authorizes the payment to municipalities of a proportion of the municipal taxes levied during a three-year period upon new low-cost houses constructed prior to December 31, 1940, for owners for their own occupation, but excluding houses constructed under part II of the act; and which authorizes the employment and remuneration of technical and clerical staffs and the payment of other expenses in connection with the administration of the act.

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.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO INTENTION TO PROCEED WITH LEGISLATION AT THE PRESENT SESSION

On the orders of the day:

Mr. H. J. BARBER (Fraser Valley): Mr. Speaker, based on considerable correspondence, and also on copies of petitions I have received, I should like to direct a question to the Prime Minister (Mr. Mackenzie King). I have been urged, and I have no doubt other hon. members have been, to support a measure, promised in the speech from the throne, which would set up in Canada a system of unemployment insurance. Will the Prime Minister inform the house whether he is likely to bring down such a measure during the present session? Perhaps he has a general statement to make in the matter; if so, I believe the country would be pleased to hear it at this time.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, at the moment I am unable to recall the exact words which appear in the speech from the throne. So far as I recollect however they were to the effect that the government hoped to be in a position, through the cooperation of the several provinces, to bring in a national unemployment insurance measure. It has been understood from the outset that in the opinion of the administration a scheme of national unemployment insurance is the one which would be most in the interests alike of the provinces and the dominion. For that reason it has been hoped that the dominion would have the hearty cooperation of the provinces in permitting an amendment to the British North America Act which would give this parliament full jurisdiction with respect to the enactment of unemployment insurance. The hon. member who has just spoken, and no doubt all other hon. members of the house, know that the government has not received from some of the provinces endorsation of the view that this parliament should be given power to enact an unemployment insurance measure. We are still hoping that in this matter the reasons which may be actuating the provinces referred to will be further considered and that ultimately all will see the wisdom of cooperating in a national unemployment insurance measure. However, it is not the intention of this government to seek to coerce the provinces with respect to any legislative measure which is in the nature of a social service measure. Our aim rather is to be helpful and to further if we can mutual interests. We do not want to appear, let alone in reality, to seek in any way to coerce any province of the dominion. It would look at the moment as though it will not be possible to get that cooperation with respect to unemployment insurance before the present session comes to its close, but if it should be obtained the measure will be introduced.

The reference to this matter in the speech from the throne was as follows:

> The cooperation of the provinces has been sought with a view to an amendment of the British North America Act, which would empower the parliament of Canada to enact forthwith a national scheme of unemployment insurance. My ministers hope the proposal may meet with early approval, in order that unemployment insurance legislation may be enacted during the present session of parliament.

I may say we have the measure drafted and as soon as the proposal meets with approval, it will be introduced.

UNEMPLOYMENT

CONCENTRATION OF SINGLE UNEMPLOYED MEN IN VANCOUVER—OCCUPATION OF PUBLIC BUILDINGS

On the orders of the day:

Mr. C. G. MacNEIL (Vancouver North): I should like to inquire of the Minister of Labour (Mr. Rogers) if a satisfactory settlement has yet been reached with respect to the grievances of the single unemployed now occupying the Vancouver post office and the art gallery

Hon. NORMAN McL. ROGERS (Minister of Labour): My latest information is that the situation has not altered since the matter was last raised in this house.

MUNICIPAL IMPROVEMENTS

AUTHORIZATION OF LOANS TO ASSIST MUNICIPALITIES IN MAKING SELF-LIQUIDATING IMPROVEMENTS

The house resumed from Thursday, June 2, consideration in committee of Bill No. 143, to assist municipalities in making self-liquidating improvements—Mr. Dunning—Mr. Sanderson in the chair.

On section 2—Definitions.

Hon. CHARLES A. DUNNING (Minister of Finance): When this bill was last in committee, sections 2, 9 and 10 were allowed to stand in order to give me an opportunity to consider representations which had been made regarding the desirability of certain amendments. I think all the suggestions made were constructive in character. I have an amendment to suggest to section 2, which I shall ask my colleague to move, as follows:

That paragraph (b) of section 2 of the bill be amended by adding thereto at the end thereof the following words: "and also includes any board, commission or agency duly authorized to act on behalf of one or more municipalities in the construction and operation of a self-liquidating project."

Mr. CRERAR: I move accordingly.

Mr. DUNNING: A number of members thought that it would be desirable to have some wording which would deal with cases where a joint board was acting for one or more municipalities or where a municipality acted through a joint board with respect to a particular utility.

Mr. STEWART: This amendment would seem to meet every possible condition referred to by the leader of the opposition (Mr. Bennett). In Ontario we have public utility commissions and I assume that in other provinces there are similar organizations. It is possible that in the operation of certain utilities two or three municipalities may be united. I think it is fortunate that the bill has been broadened to enable these commissions or agents of municipalities to take advantage of its provisions.

Mr. STIRLING: What would be the procedure in connection with an unorganized district? With whom would the minister, with the approval of the governor in council, enter into an agreement?

Mr. DUNNING: Of necessity with the provincial government. There is no other entity in such a case. "Municipality" includes "a province where such province is administering directly territory not organized into county or municipal units." I suppose some provinces may think that we are degrading them by including them in this definition, but there appears to be no other way of dealing with an unorganized territory except through the only authority which has jurisdiction therein. It would mean a great deal to British Columbia particularly, and also to some of the other provinces, if there were not some method of dealing with the unorganized territories.

Amendment agreed to.

Section as amended agreed to.

On section 6—Aggregate amount of loans.

Mr. DUNNING: As a necessary consequence of the amendment we have just agreed to, I must ask the reconsideration of section 6. The population relationships are affected by what we have just decided in relation to these boards. I am going to ask my colleague to move the following amendment:

That subsection 2 of section 6 of the bill be amended by adding thereto at the end thereof the following proviso:

"and provided further that in the case of a loan made to a board, commission or agency acting on behalf of more than one municipality, the aggregate amount of the loans to be made to such board, commission or agency and the municipalities concerned shall not exceed the maximum amount of loans which the municipalities would be entitled to receive if acting separately and shall be apportioned between the board, commission or agency and the municipalities concerned on a basis to be approved by the governor in council."

Mr. CRERAR: I move accordingly.

Mr. DUNNING: I think the difficulty which is sought to be remedied by this amendment will be obvious to all.

Mr. MacNEIL: What would be the position of a municipality whose affairs are being administered by a provincial commission?

Mr. DUNNING: Does my hon. friend mean a municipality at present in default?

Mr. MacNEIL: Yes.

Mr. DUNNING: I think the definition is broad enough. It would still be a municipality within the meaning of the law and would not on that account be debarred from consideration.

Mr. TAYLOR (Nanaimo): There is just the question whether the amendment covers the case of a municipality wishing a loan for itself while at the same time it is acting jointly with other municipalities under a board receiving a loan. Does the minister get my point?

Mr. DUNNING: Yes. I sent the amendment back to the law officers this morning to make sure that it would cover that point, and the language does cover it.

Mr. TAYLOR (Nanaimo): Thank you.

Mr. STEWART: Mr. Chairman, I gather that the purpose of the minister and of the government in introducing this legislation has been to assist in the relief of unemployment. Unemployment is most severe in several of the larger cities, and the bill contains a provision limiting a loan to any one of those municipalities according to the municipality's population in proportion to that of the rest of the dominion. I am inclined to think that in some respects that provision will defeat the purposes of the legislation, because the smaller municipalities that might desire to take advantage of it and come under its provisions have probably no great number of unemployed. For example, in a town of ten or twenty thousand or a city of fifty thousand there may not be many unemployed, but such municipalities come within the scope of this legislation. On the other hand, in Montreal there are probably one to one and a quarter million people in the city and surrounding suburbs; under this provision they would get for all that area possibly only one-tenth of this appropriation. So many of the smaller municipalities will desire or need to take advantage of the legislation that it seems to me a considerable amount of this money will not be employed if you impose this limit upon it. The whole of this money cannot be expended under the plan of this legislation unless every municipality takes advantage of it.

Mr. DUNNING: I do not think my hon. friend is quite right in his conclusions. In the first place, I think he is wrong as to his premises.

Mr. STEWART: That would make it all wrong.

Mr. DUNNING: I think he is wrong in assuming that the smaller municipalities do not have any unemployment problem.

Mr. STEWART: I did not say they would not have any.

Mr. DUNNING: Or materially less in proportion than the larger municipalities; and he forgets probably one feature when he refers to the city of Montreal. Under this bill the city of Montreal is one municipality, the city of Verdun is another, the city of Westmount is another, the town of Mount Royal is another, the city of Lachine is another. These are all separate municipalities.

Mr. STEWART: Would that alter the proportion they could receive?

Mr. DUNNING: Oh, yes; because the smaller municipality would be able to borrow up to the $200,000 limit, although by the population calculation they would not on that basis be entitled to it. Frankly I do expect this amount of money to be utilized if the provinces and the municipalities right across Canada take advantage of it in the manner contemplated. It all depends on them, of course, but judging from requests already coming in from municipalities from one end of Canada to the other for information regarding their ability to take advantage of this scheme, there is no doubt as to the desire of the municipalities for something of this sort to enable them to do work which in very many cases would have been done years ago but for the conditions which have prevailed. I am, in fact, very hopeful of this scheme, given that degree of cooperation which alone can make success possible.

Mr. MARTIN: We have had an intimation from the press that the Minister of Finance received a delegation from the mayors of Canada, and perhaps he might find opportunity to tell us their reaction to this proposal.

Mr. DUNNING: The delegation from the mayors who sought an interview with me expressed on behalf of the body they represent approval of the bill now under discussion. We had a general discussion about it, and there was no criticism but very evident appreciation of the purpose of the bill.

Mr. STEWART: In years gone by it was the custom once a year or oftener to call

together the premiers of the provinces and to discuss their problems with them, particularly those relating to unemployment; proposals of this kind would be outlined and submitted for their approval, or sometimes initiated by them. Has this legislation been approved at any such conference with the premiers of the provinces?

Mr. DUNNING: No.

Mr. STEWART: When was the last conference of that kind held?

Mr. DUNNING: I cannot recall the date of the last dominion-provincial conference. I think there was none in 1937. There may have been one early last year, but I am doubtful about that.

Amendment agreed to.

Section as amended agreed to.

On section 5—Securities for loans.

Mr. DUNNING: This section was allowed to stand because of the possibility of its requiring amendment consequent upon the change in the interpretation clause, but the words "or other securities" in line 35 fit in with the amendment to the interpretation clause, and therefore no amendment of this section is necessary.

Section agreed to.

On section 9—Orders and regulations.

Mr. DUNNING: The leader of the opposition suggested the desirability of publication in the Canada Gazette of certain of the regulations covered by this section, and I therefore will ask my colleague to move that subsection 2 of section 9 be amended by adding thereto, at the end thereof, the following words:

and all such orders and regulations as are of general application or abstracts thereof shall be published in the Canada Gazette.

The object is a widely diffused knowledge of what is going on under the act.

Mr. CRERAR: I move accordingly, Mr. Chairman.

Mr. STEWART: I think it is quite in keeping with the practice that has been followed under these acts for the relief of unemployment, that the orders in council or summaries thereof should be published shortly after they are passed when the house is not in session, and laid on the table of the house when the house is in session. Perhaps it might be well to add that a copy shall be laid on the table of the house.

Mr. DUNNING: That is covered in the next section.

Amendment agreed to.

Section as amended agreed to.

On section 10—Report to parliament.

Mr. DUNNING: This section was left standing because of the suggestion that it would be desirable to have the year made the calendar year instead of the fiscal year. I find that that would be very helpful to the Department of Finance, as in fact it would in connection with other matters requiring reports to parliament, if the year were the calendar year instead of the fiscal year, having regard to the time the house usually meets. I shall ask my colleague to move an amendment:

That section 10 be amended by striking out the word "fiscal" in line 34 on page 3 of the bill and substituting therefor the word "calendar."

Mr. CRERAR: I so move.

Amendment agreed to.

Mr. STEWART: Was the minister correct when he said that section 10 provided for the regulations being laid on the table? All it provides for is a report. The report would not necessarily cover the regulations.

Mr. DUNNING: I have never tabled a report yet which did not include the regulations made under it.

Mr. STEWART: The report would be simply of the operations and number of projects and loans.

Mr. DUNNING: Loans made under the provisions of the act. A report could not be made which did not include the regulations. That is always the case.

Mr. STEWART: I do not agree with the minister. I think you could make a report as to the operation of the act, leaving the regulations out entirely. The only suggestion I make is to have it read: "report and regulations".

Mr. DUNNING: All regulations should be tabled here, in a report. If it is desirable I am quite willing to consider an amendment to make that certain. But to my mind a report would be incomplete and would not give parliament a chance to understand the basis of operation unless it included all regulations.

Mr. STEWART: I think I am familiar with some reports brought down which do not include regulations.

Mr. DUNNING: Departmental reports.

Mr. STEWART: However, if the minister will assure the committee that the regulations will come, I do not want to delay the passage of the bill.

Section as amended agreed to.

Bill reported, read the third time and passed.

INDIAN ACT AMENDMENT

PROVISIONS RESPECTING LEASES OF MINERALIZED AREAS AND ADVANCES TO ASSIST AGRICULTURE AND OTHER PURSUITS

The house resumed from Friday, June 3, consideration in committee of Bill No. 138, to amend the Indian Act—Mr. Crerar—Mr. Sanderson in the chair.

On section 1—Leases and licences to prospect for minerals.

Hon. T. A. CRERAR (Minister of Mines and Resources): When the bill was before the committee the other day, two amendments were suggested to clause 1. As I recall, the leader of the opposition (Mr. Bennett) suggested that after the words "Superintendent General" in the second line there should be something to indicate that the section related to Indian reserves. In the opinion of the law officers of the crown there is no objection, although their view is that it is not necessary, since the Indian Act relates only to Indian administration. But I suggest an amendment to subsection 2, which will be moved by my colleague the Minister of Public Works:

That section 1 of the bill be amended by adding after the words "Superintendent General" in line 2 the words "in respect of any reserve."

Criticism was made also of the last lines in subsection 2, which read:

. . . to issue leases upon such terms as may be considered proper in the interests of the Indians and of any lessee or licencee.

I explained at the time the purpose of the last four words. But in order to make it clear that it does not apply to any who may be getting mineral leases I suggest a further amendment to that section:

That the words "and of any lessee and licencee" in line 4 be struck out and the following substituted therefor: "and of any other lessee or licencee of surface rights."

This will make clearer the purpose of the inclusion of those words.

Mr. CARDIN: I so move.

Mr. NEILL: Would it not be better to say "Indian reserves"? There are a number of other reserves throughout the country. In the act being repealed the words "Indian reserves" are used.

Mr. CRERAR: "In respect of any reserve"?

Mr. NEILL: It is not proposed to issue leases on any reserves, but only on Indian reserves. Why not call them Indian reserves?

Mr. CRERAR: The section does not deal with anything but Indian reserves, but there is no objection to the inclusion of the word suggested by the hon. member.

Mr. STIRLING: The clause will now end with the words "in the interests of the Indians and of any other lessee or licencee of surface rights"?

Mr. CRERAR: Yes.

Mr. STIRLING: What lessee of surface rights could there be other than the lessee referred to here?

Mr. CRERAR: There might be a situation under which the surface rights to pulpwood or grazing or hay or something else had already been disposed of. Then subsequently you dispose of another kind of right, the right to prospect or mine. This merely provides that the leases may be issued upon such terms as may be considered proper in the interests of the Indians and of any other lessee or licencee.

Mr. NEILL: I submit that the word "other" is confusing. "Other" suggests something else from which you are making a distinction, but there is nothing else. The superintendent general is given power to issue leases in connection with minerals, and in my opinion the language, to make the meaning clear, should be "and of any existing lessee or licencee." That is the idea. If a man has the right to take pulpwood or firewood the superintendent general is given the power to make an arrangement that will be in the interests of the Indians, and of these prior holders. That is what it is intended to convey; but when you say "and of any other lessee or licencee" that meaning is not very clear. I submit that the words I have suggested, "and of any existing lessee or licencee," would cover the meaning which the bill intends to convey. As it stands it is rather obscure. "Other" implies two things (a) and (b). We have (b) but we have not (a). What is it to which "other" refers? It does not seem to be very clear. The minister wishes to take power to grant such licences as shall be fair to the Indians and to any existing lessee or licencee. That is what the section means.

Mr. CRERAR: That is the purpose of it. We explained that purpose to the law officers of the Department of Justice and this is the amendment that has been proposed. I think it is quite clear as it stands. There might be a difference of opinion as to whether the word "existing" should replace the word "other," but I submit the purpose is manifest.

Mr. NEILL: It is all right with me, but I submit that it is not clear.

Amendment agreed to.

Mr. NEILL: Did the minister agree to put in the word "Indian"—"Indian reserve"?

Mr. CRERAR: Yes.

Mr. NEILL: Will the chairman be good enough to make a note of that?

The CHAIRMAN: "In respect of any Indian reserve"; it has been noted.

Section as amended agreed to.

On section 2—Advances for assistance to Indians.

Mr. CRERAR: The hon. member for Comox-Alberni the other day suggested the advisability of tabling a report on the transactions carried on under the operation of this revolving fund, and I have an amendment which I will ask the Minister of Public Works to move.

Mr. CARDIN: I move:

That section 2 of the bill be amended by adding at the end thereof the following:

"The superintendent general shall annually prepare a report with regard to loans made under the provisions of this section during the preceding calendar year, and such report shall be laid before parliament within fifteen days or, if parliament is not then sitting, within fifteen days after the beginning of the next session."

Amendment agreed to.

Mr. NEILL: The minister did not give consideration to the suggestion made by several members on this side of the house that it would be well if the act included some reference to the payment of interest. It merely provides that money shall be lent but there is nothing to indicate whether interest shall be paid. I am doubtful whether, if you asked a man to pay interest under this act, it would be authorized. You have not taken the power to charge interest, but only to lend money, and no limit is set regarding amount or time. Is it to be a kind of perpetual loan?

Mr. CRERAR: The regulations can provide for rates of interest. I am not prepared at the moment to suggest either a maximum or a minimum rate. It is possible that where there are different types of loans the interest rate might be varied to facilitate the carrying out of the purposes of the bill. There was another method by which we could have attained the end sought, namely, to vote it directly in the estimates year by year, but I explained why we were adopting this departure. It is experimental but I can well conceive that in certain instances it might be desirable to vary the rates of interest charged as between different types of loans. That, I think, might more wisely be left to be set out in the regulations that will govern the operation of the act.

Mr. NEILL: The minister did not quite catch what I meant. The other day I expressed the view that the rate of interest should be defined; to-day I am only suggesting that it should be made quite clear that some interest must be paid.

Mr. CRERAR: I do not think there is any question about the scope of the regulations as to the charging of interest. My hon. friend, I gather, fears that some of the money might be lent without an interest rate being charged and he wishes to guard against that possibility. I do not think he need be apprehensive on that score. Certainly my conception of the administration of the act is that some interest rate should be charged. In some cases it might be low and in others higher, but that will be for the governor in council to determine in the regulations.

Mr. NEILL: The last time the bill was under consideration, the minister himself said that he might want to lend certain sums without interest. That, however, is not the point. The point I am trying to make is that, unless it is made clear, some man might be lent a large sum of money and in years to come, when asked for interest, he might reply that the act did not provide for any interest but only for the lending of money. Did the law officers say that it was thoroughly constitutional to pass a bill authorizing the lending of large sums of money and leaving to be defined in the regulations, which are more or less administrative, the fact that interest must be paid? That is the point.

Mr. CRERAR: I cannot say at the moment whether the law officers passed an opinion on that precise point, but I do not think there is any question whatever that the regulations can provide for rates of interest.

Section as amended agreed to.

Bill reported.

Mr. SPEAKER: When shall the bill be read a third time?

Some hon. MEMBERS: Next sitting of the house.

Mr. CRERAR: Can we not get rid of it now?

Mr. STEWART: I think it might be well for the minister to consider that point about interest, and possibly to have the advice of the law officers in that regard.

TRANSPORT COMMISSION

AUTHORITY TO CONTROL TRANSPORT OF PASSENGERS AND GOODS BY RAILWAYS, SHIPS AND AIRCRAFT

The house resumed from Friday, June 3, consideration in committee of Bill No. 31, to establish a board of transport commissioners for Canada, with authority in respect of transport by railways, ships and aircraft—Mr. Howe—Mr. Sanderson in the chair.

Sections 13 and 14 agreed to.

On section 15—Application of part.

Mr. NEILL: I wonder if the minister would explain subsection 2. What is the need for that provision?

Hon. C. D. HOWE (Minister of Transport): Subsection 2 provides that the governor in council may by regulation exempt any aircraft or class of aircraft from the operation of this part. We have included that provision in each section; that is, in the shipping section and each of the others. It is simply that we are feeling our way, and we may find a situation that cannot be dealt with under the exact terms of the act. That is simply to leave a loophole while we are working out the details of the bill.

Mr. STEWART: Does the minister not think, having regard to the way in which the section is drafted, that it is open to the objection that there may be a chance for discrimination? I understood that the purpose of this act was to bring all these forms of transportation under licence, but here you say any of them may be exempted.

Mr. HOWE: The act provides that only aircraft travelling on regular schedules shall be brought under it, and it may be a little difficult to decide what are and what are not regular schedules. I have no particular objection to striking out that provision, but we do feel that we should not be tied up too tightly, in that we are breaking entirely new ground as far as regulation goes. I cannot imagine that it will be used, particularly as related to air transportation; but I do not think it is of any particular importance. I should prefer to leave it in, but if anyone else would prefer to have it struck out I would not object particularly.

Mr. STEWART: If the minister, having given careful consideration to the plan and purpose of the act, thinks this regulation will serve any useful purpose and that it will not give rise to charges of discrimination, I do not think we could have much objection to it.

Section agreed to.

On section 16—Licencee subject to tolls.

Mr. STIRLING: This is giving the minister the same sort of discretion in administration, is it not? Subsection 2 provides that any tolls may be either for the whole or for any particular portion of the route of the licencee. It gives the minister a tremendous power in the application of the act, does it not?

Mr. HOWE: This does not give the minister any power; it gives power to the board. This is exactly the same as section 323 of the Railway Act. I think the section is all right; it is simply a recast of a clause in the Railway Act.

Section agreed to.

On section 17—Licencee to file tariff with board.

Mr. HOWE: This part of the act consists of relevant extracts from the Railway Act, I think in every case.

Mr. STEWART: This section does not in any way change the existing section?

Mr. HOWE: No. We wanted to make this act complete in itself, and we took out the relevant sections of the Railway Act and quoted them exactly.

Section agreed to.

On section 18—If licencee a corporation.

Mr. STEWART: What is the effect of the change there?

Mr. HOWE: A good many corporations appoint the rate-making authority by resolution rather than by by-law, and we simply added the word "resolution."

Mr. STEWART: I notice that the words "in respect of the transport of goods or passengers" have been deleted. Is it necessary to have those words out?

Mr. HOWE: That is covered by the definitions, and in committee it was felt that it was unnecessary to have those words in this section.

Section agreed to.

On section 19—Tolls to be as specified in tariff.

Mr. STEWART: Does the part of the act concerning agreed charges apply to this?

Mr. HOWE: The agreed charges section is separate from this, though both are parts of the same act.

Mr. STEWART: Does it apply here?

Mr. HOWE: No, I think this applies only to the ordinary tariffs of the board. There are three tariffs in addition to the agreed charges; the standard tariff, the special tariff, and the special competitive tariff. I think this chapter applies particularly to those. The agreed charge is a written contract between two parties, and the provisions concerning the agreed charges are dealt with in the next part of the bill.

Mr. STEWART: On its face it just looked as though compelling them to adhere to the tariff would be in conflict with the right to make an agreed charge.

Mr. HOWE: The apparent conflict is taken care of in the section dealing with agreed charges.

Mr. STEWART: Notwithstanding anything anywhere.

Section agreed to.

Sections 20 to 23 inclusive agreed to.

On section 24, subsection 1—Equal application of tolls.

Mr. STEWART: Does this section appear in the same form in the existing Railway Act?

Mr. HOWE: It is found in the exact language in subsection 1 of section 314 of the Railway Act.

Subsection agreed to.

Subsection 2 agreed to.

On subsection 3—No discrimination between localities.

Mr. REID: Does that mean there will be no discrimination with respect to prices between different localities, provided the mileage is the same?

Mr. HOWE: It means that taking everything into account there will be no discrimination in favour of one locality and against another.

Mr. STEWART: It is not as good as it looks.

Subsection agreed to.

Section agreed to.

Sections 25 to 27 inclusive agreed to.

[Mr. Howe.]

On section 28—Onus on licencee re discrimination.

Mr. STEWART: I assume these clauses are identical with those already in the Railway Act.

Mr. HOWE: They are all exactly the same. Every clause here is in the Railway Act.

Mr. STEWART: It would have been helpful if that had been stated on the opposite page.

Mr. HOWE: I made the explanation a few moments ago.

Section agreed to.

Sections 29 to 34 inclusive agreed to.

On section 35—Agreed charges; charges by agreement between parties.

Mr. STIRLING: When the bill first appeared I believe there was a considerable volume of opposition to agreed charges. I am not in a position to gauge the extent of the objections which reached the minister, nor have I had the opportunity of following in detail the proceedings before the committee. Would the minister give a short statement with regard to the principle of agreed charges, and deal particularly with what seemed to be an indication that people who disagreed with the agreed charges were of the opinion that the charges would be secret and that information as to details of arrangements would not be available.

Mr. HOWE: The principle of agreed charges is that the railways shall have the power, under conditions including wide publicity, to make a contract with a shipper to carry all or part of his goods at a special rate to be agreed upon. The conditions are these. If the railway and the shipper reach an agreement, such agreement is submitted for approval to the board of transport commissioners. That body in turn under the provisions of the bill must publish in the Canada Gazette a synopsis of the proposed agreement and give it as wide publicity as they would give the setting of a new rate. In other words they notify every important trade body and all important associations of shippers, boards of trade, chambers of commerce and municipalities affected by the charge. They give to the agreement what they have found by experience to be the widest possible publicity. Thirty days later a hearing is held at which any shipper or body of shippers or carrier under the act may appear before the board and make objection to the agreement, urging that it may be dis-

criminatory in some way or would unduly injure the business of some shipper or carrier. When the agreement is made it must be made immediately available to any firm operating under substantially similar conditions. That is, if another firm is willing to agree to substantially the same provisions as to all or part of its freight, it is entitled to the same agreement. There is a provision that the rate shall be the same for one as for more than one carload. Other provisions, which will appear as we study the bill, stipulate that these agreements shall not be used to favour the large shipper as against the small shipper. The provisions are somewhat narrower than those of the British bill because rates must be quoted in cents per pound. The British bill permits a somewhat wider latitude in the making of agreed rates. In some cases the rate is a percentage of the gross value of shipments, but in this part the rate is restricted to a rate in cents per pound. A provision is also included that the agreed charges made by one railway are open to the other railways.

Mr. STIRLING: Is that obligatory?

Mr. HOWE: One railway cannot make an agreed charge to exclude the other. I think these are the main features.

Mr. STIRLING: The minister referred to publicity in connection with the proposed agreement. Then a hearing is held thirty days later. What publicity is given to the accomplished fact?

Mr. HOWE: Subsection 10 reads:

All agreed charges shall, when approved, be published in the manner provided by section three hundred and thirty-one of the Railway Act.

Mr. STIRLING: Is that in the Canada Gazette?

Mr. HOWE: Section 331 reads:

When any such special freight tariff reduces any toll previously authorized to be charged under this act, the company shall file such tariff with the board at least three days before its effective date, and shall, for three days previous to the date on which such tariff is intended to take effect, deposit and keep on file in a convenient place, open for the inspection of the public during office hours, a copy of such tariff, at every station or office of the company where freight is received, or to which freight is to be carried thereunder, and also post up in a prominent place, at each such office or station, a notice in large type directing public attention to the place in such office or station where such tariff is so kept on file: Provided that the board may by regulation or otherwise determine and prescribe any other or additional method of publication of such tariff during the period aforesaid.

Mr. STIRLING: After the hearing I assume that the board would give a decision, whether or not it acquiesced in the proposed schedule of rates. After that, I take it that that schedule would be published at the stations by the direction of the board?

Mr. HOWE: That is correct.

Mr. STIRLING: Every one interested would have the opportunity of ascertaining those agreed charges?

Mr. HOWE: Quite.

Mr. STIRLING: Does the minister anticipate any difficulty through interested parties on the Pacific coast having to come to Ottawa to make representations before the board, or is it expected that such parties will be represented by agents?

Mr. HOWE: The chairman and officers of the board explained the procedure to the committee. All that is required to start an investigation is a postcard addressed to the board. No one appears before the board in about eighty per cent of the cases. The majority of cases are started simply by a written statement. I believe the members of the board convinced the committee that there would be no difficulty in this connection.

Mr. BARBER: One point which came up in the committee was that those engaged in highway transport would not be able to appear before the board, because they do not come under this bill.

Mr. HOWE: That is correct. Those engaged in highway transport have all the privileges granted to shippers under this legislation, with the additional privilege that their rates receive no publicity whatever. They are allowed to and they do make contracts every day with the greatest secrecy. As the regulated transportation companies have no right to interfere in the agreements made by the highway transport companies, it was felt that the highway transport companies should not be allowed to interfere with the regulated companies in the making of rates.

Mr. BARBER: It was made quite clear that highway transport, particularly in Ontario, was being organized at the present time and that they intended to issue a tariff in the near future, if they have not done so already. That tariff would apply throughout the country. I believe it appeared to a number of the members of the committee that it was unfair that the highway transport people should not have the opportunity of appearing before this board of transport. Evidence before the committee, with the exception of

that of the railways and one steamship company, was generally opposed to part V of the bill. The feeling was that it was unjust and discriminatory to a certain extent.

Mr. HOWE: The opposition came principally from those who are not subject to the provisions of this bill. The main opposition came from the motor transport and the bulk water carrier interests. These interests are left free to act in any way they like, and my personal opinion is that it is rather impudent that they, having the freedom of action they have, should insist upon taking a part in the regulation of the regulated carriers.

Mr. BARBER: I understand a number of the smaller shipping companies on the great lakes objected to this part.

Mr. HOWE: Only the bulk carriers.

Mr. MacNICOL: Did not the Canadian Manufacturers' Association object?

Mr. HOWE: Yes, they filed an objection.

Mr. NEILL: The minister seems quite clear in his mind that this legislation will work out reasonably and without undue delay. However, the procedure seems to be somewhat lengthy. The bill has been before a committee upon which was represented all the parties and we can only hope that it will work out as the minister suggests it will. There is one phase of this bill which I have not yet heard explained. Sometimes an argument can be made to better advantage when a concrete case is given rather than by theorizing. I should like to outline a situation that exists on the coast. There is competition, rather onesided I should think, between the shipping and rail companies in connection with the shipment of lumber from British Columbia. It is apparent that this competition must be very onesided, because it is much cheaper to ship lumber by water through the Panama canal than by rail. It has been suggested that the shipments by water are comparatively trivial, but I do not think that is the fact. A service of one and a half, so to speak, or two boats a month is maintained. The company do not necessarily own all these boats, but they charter the necessary boats to maintain their schedule. They have captured trade for our lumber people in British Columbia which would be utterly lost if they had to depend on the railways. Here is the picture that is presented, and if the minister can satisfy the people for whom I am speaking I shall be very glad. The railway board has authority to make cut-throat rates over a given period, and evidently that is the intention. Well, they make those cut-throat rates, and after they have been in force for six months or a year the shipping companies will be driven out of business, not being able to meet those rates. The net result will be that the lumber shipper in British Columbia, when the boat companies have been put out of business, will have no recourse except to use the railways, and it will be impossible to use the railways because of the necessarily high rates. We have a substantial market on the Atlantic coast, both in Canada and in the United States, which we may be in danger of losing under this legislation, and it will not benefit the railways either because once they have driven the shipping companies out of business and then have raised their own rates again, our lumber people will not be able to use the railways, and in that way we will be deprived of a very useful market, although perhaps not a very big one. If the minister will explain how that danger is to be obviated I shall be very much interested in his explanation.

Mr. COCHRANE: How much lumber does British Columbia ship by rail?

Mr. NEILL: Perhaps not very much unless they ship it to the prairies, which it is impossible to reach by boat. They cannot ship by rail to the east because of the high rates, and that is the danger I am pointing out.

Mr. COCHRANE: Where are your markets for shipments by rail?

Mr. NEILL: The only rail market available to us now is the prairies. The danger is that the railways will take this eastern business away from the shipping people by means of cut-throat rates, and then having put the shipping companies out of business, they will raise railway rates again and we will lose our Atlantic seaboard market which we have in Canada and the United States.

Mr. COCHRANE: By water?

Mr. NEILL: Yes, by water, and we want to maintain that market by water. We do not want water competition put out of business by a temporary cut-throat rate from the railways.

Mr. COCHRANE: British Columbia products are practically all shipped by water.

Mr. HOWARD: Not entirely.

Mr. NEILL: Not entirely.

Mr. COCHRANE: British Columbia lumber is shipped to St. John by water. I know something about it. How much lumber do you sell in the maritimes that is shipped by rail?

Mr. NEILL: I should not imagine we should ship any by rail to Saint John and we never will either. But if the railway companies are allowed by cut-throat rates to put water competition out of business, we shall be out not only rail traffic but the boat traffic which we now have and do not want to lose.

Mr. HOWE: I have had some experience in buying British Columbia lumber for use at eastern points, and the position is this, that if the lumber is needed for quick delivery it is forwarded by rail; if the buyer can wait two or three months for delivery, it is shipped by boat. There is a considerable difference in the rates, but I think at least fifty per cent of the lumber that goes into construction work in the east is shipped by rail. It is a matter of urgency. Ordinarily timber for heavy construction is cut to dimensions and forwarded for a certain work. I know in my own experience that in two cases out of three at least, we do not want to wait for delivery and so have shipments forwarded by rail—timber sheet piling, for instance. The rail rate is substantially higher, unquestionably, than shipment by vessel through the Panama canal.

But the position, Mr. Chairman, is this, that no one can be forced to make an agreed charge. An agreed charge is a voluntary affair, and if it is made it will be made because it is advantageous to the shipper as well as to the carrier. The lumber trade of British Columbia is very highly organized, particularly as to marketing, and I cannot believe that the lumber trade of British Columbia would make an agreed charge that would have the effect my hon. friend suggests. They would look far enough ahead to see that that might happen, and would get along without the agreed charge. However, I do not think the agreed charge is intended to operate in connection with a large commodity like lumber. I do not think any carrier would try to get all the lumber business of British Columbia by an agreed charge. I doubt if that is a case in point, and so far as the agreed charge is concerned I believe the effect on the lumber industry of British Columbia will be nil.

Mr. HOWDEN: I was a member of the committee which considered the bill, and if I know anything about the bill at all it gives control to the board of transport commissioners. There is also a clause in the bill which definitely provides that railway companies in making agreed charges shall have due regard to the actual cost of moving freight. If the bill means anything, it will be the function of the board of transport commissioners to see that the railways do not make agreements at rates that will be less than the actual cost of handling freight, and if the terms of the bill are carried out in that respect there is no chance in the world of the railways very seriously undercutting the boat companies.

Mr. GREEN: Our worry is that the shipping line or lines between British Columbia and eastern Canada will be put out of business. The great danger, as I see it, is that agreed charges may be made in the east on goods shipped from the east to British Columbia, making it temporarily cheaper to ship by rail than by water through the Panama canal, with the result that the shipping line would be put out of business. I believe that at present we bring quite a lot of merchandise to British Columbia from eastern Canada by water cheaper than it can be brought in by rail, and the fact that there is that water competition has kept down railway rates on other goods that are not brought in by the ships at all. It is to preserve that situation that we are so anxious. Can the minister give us any assurance that agreed charges cannot be used to wipe out the business which at the present time is being carried by ship from eastern Canada through the Panama canal to the Pacific coast?

Mr. VIEN: Does my hon. friend refer to liners or tramps? Tramps will always be available.

Mr. GREEN: There are no tramps. We have one line at the present time running a regular service from Montreal to the Pacific coast and back.

Mr. VIEN: Which is it?

Mr. GREEN: I forget the name, but their office is in Montreal, and they have materially helped in keeping down freight rates on commodities going from eastern Canada not only to the Pacific coast, but from there into Alberta.

Mr. VIEN: My hon. friend's remarks would apply only to liners, because, except under abnormal conditions, there will always be a plentiful supply of tramps.

Mr. GREEN: There are no passenger liners between Vancouver and the east. There are freight liners.

Mr. TAYLOR (Nanaimo): This is a freight line with definite sailings.

Mr. VIEN: Yes, that is what I was referring to—freight liners as distinguished from tramps.

Mr. REID: I do not think the last speaker was correct when he said there will be plenty of tramp steamers available. My impression is that the tramp steamer will have to go to the board of transport for a licence and will have to show that that service is required; and my fear is that they will not be able to procure a licence, and it will mean that the steamship line now in operation between Montreal and Vancouver will be the only one granted a licence. Any shipper wanting to ship by tramp steamer will have to advise that line to go to the board of transport commissioners for a licence and must prove that there is not adequate transportation service either present or future.

Regarding the remarks of the hon. member for St. Boniface (Mr. Howden) I shall be delighted if the board of transport commissioners can find out exactly the cost of hauling freight. It is something I have been trying to get for a long time. I can tell him that the chief counsel of the Canadian Pacific Railway Company stated on oath that there is no one in the Canadian Pacific or the Canadian National or on this continent or any other who can tell exactly what it costs to haul goods by rail. How they will be able to compare the cost of hauling by rail with that of carriage by ships and by air I cannot understand.

Mr. COCHRANE: I feel that I can speak on this subject because I was born and brought up in the shipping business. I have brought many cargoes of Douglas fir from British Columbia and I can tell hon. members that Douglas fir is being shipped from Vancouver to Saint John to-day by water at $7 per thousand feet. The railways have no chance to compete with that; they cannot meet that price. It is all a matter of competition. How much lumber is shipped to eastern Canada from British Columbia by railway? I have seen cargo after cargo of Douglas fir from British Columbia at $7 per thousand delivered in Saint John, by way of steamers carrying 5,000,000 superficial feet.

Mr. REID: That is not what we are afraid of. Our fear is that there will be a wall placed around us so that no steamship companies can get in. That freight of which my friend speaks is business which would not be obtained by merchants in British Columbia but for the fact that the steamships are carrying it, because the railroad rate is roughly $27 per thousand feet. He is correct in saying that the railways will never be able to compete with the steamship lines, but tramp steamers and other steamers operating via the Panama canal are able at times to carry that business partly because they have freight for United States Atlantic seaboard cities as well as Canadian cities. Having a full cargo made up in that way enables them to carry the business, but they will not be able to do so in the future if they are prevented from obtaining licences.

Mr. TAYLOR (Nanaimo): It is well to bear in mind that the carrying of lumber from British Columbia to the Atlantic is only one side of the question; the other is the obtaining of return cargoes. A freight line must be sure it is going to get a return cargo. When this service was first established between Vancouver and the Atlantic ports the draft of the vessels, and the width likewise, was governed by the depth of the Lachine canal. I do not know what governs now, but four years ago that was very definite—the draft had to be not over seventeen feet, I think.

Mr. HOWE: Fourteen feet.

Mr. TAYLOR (Nanaimo): Yes, I was not sure. They carry back from lake ports furniture, canned goods and similar freight. So both sides of the question have to be considered.

Mr. HOWE: Once again I may say that the railways are in no different position from the boat lines. Any agreed charges the railways can make the boat lines can make. I cannot believe that one will seriously affect the other. Neither can afford to cut rates to an unprofitable level. I look for no wild rate cutting. In England this practice has developed slowly, it is now in I think, its fourth year. In the first year there were about thirty-three agreed charges made, and now I believe there are about two thousand outstanding. Careful investigation there shows that the carriers believe it has been helpful and the shippers believe it is helpful. Here I believe the history will be much the same; the agreed charges will be entered upon very cautiously and develop slowly, there will be no great rush to make agreed charges. I think there will be only a few at the start. But I can see no serious damage to any part of the shipping industry or to the carrying industry arising from agreed charges, considering all the safeguards thrown about the making of them in this bill.

Mr. GREEN: Can the minister assure us it is not the intention to give the railways power to put this shipping line out of business by means of agreed charges?

Mr. HOWE: Yes, there are special provisions made against that sort of thing; there is a special section which deals with that. It cannot be used to put a competitor out of business.

Mr. GREEN: It is not the intention that the railways shall have these agreed charges to use as a club over the shipping lines?

Mr. HOWE: The shipping lines have the agreed charges just as have the railways. The only thing is that up to now the railways have been told to stand on a certain level, while all other carriers—motor trucks, ships—can go as much under that level as they like. The difference is that now the railways will not have to stand on that level.

Mr. GREEN: But the shipping is regulated also.

Mr. HOWE: The shipping can make agreed charges also.

Mr. NEILL: The minister says people are not likely to cut prices below normal. But that is a common everyday thing. I will not advertise the firm by giving the name, but a firm came into a town with which I am familiar, went to the established dealer in their line, and said: We will give you so much for your business. The men demurred as to the amount. Well, he was told, we will come in and establish a branch and will put you out of business. It may cost us $2,000 or $10,000, but we will do it, because that is our established policy when we make up our minds to take possession of a certain town with our line; we do it regardless of the cost, and we do it with a certain amount of warning to other people not to be caught in the same way. The minister says that the lumber people in British Columbia who are well organized will not be so ill-advised as to patronize railway cut rates to the extent of putting the boat line out of business. That is probably true because they are closely knit and well organized. But as the hon. members for Nanaimo (Mr. Taylor) and Vancouver South (Mr. Green) have said, that line of boats cannot exist without return cargoes, and the return cargo consists of manufactured or package goods from the east.

Mr. HOWE: Anything they can get.

Mr. NEILL: Yes.

Mr. HOWE: In other words they pick over all the high grade freight from eastern Canada to get one boat load every six weeks.

Mr. NEILL: The eastern manufacturer does not know about this theory of the boat being put out of business, and would be quite indifferent to it anyway. The average person buys in the cheapest market, and if he is confronted with a lower rate on the railway he will take the lower one. He is not going to listen to this yarn, as he will call it, that if you do not deal with us we will be put out of business. The result will be the imminent danger of that happening of which I spoke at first, that, perhaps deliberately, the price will be cut in order to put the boat out of business and then the higher railway rates will be restored. If it were only a question of people paying the higher rates, that would not matter so much perhaps from the point of view of the British Columbia producer, but it would mean to him that he would lose his market, because his market for a certain class of lumber in the Atlantic coast cities of the Unted States and Canada is dependent on his being able to ship by water at a low rate. The cargo is made up of goods partly in the United States and partly in Canada—partly one thing and partly another. It has not been satisfactorily explained to me, although I quite agree with the general principles of the bill and have supported the minister. I do see that danger, however, and the only hope that can be entertained is that it will not be effective in that regard, that is to say, that there will not be agreed charges on lumber. That is what the section is for, to allow a thing of that kind, and not to see that the board will prevent the railways from quoting a low price. But I see no provision that would prevent them from doing that; and as the hon. member for New Westminster has pointed out, what the exact cost of a certain freight is the railway companies themselves cannot say.

Mr. HOWE: As regards putting the boat line out of business or preventing freight from going west, this boat line goes all the way from the maritimes up the St. Lawrence and the great lakes as far as Hamilton and it takes whatever goods are offered at the most profitable freight that can be got. Unless all business in Canada were covered by agreed charges, how would it be possible to stop that boat from getting a return cargo, considering all the commodities that move from one coast to the other, without time being a great factor?

Mr. NEILL: The answer is that the elimination of the lumber traffic from British Columbia might make such a difference that they could not afford to operate profitably.

Mr. HOWE: But surely the lumber traffic of British Columbia would be the one business that agreed charges could never touch. In the first place it is too voluminous a traffic to trifle with; in other words, if any carrier made an agreed charge to handle all the lumber traffic at an unprofitable rate, or a

rate that would take business away from the ships, that carrier would be bankrupt within twelve months.

Mr. BARBER: A representative of the Canadian industrial traffic league appeared before the committee and made clear the reasons for objections to the regulations of the intercoastal water movement between Canadian Atlantic and Canadian Pacific ports. The reasons given were as follows:

1. This service is different from other water services in that it is in direct competition with world-wide all water services, some of which are unregulated, and the Canadian intercoastal service would, therefore, be placed at a very great disadvantage if regulation of rate matters is insisted upon.

2. This intercoastal service is designed to transport goods between Atlantic and Pacific ports to enable shippers to lay their merchandise down in competition with these world-wide water services.

3. This world-wide competition means the movement of goods from the highly industrialized countries of Europe, the United Kingdom and the United States, whether produced at low wage rates due to low living costs or by means of mass production. It thus affords the keenest competition and this intercoastal service is designed to meet this situation due to its lower operating costs.

4. This competition being very keen, decision has very often to be made and contracts entered into at one or two hours' notice, and cannot wait for the involved procedure necessary and required if the intercoastal rate matters are to be regulated. It, therefore, requires the most simple procedure within which it may operate and enable it to obtain the benefits of its inherent advantages.

Those reasons applying to that service are clear and require very serious consideration on the part of the board.

Mr. HOWE: I might point out that my hon. friend is now discussing a part of the bill which was passed last Friday.

Mr. BARBER: This is in regard to rates; it covers agreed rates.

Mr. HOWE: Those extracts relate to part II rather than part V.

Mr. STEWART: Assuming that the agreed charge is filed and approved by the board and then it is desired by the organization that has entered into the agreement to have the charge increased; what is to be done?

Mr. HOWE: I do not quite get the question—increase what?

Mr. STEWART: The charge. Suppose one carrier comes in and files an agreed charge—

Mr. HOWE: An agreed charge is a contract.

[Mr. Howe.]

Mr. STEWART: —and comes back in six months with a request to have that charge increased?

Mr. HOWE: An agreed charge is a contract between the carrier and the shipper for a certain definite period and at certain definite rates, and it is binding, like any other contract in law.

Mr. STEWART: It is only a contract.

Mr. HOWE: Yes.

Mr. STEWART: It is binding for the term of the contract and the board has no authority to terminate it or grant relief from it.

Mr. HOWE: It can be reviewed after one year on the application of either party.

Mr. STEWART: If the contract is for five years, do I understand the minister to say that one of the parties may appear before the board and say, "Notwithstanding that we have a contract for five years we want it reviewed, we want a revision of it. It is true that we have not agreed upon any alteration in these charges, but we want you to review it."

Mr. HOWE: I would refer the hon. member to subsection 9 of section 35, page 13:

Where the board has approved an agreed charge without restriction of time:

(a) any shipper who considers that his business has been unjustly discriminated against as a result of the making of the agreed charge,

(b) any representative body of shippers, and

(c) any carrier,

may, at any time after the expiration of one year from the date of the approval, apply to the board for the withdrawal of its approval of the agreed charge, and, upon any such application, the board may withdraw, or refuse to withdraw, its approval, or may continue its approval subject to such modifications being made in the charge as it thinks proper and as the carrier and the shipper to whose goods the charge is applicable are prepared to agree to:

I think that gives any party, even the party to the contract, the privilege of appearing before the board after one year to have the charge re-examined.

Mr. STEWART: That is a case where there is a charge agreed upon without limit as to the time for its operation. They just say, "We have agreed upon such a charge", and that is good for the year; and after the year it can be varied.

Mr. HOWE: Yes.

Mr. STEWART: That is the effect of it.

Mr. HOWE: If two parties make a contract for a definite period no one can interfere with it, but it is always open to an

outside party to object to the agreed charge on the ground that it discriminates against his own business.

Mr. STEWART: I was a member of the committee that considered this bill and unfortunately, owing to the meeting of two or three other committees at the same time, I was unable to attend its sittings regularly. I do know, however, that there was a good deal of opposition to this part of the bill, and I am going to suggest to the minister that, as the leader of the opposition desires to make some observations upon it, he allow this part to stand, or at least some section of it, in order that an opportunity may be presented of discussing the matter from the standpoint of the objections that have been raised. I am not in a position to enter into that discussion to-day. As regards the part dealing with harbour tolls, there are one or two members who have some objections to raise, but they are not here to-day. Possibly the minister would make as much progress if he would allow these parts to stand and take them up again.

Mr. HOWE: I should like to pass as many clauses as possible to-day in order to get the bill over to the other chamber; at least we have been requested to get it over there as soon as possible, in order that that chamber may have the necessary time to examine it. I think the leader of the opposition knew that this bill was coming up to-day and made no objection to its being considered. Would it satisfy my hon. friend if we left one subsection open?

Mr. STEWART: As long as it is left open with that understanding. I am not sure that there will be any amendments suggested, and I have no objection to passing upon these sections, with such suggestions as we may wish to make, leaving one section open upon which a general discussion of this part may take place. That would be quite satisfactory. I should think the first subsection would be the one to leave open, because that launches the whole proposition.

Mr. HOWE: Then I would ask that subsection 1 of section 35 be allowed to stand.

Subsection stands.

Subsections 2 and 3 agreed to.

On section 35, subsection 4—Board approval of agreed charge.

Mr. STEWART: I notice that this is retroactive in its operation; it says:

—from which it shall be deemed to have become operative, shall be such date, not being earlier than the date on which application for approval was lodged, as may be fixed by the board.

Is the effect of that to make the rate retroactive to the date of the application, though it may not be approved until some considerable time later?

Mr. HOWE: It appears to give the board power to make the charge retroactive, though I cannot understand the purpose of it. I am told that this is taken from the English act, but I do not think there is any particular purpose in it. That is undoubtedly what the wording says.

Mr. STIRLING: Is this the subsection under which the approval of the board is established as necessary? I see it says:

The board may approve an agreed charge either for such period as it thinks fit or without restriction of time—

Mr. HOWE: That is only as to time. The following subsections cover the method of dealing with the application. Perhaps this subsection might be allowed to stand until I can examine the retroactive feature of it, which I think might be taken out. Frankly I had not noticed it.

Subsection stands.

Subsection 5, paragraphs (a) and (b), agreed to.

On section 35, subsection 5, paragraph (c):

Mr. NEILL: Is there any definition of a carrier?

Mr. HOWE: Yes; it is found in the definition section:

(d) "carrier" means any person engaged in the transport of goods or passengers for hire or reward to whom this act applies, and shall include any company which is subject to the Railway Act.

Mr. NEILL: Would that cover truck companies?

Mr. HOWE: No, a truck company is not a carrier under this act.

Paragraph agreed to.

Subsection agreed to.

Subsections 6, 7 and 8 agreed to.

On section 35, subsection 9—Application for withdrawal of agreed charge—approval after one year.

Paragraphs (a) and (b) agreed to.

On section 35, subsection 9, paragraph (c):

Mr. NEILL: What about a case where the board has approved an agreed charge with a time restriction? Is there any procedure for reviewing the decision of the board?

Mr. HOWE: I think not. I think a contract made for a fixed time must stand during that fixed time. But I take it that after one year the board will consider a protest from a third party as to the injurious effect of that agreed charge on the business of that third party, and if a third party is injuriously affected that agreed charge may be modified. But I think undoubtedly as between the two parties to the agreement, an agreed charge for a fixed period of time must stand.

Mr. NEILL: Is there provision in the bill for a third party to come in after the expiration of a year, where the approval of the agreed charge is restricted as to time? It appears to be only where it is without a time restriction. Is there provision somewhere for a case in which there is a restriction of time, for a third party to come in? I cannot find it.

Mr. HOWE: I think it may be found in subsection 6. My officers advise me that if an agreed charge is made for a fixed time, no one can interfere with it; of course anyone can get the same agreement, but it cannot be interfered with. It is a definite contract between a carrier and shipper for a fixed time.

Mr. STEWART: And third parties cannot interfere with it in that regard; they can be heard only in the beginning, and then during the lifetime of the contract third parties are bound by it in the same measure that the parties who contract for an agreed charge are bound.

Mr. HOWE: Yes.

Mr. STIRLING: But publicity was given to it at the time, and those interested had an opportunity to appear?

Mr. HOWE: Quite.

Paragraph agreed to.

Subsection agreed to.

On section 35, subsection 10—Publication.

Mr. STEWART: What are the provisions for publication?

Mr. HOWE: I read them a short time ago. I can read them again if it is desired.

Mr. STEWART: Not if they have been read already.

Mr. HOWE: They will appear in Hansard.

Subsection agreed to.

Subsections 11, 12 and 13 agreed to.

Section 35, stands.

[Mr. Neill.]

On section 36—If agreed charge causes an unfair advantage.

Mr. HOWE: This is a general provision put in as a protection. It includes agreed charges for a definite period, and everything else. The section gives the minister power to act if he receives a serious complaint to the effect that an agreed charge is working unfairly either by way of putting a competing carrier out of business or by bringing about serious discrimination. The minister may send the case to the board for trial, and if it sees fit the board may in such case vary or terminate an agreed charge, even though it is for a definite period. There is a similar section in the British act, and it was included in our bill as a general safeguard to take care of unusual situations.

Mr. NEILL: The idea is an excellent one, but should we not include the phrase, "notwithstanding anything else contained in this act"? I believe otherwise it will be contradictory to section 9.

Mr. HOWE: No; I think if the hon. member will read the section carefully he will find it has other provisions. Where for some reason of national importance a minister may refer an agreed charge to the board, the board may vary the terms or terminate the charge.

Mr. STEWART: It would be upon complaint of a representative body of carriers?

Mr. HOWE: Yes.

Mr. STEWART: Not by an individual, a company or an organization?

Mr. HOWE: That is proper, in that there must be a complaint serious enough to have the support of a representative body of carriers.

Mr. STIRLING: It can come from only one side of the contract?

Mr. HOWE: That is correct. The carrier is bound by the charge. It must be something that has some effect upon the public.

Section agreed to.

On section 37—Rights preserved.

Mr. REID: I wonder if this section is properly worded, because chapter 5 of the statutes of 1897 contains the whole of the old Crowsnest pass agreement, which provides special rates, and subsidies for lines. Then we come to the Revised Statutes of 1927, and we find by subsection 5 of section 325 of chapter 170 a definite clause relating to the Crowsnest pass rates, a clause which is entirely different from chapter 5 of the statutes of 1897.

I am suggesting there is something wrong, and if it is the intention under the bill to insert the provisions of the Crowsnest pass rates I suggest that subsection 5 of section 325 of chapter 170 should be inserted. The sections are entirely different; I would draw attention particularly to that portion of section 325 which states:

Provided that, notwithstanding anything in this subsection contained, rates on grain and flour shall on and from the 27th day of June, 1925, be governed by the provisions of the agreement made pursuant to chapter 5 of the statutes of Canada 1897.

And here is the addition:

But such rates shall apply to all such traffic moving from all points on all lines of railway west of Fort William to Fort William or Port Arthur over all lines now or hereafter constructed by any company subject to the jurisdiction of parliament.

I am of the opinion that that is the section which should be inserted, rather than the one now indicated in the bill.

Mr. HOWE: I would suggest that the section stand, so that I might call the matter to the attention of the law officers of the crown.

Section stands.

Section 38 agreed to.

On section 39, subsection 1—Harbour tolls.

Mr. REID: Has the minister given careful consideration to the subject of harbour tolls? In connection with the shipment of goods from the Pacific to the Atlantic, has he given consideration in this part of the bill to the Panama canal tolls?

Mr. HOWE: I am afraid they are outside our jurisdiction.

Mr. REID: I suggest the section could say, "harbour or any other tolls," and be much clearer.

Mr. HOWE: Probably I should make a statement with respect to harbour tolls. I know that some will say that they should be automatic. We have provided, however, that there shall be a court to assist the minister. To-day the minister is responsible for harbour tolls in all public harbours. He deals with some himself and in other cases he makes recommendations to the governor in council. It is not proposed to transfer the minister's responsibility to a board. In other words, we are not setting up a board to fix harbour tolls, nor do we propose to do so. If any one wishes to go farther than is contemplated in this section, we would have no alternative but to withdraw it. We are not proposing to turn over to the board the fixing of harbour tolls, but it is desired to give the minister authority to refer a dispute to the board of transport commissioners for purposes of investigation.

We would like to have a board to consider all the facts and to make a report to the minister, for action by him. If there is any suggestion that we should go farther, then I must repeat that the only alternative is to withdraw this part of the bill. This is as far as we can go.

Mr. REID: It was that I had in mind, and I can visualize such matters coming before the new board of transport, and the argument being advanced by shippers that there are tolls on goods going through the Panama canal. The board of transport commissioners might say that there is nothing in any act about tolls on the Panama canal, but that they are simply general tolls, and that the board could not give consideration to such a matter. Personally I think we should go farther.

Mr. HOWE: I think the hon. member has intermingled two suggestions. He means that when we are considering passage through the Panama canal, the Panama canal tolls should be considered.

Mr. REID: Yes.

Mr. HOWE: That would undoubtedly be the case, because in considering a rate any charges affecting the voyage would be material. The part of the bill on harbour tolls has to do with tolls in public harbours, and provides for a court of review to which the minister may submit disputes.

Mr. COCHRANE: I do not wish to delay passage of the bill, but I believe I should point out that possibly there is no part of the dominion which would be more affected by the bill than that from which I come. Most of the people in my constituency are seafaring people who are familiar with the subject matter of the bill. I intend to support it, although possibly last year the minister may have felt I was not giving all the support I could have given. I must make it clear, however, that I am supporting the bill in its present form. After all, in my view the responsibility in this matter must fall on the government. Let us try out this measure, and if it does not prove satisfactory we may discuss it further at a later date. Certainly, in my opinion it is a move in the right direction.

Subsection agreed to.

Subsection 2 agreed to.

Section 39 agreed to.

Sections 40 and 41 agreed to.

Mr. HOWE: I should like to revert to section 2 to correct an omission in the printing. I shall ask my colleague to move that section 2, subsection 1, paragraph (e) be amended by inserting the words "sand, stone and gravel" at the end thereof.

Mr. DUNNING: I move accordingly.

Amendment agreed to.

Section 2 as amended agreed to.

Progress reported.

SUPPLY

UNEMPLOYMENT—CONCENTRATION OF SINGLE UNEMPLOYED MEN IN VANCOUVER—STATEMENT OF MR. MACINNIS

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee of supply.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, before you leave the chair, I should like to say a few words in reference to a matter which has been drawn to the attention of this house on a number of occasions during the past few weeks. I refer to a situation which has existed in Vancouver since the end of April and which became acute during the latter part of May. A number of single unemployed men took possession of certain buildings in that city, including the post office and the art gallery, and after eighteen days these men are still in possession of those buildings. I have tried, along with other hon. members, to impress upon the government the fact that if this situation is not remedied serious trouble will result. We believe that something could have been done to prevent this situation from arising, and we believe that something should be done immediately to try to arrive at a settlement of the problem before trouble occurs. These men are being provided with food which indicates to me that in a large measure they have the sympathy of the people of Vancouver. Being confined in such cramped quarters, these men undoubtedly will become irritable and trouble is likely to be the result. Conditions in British Columbia and Vancouver are not as good to-day as they were even a year ago. I have before me a letter from the mayor of Vancouver under date of May 31, from which I should like to read briefly in order to show just what is the unemployment situation in that city. He said.

The employment situation in the city of Vancouver is not quite as good as it was last year at this time. We have not had the usual spring pick-up of work. The logging camps are not working at the same capacity they were last year and the pulp and paper mills have curtailed their output very materially causing reduction in their working time, in some instances close to half time.

As you are aware we had the usual drift to the coast last fall of quite a group of men from other parts of Canada who were taken care of by the provincial and dominion governments through the forestry camps and following their usual custom they have closed them for the summer. Usually a great many of those in the camps left the province to return to the northwest for spring work while the remainder generally succeeded in getting something to do in the province on the road work which the provincial government generally inaugurated.

Unfortunately nothing has been done along that line this year as the premier seems to have been unable to make any arrangements for a loan from the dominion as in former years.

And further:

The unfortunate part to those purely British Columbia men is, pending cleaning up of the situation with the men on the sit-down strike, nothing can be done for the former which makes the situation here still more difficult for the municipal authorities. I cannot see for the life of me why the dominion government, realizing that this situation develops every spring, does not tackle it in an independent manner and establish a program of public works to take up the slack which private enterprise and industry do not seem able to absorb. Surely by this time after all of the representations which have been made to them they should realize that this is more or less of a permanent problem and should be dealt with as such, in place of having this turmoil each spring and fall.

I think the mayor puts very clearly the reason why the men have at the present time the support of a great majority of the people of Vancouver. There is no opportunity of employment for these men. They are all employable unemployed under the age of fifty-five and are at the present time refused relief in that city.

I wish to say again, as I said a week ago, that if trouble develops in Vancouver the responsibility must be laid on the doorstep of this government. The circumstances are deplorable and are not at all in line with what was promised by this government in the compaign preceding the last general election. The present Prime Minister, speaking in Vancouver on July 31, 1935, promised:

Immediate abolition of the relief camps, and handling of the unemployment problem on a national basis, utilizing in adequately paid work of social value to the nation, those now unemployed.

These men now unemployed in Vancouver want that pledge of the Prime Minister carried out, and I feel satisfied that they would not be very insistent or particular as to the conditions under which they would work, but

they do want some kind of employment that will give them a livelihood. At the present time they have not that employment, and there is no prospect of their getting it.

On the same date, and during the same speaking engagement, the present Prime Minister said:

> You have had one experience of being deceived by promises at a general election. Are you prepared to risk another? You have seen how long a period of time five years is—what opportunity it affords a ministry, if the ministry be so inclined, altogether to ignore, and even to defy, your clearly expressed will, and your most evident wishes.

I submit that the position of the present government in the situation in Vancouver is expressed very well in the words of the present Prime Minister when speaking in Vancouver on July 31, 1935. He continued:

> You have seen—

Mr. SPEAKER: I am sorry I have to instruct the hon. member that it has been reported to me he is speaking on the same subject matter of a debate on a motion to go into supply when the right hon. leader of the opposition (Mr. Bennett) raised this same question of the situation in Vancouver. Beauchesne's Parliamentary Rules and Forms, page 95, under standing order 41, citation 293, refers to certain prohibitions contained in standing order 41, and then goes on to say that a member, while speaking, must not refer to any debate of the same session. I think that at present the hon. member is referring to the subject matter of the debate which took place for over an hour last Tuesday.

Mr. MacINNIS: But the grievance, Mr. Speaker, still continues. It was discussed last Monday, if my memory serves me aright, and the leader of the opposition raised another phase of the same question on Wednesday, on going into supply. If the question could be raised on Wednesday after having been discussed on Monday, and on other occasions too, there is no reason I can see why it cannot be discussed now, and particularly when the grievance still continues. There are also new aspects to the case, and surely we are entitled when going into supply to bring our grievances to the attention of the government.

Mr. NEILL: Mr. Speaker, on the point of order I would point out that you did not read the whole sentence in citation 293. The prohibition is that a member must not:

> (a) refer to any debate of the same session on any question not then under discussion.

He must not, for instance, refer to a debate connected with tariffs while speaking now because that subject is not now under discussion, but apparently he is allowed to refer to any debate of the same session on the question now under discussion. I cannot think that the prohibition extends to the hon. member in debating a matter that has not been finally dealt with. There is a prohibition dealing with matters that have been dealt with already this session, but that means brought to a final conclusion, defeated or something of that kind. But the words on which Your Honour bases your position are that he must not:

> . . . refer to any debate of the same session on any question not then—

That is, not now.

> —under discussion.

I submit he is not doing that, and that therefore he is in order.

Mr. DUNNING: On the point of order, Mr. Speaker, if the interpretation now being placed upon the rule is correct, what it means is that on any occasion when the motion for supply is made on Monday, Tuesday, or, at this stage of the session, on Wednesday, it is perfectly competent for any hon. member to rise in his place in the house and repeat what he himself has or others have said with respect to any matter already brought up during the session. It seems to me that the main object of the rules, which is to expedite the business of the house, could be completely defeated if that were the interpretation of the rule. I have not any objection to listening to my hon. friend (Mr. MacInnis); but if this is to be a decision of importance on the rules, I think the far-reaching effect of it might well be taken into account by Your Honour.

Mr. HEAPS: Standing order 41, on which Your Honour's ruling is based, does not deal with the question of going into supply at all, and is not applicable to the remarks being made by the hon. member (Mr. MacInnis). I do not think he was intending to repeat what has been said on this question, but I believe rather he wished to make reference to certain grievances in the city of Vancouver which have arisen since the question was last raised in this house a few days ago. He would come under the clause dealing with grievances, and not under standing order 41.

Mr. SPEAKER: Does any other hon. member wish to speak on the point of order?

Mr. MacINNIS: Mr. Speaker, I do not think I was quoting from anything that was said in this house in any previous debate. As a matter of fact, I did not quote anything that

had taken place in a debate during this session, and I believe that is all that is referred to in the citation under standing order 41.

Mr. MACKENZIE KING: The point is that the same subject matter shall not be debated twice in the same session. That, I think, is the principle involved. Otherwise we should be discussing questions over and over again. If my hon. friend has in mind simply referring to some new situation that has arisen, and wishes to obtain a statement from the minister upon it, which will help to improve the situation, I can see no objection to having the minister make the statement; but if his purpose is to provoke a discussion on a subject that has already been debated, then I think the rule which has been cited by His Honour the Speaker would apply, namely that a subject should not be debated twice in the same session.

Mr. NEILL: I would point out that the attitude and remarks of the right hon. leader of the opposition were directed towards what he considered the duty of the government to empty the post office and the art gallery by force. That does not appear to be the intention or desire of the hon. member now speaking. He is speaking of a totally different point of view.

Mr. STEWART: On the occasion to which you have referred, Mr. Speaker, as I recall there was no amendment offered to the motion to go into supply. Therefore there was no specific subject which would otherwise appear by way of motion. I submit that this rule applies to a motion or subject which has been definitely made the subject of debate or resolution, and that the well-known and broad comprehensive rule as to the right of a member of this house on a motion to go into supply to discuss any grievance or condition which he thinks gives rise to a grievance still exists and is not impaired by the rule you have cited.

Mr. MacNEIL: I desire to point out that the information now reaching those interested in this matter presents an entirely new grievance for which we desire to seek redress. There is no intention to abuse the privilege of a member to state a grievance on the motion to go into supply; but there is an entirely new situation, or new elements within the situation presenting themselves, making an urgent situation and one which can properly be brought up at the present time. I would regret very much if the rules of the house are interpreted in such a way as to deny us privileges which have always been accorded in the past and which we have a right to expect under the rules.

[Mr. MacInnis.]

Mr. DUNNING: Without urging you, Mr. Speaker, one way or the other, I would call attention to citation 304 of Beauchesne, which, I take it, is a quotation from May:

> It is a wholesome restraint upon members to prevent them from reviving a debate already concluded; and it would be little use in preventing the same question from being offered twice in the same session if, without being offered, its merits might be discussed again and again.

Whether or not it is the same question, I am not sufficiently familiar with the debate that took place on a former occasion to say.

Mr. MacINNIS: "The question" refers to a motion, does it not?

Mr. STEWART: There was no motion. That is the difference.

Mr. MACKENZIE KING: It is important to preserve as much latitude as possible in the discussion of grievances on going into supply. If what my hon. friend, who has just spoken, says is true, namely that he is not seeking to revive a question which was discussed the other day, but is taking up something entirely new, then I would say there is no reason why he should not proceed. But if, as I have said, he is seeking to debate over again a subject which has already been discussed, I think the rule cited by His Honour the Speaker would apply, and he should not seek to proceed in that way. Certainly the government have no desire to prevent the fullest discussion of a situation which to its members, as to all hon. members, is occasioning much concern. Any word that would help to improve the situation will certainly be welcome.

Mr. MacINNIS: I wish to assure the house that I have no desire to enter into a general debate, or try to get the house into an extended debate on this subject. If I could get one word of assurance from the Minister of Labour (Mr. Rogers) or some other member of the government that negotiations would be started to try to get a peaceful settlement of this matter, I would sit down now without saying another word. But I feel that if this situation is allowed to continue—and I think I appreciate the difficulties of the government in this matter—sooner or later we are going to have an ugly situation in Vancouver. How the government can get over the difficulty I do not know, but I am sure that if they were to put themselves in the position of these men they would realize that although their actions may not be considered right or according to the usual methods of dealing with grievances, it must be remembered that these men have been living under abnormal conditions, some of them for a num-

ber of years. And when people are living under abnormal circumstances their actions will of necessity be abnormal. I am sure the Prime Minister is anxious to deal with this question in a reasonable way, to avoid as much trouble as possible, because I believe that is his nature and temperament; and if he could give this matter the consideration which it deserves and begin some sort of negotiations which would lead to the men vacating the places they now hold, good service would be done for the city of Vancouver, the people of this dominion, and even the government itself. After all, the credit of the government will depend largely on how it deals with these day-to-day problems that arise.

It has been said that the men have been unwisely led. Suppose for the sake of argument we accept that; how are we going to get over the difficulty of that unwise leadership, unless we replace it by better leadership? The first thing necessary to get over that difficulty is to improve conditions, so that the men will feel that they have something to lose; then they will not follow unwise leadership. I think I know enough of men, and have been associated enough with men to know that when they have something to lose, when they see that certain action by them would be likely to make conditions worse for them, it is next to impossible to get them to embark upon such action. But these men, as I said, have been for a long time living in circumstances which could not be much worse than they are, therefore they feel they have nothing to lose. They feel that if they do not force the government to some action; their condition will be still worse. The result of the government's action is that these men are becoming disciplined and organized together so that it will take a great deal of training to get them to abandon the attitude they have adopted. I would suggest to the Prime Minister and the Minister of Labour that they give this matter their most earnest consideration to see if something cannot be done to prevent such a situation developing as developed a few years ago in Regina and in other parts of this dominion.

Mr. C. G. MacNEIL (Vancouver North): I do not intend to thresh over old straw; but in justice to the men concerned and the citizens of greater Vancouver I feel that certain facts should be stated, facts which were not disclosed in previous discussions in this house. It is not an easy matter to discuss, but it is much more unpleasant to anticipate reports of still more disagreeable occurrences in Vancouver. Some of us who have lived there have witnessed disturbances on previous occasions, and it is with dread that I pick up the morning newspapers now, lest I read the report of some serious trouble. The results of these disturbances were fully reported on former occasions. I have seen blood flow in the streets of Vancouver; I have seen people ridden down; I have seen men beaten up; I have seen inexcusable brutality exercised to deal with situations of this sort, and I would not be doing my duty did I not state in this house that which I have learned from reports reaching me daily now. A few days ago we did not have the information that we now have. One stubborn ugly fact stares us in the face, and cannot be disregarded. The men are without food and shelter. That was not disclosed before, because from the statement of the Minister of Labour (Mr. Rogers) we gathered that the deferred pay vouchers had been distributed in such a way that the men might carry on. On the minister's admission in the house the other day, however, the last distribution of pay vouchers took place on May 15, and I understand that no individual received more than $4 at that time.

These men are in a state of utter destitution; they are without food and shelter and without the means to move around and, as we say, "rustle" for work at any other point. You cannot expect men with empty bellies to face a situation of this kind in a calm and rational way. That must be understood. They feel desperate and they are likely to resort to desperate means to bring their predicament to the attention of the public. They are not, as has been implied, in a state of revolt against constituted authority. They feel they are engaged in a spectacular demonstration of the fact that authority as constituted in this country has denied them the elementary rights of livelihood.

May I quote their own statement appearing in what is known as the Post Office "Sit-downer's" Gazette, which is published by the men themselves with the aid of friends for the purpose of raising funds. They say:

> This paper is not published or paid for by the Department of Labour or the government of British Columbia.

This is the statement I wish to read:

> Please do not think that we do not fully realize the gravity of the situation we are facing. We know that this is one of the most serious problems that has ever faced the people and the government of Canada. We were forced to use this unusual method of bringing our case before you, the jury, when all constitutional means had been exhausted and the government and local authorities refused to act.
>
> We ask that you base your verdict upon considerations of common humanity and justice and upon the actions of the boys themselves

which are all in accordance with peace and democracy. We are not a mob but a body of organized men with a very definite purpose, namely, to attain the status of Canadians with a chance to live a decent, human life.

We assure you that your property is safe in our hands. We, who are the workers and builders, without whom you would not have structures such as the art gallery and the post office, would be the last to injure or destroy that which our hands have created. We thank you for your loyal and generous support of our cause. We realize that without you our attempt to secure justice would be a complete failure. Your moral support will be the surest guarantee that all Canadian youth will enjoy a future worthy of a country which has such noble traditions of democracy and which is rich in all that should make life a thing of enduring happiness and prosperity.

That indicates the attitude of the men, and if they resort to desperate tactics there are provocative conditions leading up to such action. We should look behind the existing disorder, as some might term it, and consider the conditions that led up to the action of the men. They did exhaust every lawful means of presenting their serious plight to the authorities and were denied redress, and they have merely taken a spectacular way of bringing their problem to the attention of the people of Canada.

The second ugly fact is this, that not all of these men in Vancouver are non-resident transients nor should be so described. I am advised, on the statement of a responsible member of the Vancouver council, that approximately fifty per cent of them under existing regulations may claim domicile in British Columbia. That means that there is going on behind the scenes the usual passing the buck between provincial and federal authorities. I have been through it and I know exactly what it means—the provincial authorities trying to capitalize the situation in order to secure greater aid from the federal authorities, and the federal authorities disclaiming all responsibility and publicly announcing that they are relying upon provincial government advice. I have been through such negotiations in the past and I know just what they mean. The men have fallen between two stools and the citizens of Vancouver are now facing the grief. The civic authorities of Vancouver and district are playing their part. They now accept full responsibility for relief of the unemployables. Under a recent classification they have the full burden of the unemployables. But in addition to that they are extending relief to single employable men over fifty-five. They are extending relief to veterans over fifty years of age. As regards the mining and forestry training schemes for young men, they are receiving applications only from those between the ages of eighteen and twenty-five, so that no administration of relief is being carried on by the provincial government for single unemployed between the ages of twenty-five and fifty-five as formerly.

Mr. ROGERS: Would it be a correct inference from what the hon. gentleman has said that the only expectation of work which these men have is work provided by governments?

Mr. MacNEIL: No; that is not their only expectation; but I will come to that point in a moment. They are not presented with any opportunities for employment in any quarter, and I intend to deal with that. The city has met the situation as well as it possibly can with the resources at its command and is carrying a heavy burden in this regard.

The third point is that raised by the minister. These men have not been presented with opportunities to secure employment, and in their present mood you cannot stave them off with vague generalities about employment in the distant future. They need employment immediately in order to obtain meals to-morrow and the next day. A man who has not a postage stamp or street car fare cannot be put off with promises of something in the future. Before these men moved into the post office and art gallery they took pains to secure information as to employment opportunities across the prairies, and they received word from all the municipal bodies with whom they communicated that there were already local unemployed whose needs could not be met.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. MacNEIL: Before the dinner recess I was attempting to explain wherein we were dealing with grievances distinctly different from those which were discussed on a former occasion. I refer to the fact that since the situation concerning the single unemployed in Vancouver was last discussed, approximately two hundred men have been arrested on a technical charge of obstructing the police in the performance of their duties. A number of them have been sentenced to varying terms of imprisonment ranging up to three months. Some have been released on their own recognizance under suspended sentence, and the cases of others have been adjourned because social service agencies have assured the court that in some manner they will be given food and shelter temporarily. Further, the men are

attempting to solicit alms on the street corners, holding out tin cans to passers-by as has been their custom on former occasions. Not all of these men are being arrested, but in every instance the funds contributed by the public of Vancouver are being confiscated and are not being made available for the benefit of the men, and thereby their situation is being rendered more desperate.

A new feature in the situation is this, that there is some evidence of lawlessness which was not apparent before, lawlessness which has been dealt with very fimly by the men themselves. On one or two occasions men in the art gallery have suggested that they should slash or cut valuable works of art in that building, and these men have been forcibly and promptly ejected by the other men. Another grievance, and one that affects the citizens at large, is that since of necessity the police reserves are concentrated in the centre of the city where the unemployed are congregated, outlying districts complain of a minor crime wave, and lawlessness is evident there with which the police are unable to cope.

This, I submit, Mr. Speaker, presents a situation entirely different from that which was discussed previously. I attempted to show that we must understand the psychology of these men in order to deal adequately with the situation. Hungry men are very much like cornered animals. After all, they are not made of very different stuff from the rest of us: the instinct of self-preservation is still alive, and I think it is to their credit that they have shown enough spirit to organize. While we may not find it possible to condone the means they have employed, at least, as I have said, they have shown sufficient spirit to bring their case to the attention of the public in a spectacular way. This must be said of the situation, that previously they did make representations in a lawful and orderly way to the civic authorities and to representatives of the provincial government, explaining their plight. Had they not taken this action, absolutely no attention would have been paid to their need, and they would have been required to suffer in silence.

I further pointed out that the situation is obscured by the fact that some of these men, under existing regulations, may claim domicile in British Columbia. Some fifteen hundred of the three thousand men involved have a right to claim domicile in British Columbia. I endeavoured to show that the city had made provision for some; but while the provincial minister of labour, Hon. Mr. Pearson, has stated that British Columbia will care for her own, that statement does not square with the facts. It is simply a red herring across the trail. There is a large number of men who can turn to no other authority than the province of British Columbia; and, as I say, the province is unable, or has made no effort up to this time, to meet the necessities of those who are without work and without shelter, and who have no opportunity of getting work.

Before the recess the minister asked me if the men were relying on the expectation of work being provided by the provincial or the federal government. I do not think they are making a point in that regard. They are looking for work, anywhere, any kind of work. I know these men, and I speak of the situation feelingly. It is exactly similar to the situation which arose on previous occasions. The last time we had trouble in Vancouver I was requested by the men to appear on their behalf in the police court, which I was permitted to do by courtesy of the court. Each evening I interviewed the men individually in the cells of the Vancouver police station, and I took particular pains to find out their circumstances. Let me suggest to the minister that when a man is under arrest, in the police station, facing a serious charge in court, he is perhaps more likely to tell the truth than on any other occasion. Just before I came down to the chamber this evening I glanced at the notes I took in regard to some two hundred individual cases on that occasion, so I know some of the circumstances which go to make up the problem of these men described as single and homeless, a description which is stamped on their relief cards. I say we must understand the circumstances which led up to the situation in which the men find themselves to undertsand the action which they have taken to make known their needs.

The point has been made several times that their situation is due very largely to their own shiftlessness; that if they had displayed the initiative which many of us were expected to show in our earlier days, the problem would be much easier of solution. Not four blocks away from the Vancouver post office is the office of the Employment Service of Canada, a well equipped office with an adequate staff, not only possessing information with regard to employment needs in that city but with a bulletin service indicating employment needs or any labour shortage at all important points in British Columbia or, as a matter of fact, at any point touched by that service. In the ordinary course of events, when these men were released from the camps they would naturally apply for work and register with the employment service. Not only that; they have tramped

down the "skid road," as we call it in Vancouver, where they might learn of work in logging camps; they have looked for work on the waterfront; they have written letters to friends at different points outside Vancouver, and after all this they have found no prospect of employment anywhere. As I stated, before they moved into the post office, the art gallery and the Georgia hotel, acting under the advice of his worship the mayor of Vancouver they took pains to telegraph to the principal municipalities across western Canada asking if work was available at any point. In response to every inquiry they received notice that in each municipality there was already a surplus of labour, and that the community could not absorb any additional single unemployed. They were made to realize in a very emphatic manner—

Mr. ROGERS: Were these telegrams sent before or after their refusal to accept the proposal of the provincial minister of labour?

Mr. MacNEIL: I understand the telegrams were sent by the men after they had been offered transportation to any destination in the western provinces.

May I add this: There are various organized bodies of responsible citizens in Vancouver interested in securing employment for these men. There is one such committee to which I should refer; that is, the committee of representative business men, associated with the various churches and the social service agencies, which takes a special interest in the problems of homeless men. These men know whereof they speak; they have gone through this experience on former occasions, and at the present moment these men are trying with all the energy they possess to find employment for those men in whom they are particularly interested, the men whom they think are of worth while calibre, worth salvaging from their present dilemma. But they cannot find work for them. Under normal conditions or even those of last spring, the constituency which I represent might be expected to absorb a number of these single unemployed in various seasonal industries. At the present time, as reports indicate, these industries are unable to take on any additional number of these men. The small logging operators, who are carrying on their operations with tractors, logging out small limits, pockets of timber that have been overlooked by the big operators, report that their bunkhouses are full or that for various reasons they have been forced to cease operations for the present, possibly on account of the fire hazard. At every point fishing boats are tied up. The pulp and paper industry has been working on a five day week for months, and is now working only half time. And so it goes. These are the reports from the various districts in the constituency which I represent, and which normally each spring would absorb quite a number of these men. The conditions are not, as stated by the minister, such as would enable the men to disperse and readily find employment at these various points.

Some reference has been made to the leadership which these men have accepted; that has been discussed in somewhat derogatory terms. There may be some truth in what the minister says in that respect; but may I point out whatever leadership is offered, these men would not accept it for twenty-four hours if they had opportunities for employment. They are not of that type. I know them. I have been present at their meetings, when they determined that leadership from among their own number, in a democratic way; where their own policies were determined in a democratic way; where they discussed ways and means of bettering their position in a proper and orderly manner. So I think it is idle to argue at this time that they have blindly submitted to leadership of a subversive nature. Within a few hours of any definite assurance that they could get employment at any point, there would not longer be any serious situation in Vancouver. It requires simply that we face the facts and apply common sense.

I would urge the minister to accept responsibility in his own department for direct negotiations with representatives of the men. It is hardly good enough to stand on the dignity of governmental departments. We should take a little of the starch and red tape out of negotiations now being conducted. On a former occasion when we had serious trouble in Vancouver a delegation largely representative of the Vancouver churches went to Victoria to interview the Minister of Labour. It happened that among the group was one representative of the men, and that man was denied admittance to the minister's office. The minister said he would receive only citizens, the implication being that these men were not to be regarded as citizens.

On other occasions the unemployed single men turned out to assist in connection with serious slides which interrupted railway and telegraphic communication. Some were killed because of their inexperience with railway signals. But officials grumbled because they were required to attend inquests; they said,

"The sooner these men are killed off, the better." The men are made to feel that they are no longer being treated like human beings. They have a hunted feeling. Under the conditions which have existed, they have been kicked about from pillar to post.

The minister does not recognize the difficulty in connection with the offer of transportation. I was brought face to face with this aspect of their problem when I interviewed one man after another. When I informed a man in the cells that his worship would in the morning probably advise him that he would be offered transportation to some destination named by him—his home, or wherever he claimed domicile—the man would probably answer, "I cannot go back; my people are in terrible circumstances now. If I go home I am not eligible for relief, and I cannot get work. They have told me there is no work, and I am not going back home to be a burden on my folks." Other men would refer to the situation in the drought area, and show how impossible it was for them to return to certain sections. Other men were without homes, and had been informed definitely in communities in which they had registered that, having forfeited domicile, there would be no relief and no work for them. If they go back they know they are going back to the same experience they have endured before, simply to be faced with an order from the police of that town to move to the next. They spend one night in the local hoosegow under orders to leave town in the morning. That has been in recent years the experience of thousands of young men across Canada. They have been moved from town to town on order of the police.

It is not a question of bad leadership at this time. By reason of circumstances preceding this situation they have reached a state of mind which is sad to contemplate, one in which they would rather go to gaol than endure that which they were required to endure previously. They have had the experience of living in box cars and in jungle camps, and of being hounded from town to town. They have told me of that. They have said, "We would rather take it here at the end of a policeman's baton; we would rather be knocked insensible on the streets of Vancouver, than to go back to the hopelessness of drifting about and searching for work about which they tell us, but which we can never find."

Mr. GOLDING: What advice did you give them?

Mr. MacNEIL: It was not my business on that occasion to give them advice. I was acting on their behalf, through the courtesy of the magistrate, to state the circumstances to the magistrate. And let it be said to the honour of the magistrate and the chief of police that they stated quite frankly in open court that it was not a criminal but rather an unemployment problem. The same scenes are again being enacted every morning in the Vancouver police court. Each morning they call long lists of men, and rows of men are formed three deep across the court room, while the police magistrate attempts to deal with the situation. It makes a burlesque of court procedure. Of course the men plead not guilty, and the police officers are called to the box to outline the circumstances. The men take the box, after pleading not guilty, and then admit that the circumstances as stated by the police officer are substantially correct. The magistrate in a friendly and informed manner discusses their circumstances and makes inquiries as to what may be done about them. He must resort to various devices, and try to deal with the situation in the light of extenuating circumstances revealed.

At the present time the gaol capacity is being taxed, and serious consideration is being given to moving the men by force to Pier's island, formerly a concentration camp for the Doukhobors. Over three hundred men were arrested and sentenced before. Two hundred have now been arrested and are awaiting sentence. It is not a question of improper leadership. The situation challenges the leadership of the Minister of Labour. If he could walk into the post office in Vancouver at this time, and persuade the men to leave that building and walk four blocks to the office of the Employment Service of Canada, what would happen? If each man registered and said he wanted work, what would he be told? The answer would be, "There is nothing for you to do; come back to-morrow." If they go to industrial firms anywhere around Vancouver, they receive the same answer, "No work; come back next week." That is the answer they have been getting, and that is the answer they will now get if they go to the very agency the administration of which is under the control of the minister. I say that the Employment Service of Canada is in touch with labour requirements in all parts of Canada, and has nothing to offer these men. I have known business men in the city of Vancouver spend hours on the telephone in communication with employers not only in and around the city of Vancouver, but in the company towns along the coast, to see if the executives in those concerns could take on at least a few of the men. But all that work has been in vain.

If with the facilities at their command they failed to secure employment for these men,

how can we point the finger of blame at the unemployed man who, without the price of a postage stamp, finds it impossible to get work? The hon. member for Vancouver East (Mr. MacInnis) has shown that public opinion to some extent is behind these men. They are subsisting to-day on charitable contributions from the people of Vancouver. Those contributions are made simply because the people know that there is cause for the situation, that the men have a legitimate grievance and that there is no work available for them. Those people know that the unemployed are willing to work, if they are given opportunities to work. They know, too, that many of the men are without proper clothes to engage in heavy manual work. They know, too, that if they are sent to Swift Current or Moose Jaw or Battleford, or any points in the prairie provinces, they will not get work immediately. They will not have the opportunity to make immediate contacts for employment, and being out of funds, immediately will be picked up as vagrants, and dealt with by the police.

The Vancouver dailies are not prone to overlook or to defend any action suggesting lawlessness. But the editorial writers in those dailies are aware that there is a cause for the present situation. In editorial after editorial they have asked that some plan be initiated by the federal government. The following is a brief quotation from the Vancouver Sun of May 25, 1938:

> Human memories, on the average, are unfortunately short. The people of Vancouver however have good cause to remember that these young men, or others like them, have been put to this miserable expedient time and again in these last few years.
>
> On Saturday they had ample opportunity to observe that these men, most of them young but a few of them grey headed, were decent looking young fellows, capable and well set up. And, if they were given to thinking at all, they must have been appalled with the tragedy displayed before their eyes, of a generation going to waste. They should be serving their country. No doubt one and all would be willing to do so, given a pick and shovel or whatever tools they are capable of using.
>
> The federal Micawber government has dilly-dallied long enough with this problem, a problem affecting every citizen, a problem of wasting resources of man power—more valuable than any natural resources we have in our forests, hills and fields.

That editorial appeared in a paper which has given support to this government. The Daily Province of May 30 contained the following:

> Two front page headlines of the Daily Province last Saturday made strange juxtaposition. One said, speaking of Vancouver: "Army of Women Plan to 'Tin Can' for 'Sit-Downers'."

The other, speaking of parliament at Ottawa, said: "100 Millions for New Works." What sense could you make of those two statements, taken together?

You could make no sense of them. Nobody can make any sense of the condition which they describe. One of them meant that a thousand men had seized and occupied two public buildings of this city, in protest against the fact that they had no work and no other means of support. The other meant that the parliament of Canada was about to vote one hundred millions for "work, wages and business."

For ten days now Vancouver has been subjected to the humiliation and the ill advertisement of this crazy situation. For ten days the government at Ottawa has played discreditable politics about it, making stupid incantations to the effect that it supported the "policy of the provincial government."

For ten days the government at Victoria has stood upon its stubbornness, refusing to do anything for these men unless they will accept a scheme which would dump them off the railway at some prairie station where they may not be wanted and where there may not be anything for them to do.

A hundred millions at Ottawa for work and wages, and no word for Vancouver, where a thousand jobless men hold out in the post office and the art gallery making a mockery of all ordered government in Canada. No word except the word of folly and ineptitude, to match the stupidity and the impotence of the government at Victoria.

They are going to wear the sit-downers out. They are going to break the deadlock by a no-policy or forcible-feeble. They are going to twiddle their thumbs and pretend that if they pretend that Vancouver is not there then everything will be all right.

I have an item taken from a prairie paper which is relevant to the situation, reading as follows:

> Scores of transients passing through town daily looking for work. Westbound freight trains are the most popular means of transportation. Very few of the men looking for work during the summer season are able to get located as there is little farm work available here. Most of these men are forced to continue their westward trek trudging from town to town.

I suggest to the minister that it should be easily possible to establish direct negotiations with the men in such fashion as to break down this problem into what he described formerly as its component parts. Certain of these men belong to British Columbia, and some scheme should be devised to present them with whatever opportunities there may be for available work. If the minister insists that work is available, it should be possible to present some plan to introduce these men to that work. Most of the evidence before the men is to the effect that no work is available. The evidence is that work

is not available for those men who belong in British Columbia and who must look for their employment opportunities in that province.

It should be possible to determine those men who should look for their employment opportunities elsewhere. If there are so many men who should go to Alberta; if there are so many men who should go to Saskatchewan, to Manitoba or to Ontario, it should be possible not only to offer them transportation but to say to them, "We have inquired of the Employment Service of Canada as to opportunities that exist in other provinces; we will see that you get a decent meal when you arrive at these points; if there is work available, you will be advised of it." They should be assured that they will be given every opportunity to work if they are willing to work. If no work is available, they must be assured of some form of food and shelter.

Our experiences in Vancouver have shown us that the alternative to this course is bound to be still more costly. It will be much more costly to send these young men to gaol. Why put them in direct association with hardened criminals of the underworld, with drug addicts, with thieves, with hold-up artists and gangsters? Many young men have told me that after spending two or three months in Oakalla they have been offered propositions by leaders in the underworld. This is a situation that cannot be ignored, and we must reckon with this cost if these men are rushed to gaol or concentration camps.

I was extremely perturbed when I heard the suggestion that force should be used. The acting Postmaster General (Mr. Euler) stated that this situation could not continue indefinitely, that some means should be taken to protect crown property. I know it is important to protect crown property, but it is of greater importance to remember that these men are subjects of the crown and that their welfare should be protected first. If force is used there will be broken heads, there will be blood shed and there will be the danger of lives being lost. That has happened before and it may happen again.

If you attempt to eject 700 men from the Vancouver post office, the resultant property damage will be beyond calculation. Throw in a few tear-gas bombs among 700 men, and the very attempt of such a large mob to escape will result in serious damage. I saw the damage in Hamilton Hall when the police attempted to eject men from that building. We know of the damage that was done to the museum when the police ejected men from that building on a former occasion. The damage will be much greater in the art gallery. If an attempt is made to use force in that building, within a few minutes valuable works of art may be destroyed. These have been gathered together through the years by endowments from generous citizens. The damage will be absolutely beyond repair.

The alternative is to use some common sense. An effort should be made to arrive at direct negotiations with these men. The minister will remember that after these men were refused a hearing by the provincial minister of labour, Mr. Pearson, he very courteously received a delegation of five or six of the unemployed. He heard with interest the story as told by the men themselves, and I may tell him that when they returned to the meeting place on Hastings street they told their comrades that the minister had been very decent and they felt they would get a square deal. Just the suggestion that there will be an effort to deal with the situation with some humane understanding means a great deal. I suggest direct negotiations in an understanding and friendly spirit. I suggest a registration of some sort that will determine the various elements and responsibilities in the situation. I suggest a simple plan which, in addition to the offer of transportation, will give these men the assurance that they will be brought closer to whatever work may be available. I can assure the minister that all they are asking is a chance to work, and in the meantime a chance to eat.

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Speaker, I promise the house that I shall deal briefly with this matter because it has been before us on at least two previous occasions. I have followed carefully what has been said by the hon. members from the city of Vancouver, but they have not set out a situation which differs materially from that which existed when this question was under discussion before. They have directed attention to the fact that thus far these men have maintained themselves in an orderly manner. Short of the fact that they have occupied public buildings, I believe that is substantially true. The hon. member who has just spoken referred in high terms to the character of the majority of the young men who have been involved in this situation. I take no exception to that but, on the other hand, I did take exception before and I do now to the type of leadership which has induced these men to adopt a course of action which I cannot but believe is opposed to their own interests.

I think the house should understand fully that this situation was anticipated to a degree. Before six o'clock my hon. friend referred to the fact that these men are well organized and disciplined. It would not be

going too far to say that these men were organized for the purpose of the present demonstration while they were in the forestry conservation camps during the past winter months. That, I think, is a fact which my hon. friend will acknowledge. That is to say, the intention behind the present demonstration in Vancouver was to organize in this way in order to bring about the continuance of the forestry conservation camps during the summer months or to bring about special works projects for the employment of those who had previously been in these camps. That was very clearly the objective of the relief project workers' union. As a matter of fact, there was published in the Vancouver Sun some days ago an interview in which Mr. Campbell, one of the leaders, admitted this without any hesitation whatsoever.

The original proposal made by the minister of labour of British Columbia was to this effect, that those men who had previously been in the forestry conservation camps and had come to British Columbia from other provinces, should be given transportation back to their homes or places of origin. The minister of labour of British Columbia expressed the view at the same time that it would be possible to absorb the remainder of the single unemployed men in the industries of British Columbia or in such governmental work as might be in operation during the summer months. He referred in particular to the forestry training camp, which will be open in the summer months, and to the placer mining camp, both of these being under the youth training plans which are carried on in cooperation with the dominion government.

Mr. MacNEIL: What were the age limits?

Mr. ROGERS: From eighteen to twenty-five, but exceptions may be made up to the age of thirty years. As my hon. friend is aware, the projects under these youth training plans are agreed upon mutually by the dominion and provincial governments, and there is provision in the agreements whereby admission may be given to those above the age of twenty-five, but generally speaking the age group is from eighteen to twenty-five.

The number of non-residents who are affected at the present time in British Columbia is probably not more than 750. According to my figures the total number of non-resident transients who were in the camps in British Columbia during the winter months was 1,560. We had information to the effect that the deferred pay vouchers which were given to these men on leaving the forestry conservation camps were cashed outside the province to the number of 850, which carries with it the implication that some 800 of the 1,560 had gone to other provinces after the forestry camps were closed or after their term of employment in these camps had ceased. That leaves a remainder of about 700 non-resident single unemployed who are now in Vancouver. This brings me to the point where I agree with my hon. friend in his statement before six o'clock that certainly more than fifty per cent of those now involved in this situation are residents of British Columbia. From the beginning the provincial government of British Columbia has taken the position that it should deal with this matter as a question of relief administration within the control of the province, and it has been dealt with in that way. As I have explained to the house before, this government has proceeded upon the basis of consultation and cooperation with the provincial government. In doing that, we are following the course which has been followed in other years.

I should like also to add this with respect to the prospect of employment which lies before these men at the present time. We have it on the basis of our experience last year that some 2,500 of the men who were in the camps previously have not returned to the camps this year. A very careful registration is taken of those who passed through these camps, so when that statement is made we may accept it as being accurate. When one realizes that this was the experience last year, namely that 2,500 men either found employment elsewhere or at any rate did not find it necessary to return to the forestry conservation camps in the winter months, surely we need not assume that there is no opportunity whatever in British Columbia or in the adjoining provinces for absorbing these men.

Then, too, my hon. friend should recognize that the situation to-day is somewhat different from that which he described as existing at the time I was in British Columbia two years ago. On that occasion the transient problem was one which touched rather the opening of these camps during the winter months. The difficulty occurred in the month of November, as he will recall; but the present situation has arisen after these men have had winter employment for varying periods extending from October to the end of April, and certainly in many parts of this country there are men whose employment does not normally extend very much beyond the work that is afforded during the winter months.

My hon. friend suggests that the way to deal with the situation is to provide, through a simple plan, that employment shall be offered to these men in British Columbia. I

wish it were as simple as that. I can assure my hon. friend that from one point of view that would be an easy way to deal with the situation. But I would put this question to him: If employment were provided for these men in British Columbia, would that help the solution of the transient problem in that province? His answer would be no. It could not be otherwise. If you create preferred conditions for this particular group of unemployed in one province, certainly you tend to attract to the province others of the transient group in the adjoining province. That has been the experience—

Mr. LANDERYOU: Why not do it in the other provinces as well?

Mr. ROGERS: I am coming to that. Clearly, if one were to provide employment for this group in British Columbia, it would be necessary to provide similar employment for this same group in the other provinces. There is no reason why one province should be preferred above another in that respect.

That carries us still further, and I am quite sure that my hon. friend who has just spoken would not overlook this further implication. Is there not an injustice in providing public works for these single unemployed in any province without at the same time finding employment for married men, the heads of families on relief, for war veterans on relief, and for dependents on relief above the age of sixteen years? Surely when one applies reason to this situation, it is evident that you cannot reach a satisfactory solution by conceding to these men, who have adopted this novel and spectacular means of bringing their situation to the attention of this country, opportunities which cannot at the same time be given to other groups of unemployed right across the country.

I should like, in furtherance of what I have just said, to give the house the substance of a telegram which I addressed to the head of the unemployed single men's committee in Vancouver on Friday last. This telegram was in response to a telegram from the single unemployed committee signed by Mr. John Matts, which was as follows:

> Two weeks the jobless have been in desperate circumstances. Vain efforts made to seek aid from all authorities. Your representatives turn deaf ear. All we ask is that public works program be started to employ us, that emergency relief be granted. Delay embitters public. Plight unbearable to men. Wire reply.

And this was the reply I sent to that telegram:

> Your telegram received this morning. As stated in my previous message the dominion government does not propose to take any action contrary to policy announced by minister of labour of province of British Columbia. Non-resident single unemployed previously in forestry camps should be advised to accept offer of transportation to homes. Resistance to this proposal chiefly responsible for situation referred to in your telegram. Such men returning to own province will be on same footing as others now unemployed for admission to youth training plans or for such other employment as is available on public works within federal jurisdiction. No works projects will be established exclusively for single unemployed by dominion government in any province but employment on public works will be apportioned as fairly as possible among unemployed married men, returned soldiers and single unemployed as in previous years.

I would submit to my hon. friend who has just spoken that if he were meeting this situation to-day with a full sense of responsibility, I doubt very much whether he would be prepared to go beyond the offer contained in that telegram. In other words, these men will be on the same footing as others who are now unemployed with respect to eligibility for youth training plans or other employment on public works projects. Surely you cannot justify placing them upon any other footing. Undoubtedly they have claims upon our sympathy; no one questions that. There is no member of this house who would not wish that employment might be made readily available for all who are now unemployed in this country. But I do suggest that these men now in Vancouver, who are non-residents of Bhitish Columbia, would be well advised to accept the offer of that province; and certainly every effort will be made to see that they with others who are now unemployed will be given full opportunity for such work as is available on public works projects. My own hope would be that many of those who are now taking part in this demonstration in Vancouver would find that when they really tried to secure employment apart from government projects they would succeed beyond their present expectations.

Mr. MacNEIL: Is such work available through the employment service?

Motion agreed to and the house went into committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF PUBLIC WORKS

Departmental administration, $190,670.

Hon. P. J. A. CARDIN (Minister of Public Works): This item covers administration, and relates more particularly to the office of the minister, the deputy minister, the secretary, the purchasing agent and the chief architect. When the item was under consideration some time ago, my hon. friend the former Minister of Public Works (Mr. Stewart) inquired about the

appointment of a clerk of tenders. The clerk of tenders who has been appointed is Mr. Rivard, whom he knows. He has been in the service since 1909 and was acting in the capacity of head clerk looking after the correspondence coming to the secretary's office and dealing with the tenders after they had been opened. The civil service commission was asked to reclassify Mr. Rivard as chief clerk, but after consultation the commission decided that the appointment should be made as clerk of tenders. It does not interfere in any way with the rule which has prevailed for many years as to the opening of tenders. Tenders are still opened by the secretary of the department; Mr. Rivard, the clerk of tenders, looks after the correspondence and the tenders before they are opened, and after they are opened he checks up the securities proposed by the tenderers. The appointment and classification have been made by the civil service commission.

Mr. STEWART: This item shows a slight increase from $177,000 to $190,000. The salary deductions which have been restored account for a little over $7,000, so that the increase is not very substantial when that is taken into consideration. However, I should like a little more information in connection with the appointment of this clerk of tenders, particularly as to his duties. As I recall it, before this change, and possibly since, when tenders are invited the tenders were sent to the secretary of the department and were in his custody and control until opened in the manner indicated by the minister. For a considerable number of years there was a vacancy in the office of assistant deputy minister. That vacancy has been filled, and the former secretary who had charge of receiving the tenders is now assistant deputy minister. Are the tenders received by the secretary as formerly? What are the duties of this clerk of tenders? Tenders for work are received over only a part of the year; the estimates go through, and tenders are invited up to the end of the working season; they are dealt with, and the contracts awarded, and then the department is through with tenders so far as dealing with them as tenders is concerned. From that time everything connected with the work comes under the chief architect or his branch, or the engineer's branch, or the accounting branch or some other branch of the department. Why, then, was it necessary to assign a clerk to the duty of looking after tenders? I notice there is an increase from seventy-nine to eighty-one in the number of the staff, which is not material. There appears to have been a change in the number of clerks. Of clerks grade 4 there were ten, and now eleven; clerks grade 3, there were eight, and now ten. There is also a decrease in the number of clerks grade 2 from six to five. Perhaps the minister would give us a little more detailed information in connection with the particular appointment to which reference has been made.

Mr. CARDIN: There has been practically no change in the duties of Mr. Rivard. He was in the office of the secretary of the department prior to his appointment as clerk of tenders. He had reached the maximum, and his case was submitted to the civil service commission in view of the work he had to do and the satisfactory services he had been rendering over a long period of time. The commission inquired into his duties but refused to appoint him as chief clerk, which would have given him a higher salary than that of head clerk; but they said that in view of the duties which he had been performing they felt he should be appointed as clerk of tenders. I do not hesitate to say that this gives him a little higher salary, but his duties are not changed. The practice in dealing with tenders in the department remains unchanged; for the secretary still deals with tenders in the same way as when my hon. friend was in office and, indeed, prior to that time. I repeat, there has been no change except in the designation of the position, giving him a little higher salary on account of the satisfactory services he has rendered. He has been in the service since 1908 or 1909, and the commission were of the opinion that there was justification for the reclassification.

Mr. STEWART: The only way in which the increase could be given him was by reclassifying his office, giving it a baptism and a new name.

Mr. CARDIN: That is really what it is.

Item agreed to.

Chief architect's branch—branch administration, $224,460.

Mr. STEWART: I notice what appears to be reorganization of this branch and a substantial increase in the expenditure. For 1937-38 the amount was $203,000 odd, and this year it is $224,000 odd. There is a new appointment, apparently an additional senior supervising architect, at $4,740. Then there are three supervising engineers of heating, electricity or steel construction: one at $3,960; one at $3,780 and one at $3,600. This makes a total new item of $11,340. I notice that instead of two senior construction architects we now have three. We have one senior mechanical engineer, heating and ventilation,

apparently dispensed with. We come to another item that is inclined to arrest attention for the moment, namely seven senior assistant architects, two at $3,120 and five at $3,000, making a total of $21,240 in connection with this particular item. A little further down we find that the number of assistant architects has been reduced from twelve to eight, making a decrease of four; and immediately following we find a mechanical engineer, heating and ventilation, which is a new appointment, at $2,940. Further down we had last year one architectural specification writer and one assistant architectural specification writer whose services have been dispensed with. Then we have one mechanical draftsman, a new appointment, at $1,560, making an increase in the total of the staff from seventy-eight to eighty-three. Apparently there is some sort of reorganization of the department, and I should be pleased if the minister would outline the scheme of this reorganization and the reasons underlying it.

Mr. CARDIN: The increase in the estimates for this year is $20,892, which is made up as follows: The restoration of the five per cent deduction in salaries accounts for $9,000; there are five new positions; there are increases due to promotions, reclassifications and transfers; and there are statutory increases. These give a total of $22,692; but owing to the filling of vacancies at lower rates, there is a decrease amounting to $1,800, giving a net increase of $20,892. The five new positions are: one assistant mechanical engineer, $2,340; three stenographers, grade one; one office boy. These account for $5,340. The other cases my hon. friend has mentioned are reclassifications and transfers. The only new positions are the five I have just indicated.

Mr. STIRLING: Were the three supervising engineers of heating, electricity and steel construction promotions? Were they already in the service?

Mr. CARDIN: Yes; they are promotions.

Mr. STEWART: The minister might give a little more information with regard to the seven senior assistant architects. Has the policy of the department changed in any way in connection with the architectural services? We have a chief architect, an assistant chief architect, and a new senior supervising architect, and now we have these additional senior assistant architects. Two of these might consist of the architectural specification writer and assistant architectural specification writer, who may have been put in there. That would account for two, if that were so.

Mr. CARDIN: I am informed that these seven senior assistant architects appear as a result of promotions and transfers. There are no new appointees with the exception of those I have mentioned.

Mr. STEWART: I should think there must be five additional appointees in that total.

Mr. COCHRANE: The item under consideration has to do with branch administration, and the ex-Minister of Public Works seems very much interested. I wonder if he could tell me something about the Amherst post office which was built in my constituency in 1935, as to why the contract was not awarded to the lowest tenderer.

Mr. STEWART: Well, Mr. Chairman, I have not the book before me—

Mr. COCHRANE: I have.

Mr. STEWART:—and have not a recollection of every contract that was awarded; but I fancy that if he will ask the minister he will find that it was done on the recommendation of those who were responsible for the action which was taken, and that there was very good reason for it. I do not recall just what it was, but I think he will find the record clean and straight in that connection.

Mr. COCHRANE: I have had the record in my possession.

Mr. CARDIN: The case to which my hon. friend just referred, and in regard to which he asked a question of the former Minister of Public Works, was covered by the Public Works Construction Act, and under the provisions of that act and the practice developed under it very often preference was given to a local contractor, but at the price of the lowest tender offered to the department. There was a change of name but not of amount.

Mr. STEWART: I wonder if my hon. friend would object to that. I thought that explanation was pretty good; that the idea was to give the contract to a local contractor in the town where the work was being performed, at the price of the lowest tender. The public interest was protected; the local interest was served, and the object of the act, which was to give employment in the municipality in which the work was being done, was accomplished.

Mr. COCHRANE: I wonder if the ex-Minister of Public Works is familiar with the construction of public buildings. I have gone over and studied the records, and I should like to know just how much the interests of the town of Amherst were served by giving

the contract to a local firm when it was necessary for that firm to bring their key men from outside, and also necessary to import men from other parts of Nova Scotia to do the work. I think I am quite safe in saying that in the construction of that building not more than fifteen or twenty men from the town of Amherst obtained employment. I know something about the construction of buildings, because I was born and brought up in that business. This Public Works Construction Act permitted some strange things. Under this government the contractor who submits the lowest tender gets the job; nobody else gets it. The former government put the Public Works Construction Act into effect, and a friendly firm got the contract. We know that. We might as well talk facts. Everybody in the constituency, whether or not he is in politics, knew what was going on. I know what went on in my constituency, and later on I shall have something more to say about it. These are honest facts I am presenting to-night. The Quebec firm, which was the lowest tenderer on that building, was ignored entirely, and the job was given to a local firm because they were friendly to the government; there was no other reason. Under this Public Works Construction Act it meant nothing but pure politics. We all know that; the people in my constituency know it.

Mr. STEWART: Well, Mr. Chairman, all I have to say to my hon. friend, who seems inclined to inject politics into this discussion at this stage—

Mr. COCHRANE: I did not inject politics; you did.

Mr. STEWART: I have not injected any politics into anything.

Mr. COCHRANE: In 1935.

Mr. STEWART: No, not in 1935 or any year from 1930 to 1935.

Mr. COCHRANE: Who did?

Mr. STEWART: I do not know that anybody did; and I will say this, that if my hon. friend will speak with knowledge—

Mr. COCHRANE: I do.

Mr. STEWART: —and accuracy, fairness and justice, he will find that the administration of the Department of Public Works between 1930 and 1935, was as free from politics as it ever was. That is all I have to say in that connection, except that in nearly every case there was pressure—and I think reasonable pressure—to award the contract to a local company. I know there was great objection to contractors coming from the outside, from Quebec or New Brunswick or any other place, into Nova Scotia and doing work there. It was to meet that objection, which appeared reasonable under all the circumstances, that contracts were awarded to local contractors. That was the object. The public interest did not suffer; there was no overexpenditure, and the question of politics did not enter into the matter.

To get back to the item under consideration, has the policy of the department as to the employment of the services of local architects been abandoned, or has the staff been increased or reorganized in order that a larger amount of the work may be done within the department than was formerly the case?

Mr. CARDIN: The policy of the department as to acquiring the services of outside architects has not been changed, and the service has not been increased. There has been no change.

Mr. COCHRANE: I want to reply to the former Minister of Public Works. I can assure him that if it had been a firm that was not friendly to his party, they would not have received much consideration. There is no use in talking about not bringing politics into the matter.

Mr. STEWART: I want to say to my hon. friend at once that I did not know the political complexion of the firm, and do not know it yet.

Mr. COCHRANE: But those who made the representation to the hon. member knew it.

Mr. STEWART: There were no representations made along political lines.

Mr. COCHRANE: The file speaks for itself; the letters are there to prove what actually took place. I am only interested in knowing why these things happened. They do not happen under this government, so far as I have been able to see in the three years I have been here, whereas under the previous government these things went on not only in Amherst but in other places I could name where this so-called Public Works Construction Act was put into force. If that is the way in which the hon. member handled the money of the taxpayers, I think we should have some explanation of it.

Mr. STEWART: There is one question I desire to ask, and perhaps it is just as well to ask it under this item as under any other. The minister may not be able to give all the information to-night, but it will be equally

satisfactory if he gives it at some other time. I should like to have the total of the estimates of 1935-36, including the main supplementary estimates and the items under the Public Works Construction Act that were under the control of the public works department. I should also like the total of the estimates for 1936-37 and 1937-38 under the same headings, and for this year as well. Also would the minister state what amount has been expended up to the end of the fiscal year 1938 by the Department of Public Works, and give figures as to the main, supplementary and special items?

Mr. CARDIN: The information I have before me shows that in the main estimates of 1935-36 there was an amount of $14,530,320, in the supplementary estimates, an amount of $2,906,150, and in the further supplementary estimates, a sum of $2,000, making a total appropriation of $17,438,470. Under the Public Works Construction Act there was a sum of $7,892,243, making a grand total of about $24,000,000.

In the main estimates for 1936-37 there was a sum of $13,411,570; in the supplementary estimates, $2,835,700, and in the further supplementary estimates, $12,800, making a total appropriation of $16,260,070. In the special supplementary estimates following the Public Works Construction Act there was a vote of $14,956,585.

In the main estimates of 1937-38 there was a sum of $12,504,420; in the supplementary estimates, a sum of $574,500, making a total of $13,078,920. Then in the special estimates there was a further sum of $12,550,000.

In 1938-39 there is a sum of $12,997,625 in the main estimates, and $13,731,548.57 in the supplementary estimates.

Item agreed to.

Ottawa, maintenance and operation of dominion public buildings and grounds, including rents, repairs, furniture, heating, etc., $2,540,700.

Mr. HEAPS: What progress is being made in Ottawa in connection with improvements undertaken by the government in Confederation square and in connection with the new post office for the city?

Mr. CARDIN: The works now contemplated are the supreme court building, the new post office, the widening of the plaza over the tracks near the central station, and the erection of the national memorial. So far as dealing with the city of Ottawa is concerned, there have been no special conversations in regard to the development or beautification of that section. I believe the old Knox church is being taken down.

Mr. HEAPS: When are the improvements in Confederation square likely to be completed?

Mr. CARDIN: I am informed they will not be completed before next year.

Mr. HEAPS: Does the minister refer to the erection of the post office, the erection of the monument, or both?

Mr. CARDIN: Both.

Mr. HEAPS: Will it take as long as that?

Mr. CARDIN: I am informed that the monument itself will be erected this year, but the terrace to be built around it cannot be completed before next year.

Mr. HEAPS: When will the widening of the plaza, or the construction of the bridge, be completed?

Mr. CARDIN: The work will be started this year. Plans are almost at the point where tenders may be asked.

Mr. HEAPS: Is the minister receiving the whole-hearted cooperation and support of the city of Ottawa with respect to the changes taking place in this city, and particularly in the central portion?

Mr. CARDIN: I am informed that they are cooperating with the government and the department.

Mr. HEAPS: Are you receiving the cooperation that would tend to a beautification of the city?

Mr. CARDIN: Yes.

Mr. NEILL: Is there any hope or prospect of doing something to fire-proof the East block? Every time I have occasion to go there I breathe a sigh of relief when I come out. It is a fire-trap of the worst description, the interior being built entirely of wood. One time when I was on the third floor I got someone to open a trap door I saw there, and I found a passageway possibly four feet by two feet, running the whole length of the corridor. There was a pipe running through this passage; but whether it was for heat or air, I do not know. It was quite obvious that this passageway would act like a chimney in case of fire. If a fire were to start down in the basement, it would be a matter of seconds only before the whole third floor would be a mass of flames.

At one time apparently it was felt advisable to put in so-called fire-doors, which supposedly would be shut in case of fire. This would be all right if the people in the building were all out, but there is one feature of these doors to which I should like to call

attention. They do not open against the wall; they stand open at right angles to the passageway. If there ever were a rush of frightened women, it would be only a matter of seconds before some of them would be shoved behind the door; the door would be closed, the people would pile up against it, and a holocaust would result. It is a reflection upon us here that a building so dangerous should be so close to us.

I realize that these people are generally away at night and there would be little danger in that regard, but I can visualize a fire starting down below and it being only a matter of seconds before it would spread throughout the whole building and many people not be able to get out safely. The officials must be aware of the conditions that exist, and I should like to know if there is any prospect of anything being done?

Mr. CARDIN: I agree entirely with the remarks of the hon. member for Comox-Alberni (Mr. Neill). Some time ago a study was made of this building with a view to making it fire-proof. However, the estimate of the cost was so high that it was not thought advisable to proceed with the work. My information is that it would cost $400,000 to make that old building entirely fire-proof. In view of the fact that the government had in mind erecting another building in the vicinity of the Justice building, it was not thought advisable to spend that large amount of money on the East block. I am informed that fire extinguishers have been distributed throughout the building. I am inclined to think, however, that the situation will have to be remedied pretty soon. When the new buildings are completed in a year or two, it is quite likely that many of the departments now in this old building will be removed.

Mr. DEACHMAN: There are three minor repairs which I should like to suggest to the Minister of Public Works. I should like to see an improvement made in the drinking fountains. I should like to see taps installed which would permit a man to take a drink without getting a bath at the same time. This need must be apparent to any hon. member who has occasionally had need of a drink of water in any of these wash-rooms. The other point to which I would direct attention is the air in the basement of this building. That air is positively the worst in the city of Ottawa. I do not know that I have sampled all the air; but I have certainly sampled quite a lot of it in the last ten years, and I do not know of any place where it is worse than in the basement of this building. I always feel sorry for those who have to work down there, especially in the summer time. The third matter which I should like to bring to the attention of the minister is the grass in front of this building. We used to have a beautiful sward of grass out there, but to-day it is largely a mass of plantain. I wonder if anything could be done to have grass on that lawn so that the passing wayfarer could look at it and not think this government was going to seed.

Mr. CARDIN: I can assure my hon. friend that I shall see the proper officers and have the drinking fountains improved so that there will be no danger of people having to take baths against their will. I shall try at the same time to meet my hon. friend in regard to the condition of the air. In connection with the plantain, as he calls it, may I say that the condition of the grass in certain sections of the grounds may be attributed to the fact that military corps are given the privilege of drilling on the grounds. However, my hon. friend must remember that plantain is very useful for the cure of certain wounds. I learned that in my early days. It may pay us to cultivate and sell it.

Mr. REID: While the minister is dealing with minor affairs, perhaps he could give me some information about a matter which may have a certain significance to some of us. I refer to the flag that flies on the parliament buildings. I have noticed that it is flown only five days a week; that it does not appear on the flagstaff on Saturdays and Sundays unless there has been a death in the membership of this house or of the Senate. This building is located opposite the United States legation building which has a flag flying every day in the week. If the flag flying on this building means that the house is in session, perhaps a smaller flag could be used on the other days. Surely a flag should fly seven days of the week on the parliament building of Canada.

Mr. CARDIN: My information is that we follow the practice which prevails in England.

Mr. REID: Perhaps we can improve on Great Britain.

Mr. STEWART: In connection with the maintenance of the grounds I was under the impression that this duty had been undertaken by the federal district commission.

Mr. CARDIN: Yes; that is right.

Mr. STEWART: So my hon. friend would be no longer responsible for the plantain?

Mr. CARDIN: No; I am not.

Mr. McIVOR: The best piece of grass to be found in the city of Ottawa is west of the West block. The reason for that is that we were given the privilege of using that for an occasional game of baseball. If they would allow us to play down in the front, it would improve the grass immensely.

Item agreed to.

Maintenance and operation of other dominion public buildings and grounds, including rents, repairs, furniture, heating, etc., $3,399,515.

Mr. HEAPS: A few minutes ago I asked some questions with regard to the construction work that was going on at the present time in Ottawa. I also asked if the minister was receiving full cooperation from the civic officials in that respect. I was tempted to ask those questions because on several occasions both in this chamber and outside we have heard statements made to the effect that the government is not doing sufficient for the city of Ottawa. Some few weeks ago the minister was good enough to give me certain figures which I shall read to the committee presently.

Personally I do not think the city of Ottawa itself is giving that cooperation which it ought to give the government in its endeavours to make Ottawa a capital worthy of the Dominion of Canada. I think the city itself in the past has been extremely tardy in recognizing Ottawa as being a capital city. It would be exceedingly hard for anyone looking around the city at the present time to discover any civic enterprise that goes to the credit of the city; for anything worth while that is being done is a federal undertaking. Any beautification that has been done has been done at federal expense. Yet whenever I meet people who live here, they always seem to complain that the government is not doing sufficient for the people of the city.

A few weeks ago the minister was good enough to give me a few figures which show what the government has done for Ottawa, and I will put these figures on record. In the past five fiscal years the government have let construction work in this city to the amount of $3,942,632; in the same period it has paid for improvements and repairs, $1,182,416; and for sundry maintenance, $676,679. During the same five years there has been paid out by the government for rents in Ottawa, to property owners within this city, $3,566,678. I shall not give the amount paid in salaries in Ottawa by the government, because I do not think that is necessary. But there is another item of $59,414 which the government paid out in Ottawa in the same period of five years for roads and bridges. There is another item which I shall give in detail. It shows the expenditures by the federal district commission on improvements in Ottawa in the same five-year period, a total of $1,598,939, made up as follows:

Fiscal year	Federal district commission
1932-33	$271,965
1933-34	231,377
1934-35	317,437
1935-36	351,771
1936-37	426,389

In addition, the government also pays to the city of Ottawa annually the sum of $100,000. It also pays to the city of Ottawa a considerable sum each year in lieu of taxes on the foreign legations that are located in the city, a total, in those same five years, of $80,557. If the people of Ottawa were to undertake to carry on and maintain all these works and improvements themselves, and look after them as they should be looked after, I would be quite prepared to have the government pay taxes on all the government buildings in this city.

I would go a little further than that. When the government erects valuable buildings in Ottawa they are something more than fine buildings. They are in many respects a monument to the arts and culture of this dominion —expensive buildings like the parliament buildings, for example. We are told that we have exempted government buildings from taxation to the amount of $16,000,000, but it is erroneous to refer to it as it is often referred to in this city. I do not object to the government doing everything possible to make Ottawa worthy of the capital of Canada, but I do feel that in the past the government has not had the whole-hearted cooperation that it should have had from the people of this city. The government are spending vast sums of money in Ottawa, and I do hope that the people of this city will appreciate the money that is being spent here and will give to the government the cooperation that they have a right to expect.

Mr. STEWART: There is a substantial increase in this item over last year. Last year the amount was $3,295,000, and this year it is $3,399,000 in round figures. Some of the increase is no doubt due to restoration of salary deductions, but I notice there has been an increase in rents from $701,760 last year to $748,860 this year. One would have almost thought that with the new buildings which have been erected we might look forward to a decrease rather than an increase in rents. Perhaps the minister would explain to the

committee this increase in rents, wheth r there has been any additional space taken, and, if so, by what departments.

Mr. CARDIN: The increase of $47,100 in rents is due to the following: forty-three new leases; seven increases in existing leases; forty-nine decreases in existing leases; increase in allotment for probable requirements, from $15,000 to $20,000; increase in allotment for probable requirements for National Defence, from $50,000 to $73,000. There is a net increase of $19,127 as regards the forty-three new leases, and there is an allotment of $23,000 for probable requirements for National Defence.

I can give the total amounts by provinces, of new leases and the amount of the decreases, if my hon. friend would like that information. The figures, in round numbers, are as follows:

Province	New Leases	Decrease
Nova Scotia	$ 1,300	$ 1,000
New Brunswick	2,400	1,600
Quebec	13,000	10,700
Ontario	39,500	23,500
Manitoba	420	540
Saskatchewan	1,700	1,300
Alberta	552	9,000
British Columbia	8,000	1,850

I have a list of all the new leases.

Mr. STEWART: No; I would not ask for those details. It seems a little strange that each year we are putting up new public buildings throughout the dominion to accommodate the services, and moving them in; yet at the same time our rents are increasing. It is the same old problem.

Mr. STIRLING: I noticed the other day the deputy minister made a dignified protest to the city with regard to the possible erection of a gas station on the corner of Lyon and Wellington street. I do not think the dominion government owns any of the land on the south side of Wellington street, but I wonder whether there exists any design accepted by the city, perhaps approved by the government, which will govern the erection of the buildings which will gradually be built along the south side of Wellington street opposite what will be a magnificent facade of dominion government buildings on the north side.

Mr. CARDIN: We have no understanding with the city of Ottawa as to the south side of Wellington street, but the letter of the deputy minister has been very well and favourably received by the board of trade. At the present time there are no plans supplying any detail as to the future development of the south side of Wellington street.

[Mr. Stewart.]

Mr. STIRLING: The dominion owns none of it?

Mr. CARDIN: No, none of it.

Mr. STIRLING: And the supreme court building will be next to the roadway just beyond the justice building?

Mr. CARDIN: Yes.

Mr. STIRLING: Will the chimney of the heating plant be in the way?

Mr. CARDIN: I expect the architects have been considering doing away with the chimney somehow in order that it shall not interfere with the fine view that will be presented when the supreme court is there.

Item agreed to.

Telephone service at Ottawa, $96,000.

Mr. STEWART: Is the increase due to an additional number of telephones?

Mr. CARDIN: I understand it is due to a new charge of sixty cents per quarter mile per month on each local except those located in the centre block.

Item agreed to.

Construction, repairs and improvements of public buildings—Nova Scotia—Berwick—public building, $4,500.

Mr. CARDIN: This is a revote.

Item agreed to.

Ontario—
Dominion public buildings—improvements and repairs, $125,000.
Fort Erie—public building, $4,000.
Kenora public building—imstallation of fittings and alterations, $6,000.
Kitchener—public building, $175,000.
Ottawa—Rideau Hall—improvements, $14,000.
Powassan—public building, $3,500.
Toronto — dominion building — improvements and repairs, $10,000.

Mr. STEWART: What is the nature of the improvements to Rideau Hall?

Mr. CARDIN: To provide for the replacement of two greenhouses, and alterations to Rideau Lodge at the entrance of the front driveway, requested by Colonel Mackenzie of government house.

Mr. STEWART: What is the nature of the improvements and repairs to the dominion building in Toronto?

Mr. CARDIN: Painting of the exterior of the building, and the interior decorating of the five floors of the west wing, basement and warehouse portion.

Mr. STEWART: That is not the old post office building, is it?

Mr. CARDIN: That is the customs house.

Mr. STEWART: The new customs building.

Item agreed to.

Manitoba—
Dominion public buildings—improvements and repairs, $40,000.
Steinbach—public building, $3,000.

Mr. COCHRANE: In connection with the new public buildings to be constructed in Ottawa—I speak particularly about the new post office and the supreme court building—what type of stone is mentioned in the specifications for these buildings?

Mr. CARDIN: The specifications are not completed yet, but for the supreme court building it will be stone to match the Justice and Confederation buildings. For the post office it is granite or limestone, but the specifications have not yet been drawn up.

Mr. COCHRANE: My information is that in the contract or plan being prepared for the post office building Canadian limestone or Canadian granite is specified, alternate tenders. That applies only to two provinces where they can quarry that kind of stone; it does not apply to my province, which supplied the Wallace sandstone in this building, the Confederation building and several other buildings in Ottawa. My information further is that the reason Wallace sandstone has not been included in the specifications is the fact that they can deliver it here cheaper than any other stone. I should like to have some information on that point.

Mr. CARDIN: The government has been consulting a town-planning architect of great reputation, Mr. Gréber, and I am informed he suggests that the post office should be built of granite or limestone to match the monument, the base of which will be of granite. The Chateau Laurier and the station are also of light-coloured stone.

Mr. COCHRANE: If my information is correct, this and other governments have followed the policy of having all these buildings as nearly uniform in appearance as possible. I think we have rather gone astray in connection with the Bank of Canada, which was built of granite. Wallace sandstone is produced in the constituency which I have the honour to represent; but as a matter of fact very little labour is spent upon it in that constituency, because most of the stone is shipped to Quebec where it is turned out in its finished state. I know that the company in my constituency does not expect all the business; but I submit that at least it should be recognized when the specifications are being prepared, and I know that we have not been recognized in the post office specifications. In connection with the specifications for the construction of the Supreme Court building, I think the constituency I represent should be given some consideration, and I should like to have a definite statement from the minister in that regard.

Mr. CARDIN: My information is that up to the present Wallace sandstone has been used extensively in the city of Ottawa.

Mr. COCHRANE: In the past, yes.

Mr. CARDIN: Well, my hon. friend should not despair.

Mr. COCHRANE: I wish to be fair in this matter; but I would ask the minister, Why is it that Wallace sandstone was used in the past? It was a matter of price; that is all. Now, the taxpayers are paying for all these buildings, and if the department is going to discriminate against a particular company because it can supply stone cheaper than it can be procured elsewhere, that is not just and fair to all the producers in Canada. All I ask is that we be given a chance to bid. If, after the tenders are in, there is an objection to using sandstone, then I have nothing further to say; but as the representative of the constituency of Cumberland I feel I ought to bring this matter to the attention of the minister. I should like to have a definite statement as to what is to be used in the Supreme Court building. I understand that the designs are being prepared by a Montreal architect, and I would point out that seventy-five per cent of the labour spent on Wallace sandstone is spent in Quebec because the stone is shipped to that province in the rough state. After all, Ottawa is in one province, and I submit that we should have some consideration in connection with all these millions that are being expended here. I do not think I am unfair in making this request.

Mr. STEWART: What sandstone was used in the trimmings of the Confederation and the Justice buildings?

Mr. CARDIN: Wallace sandstone. That was used also in the parliament building and the national research building.

Mr. STEWART: I think my hon. friend will find that other dealers in stone complain that Wallace sandstone has been getting too much of a show in Ottawa. That has been the complaint in the past.

Mr. COCHRANE: On account of the price; that is the only reason.

Mr. STEWART: Not on account of the price. As I recall it, the sound practice of the Public Works department is not to specify any particular kind of stone, brick, hardware or other material.

Mr. COCHRANE: You are wrong; read the specifications.

Mr. STEWART: Perhaps I do not know as much about it as my hon. friend does, but the reason for that practice is that if you specify a particular kind of stone or granite you give a preference.

Mr. COCHRANE: I do not ask that.

Mr. STEWART: I am not concerned with what the hon. gentleman is asking. I say that the reason for not specifying a particular kind of stone is as I have indicated, and it is a sound one, because if they specified granite my hon. friend would be complaining that they should specify Wallace sandstone. For that reason, therefore, the specifications are left open.

Mr. COCHRANE: They are not left open.

Mr. STEWART: They are.

Mr. COCHRANE: Well, read them.

Mr. STEWART: They are left open to a large extent—

Mr. COCHRANE: Oh, no.

Mr. STEWART: —in order that the manufacturers of different classes of material will all have a chance to tender.

Mr. COCHRANE: My hon. friend is wrong.

Mr. STEWART: I will ask the minister if that is not the settled policy of the department. I do not know whether the hon. gentleman is trying to qualify for Minister of Public Works, but he seems to display a remarkable amount of inaccuracy in his information.

Mr. COCHRANE: I am not an old man; but I think I have almost as good a knowledge of this matter as some of those who have been in the office of the Minister of Public Works, and I do not care whether it is in connection with civil engineering, or anything else. If an engineer can design a building, I can build one, and that is more than some engineers can do. I am not saying anything against the hon. member, but he is wrong. He has not read the specifications for the new post office, and I can tell him what is contained in them. They provide for Canadian limestone or granite.

[Mr. Stewart.]

Mr. STEWART: Canadian limestone leaves it open to any province that has limestone.

Mr. COCHRANE: And how many provinces have limestone?

Mr. STEWART: Quebec, Ontario and Manitoba.

Mr. COCHRANE: I respect the Ontario members, but I want to read an article that appeared in the Engineering and Contract Record. It is headed:

Request Use of Ontario Stone in Ottawa Buildings.

Ontario cut stone contractors have circularized Ontario federal members seeking their support for Ontario Queenston or Rama limestone in the construction of dominion government buildings at Ottawa. There is no cut stone from an Ontario quarry in any of the major federal buildings in Ottawa, the brief states. The buildings have all been built with cut stone from the sandstone quarries of the maritime provinces or with granite from Quebec, with the exception of the Hunter building which is of brick trimmed with Tyndall limestone from Manitoba. The brief is signed by Robert Sharp, Hamilton, and George W. Ritchie, Toronto, on behalf of ten different cut stone contractors, including two firms in Ottawa, two in Hamilton, one in London and five in Toronto.

All that I ask is that the company in my constituency be given an opportunity to tender. They are not being given that opportunity in the specifications prepared for the post office, and I am making this plea on their behalf. As regards Canadian limestone, so far as Manitoba is concerned, we might as well forget it.

The CHAIRMAN: I do not wish to interrupt the hon. member, but his remarks all have reference to buildings in the city of Ottawa. We have passed that item and are now discussing buildings in Manitoba.

Mr. COCHRANE: This is the first time I have spoken in the House of Commons although I have been here three sessions. I do not appreciate being ruled out of order. I am talking about dominion public buildings, no matter in what province they are situated. The particular buildings to which I am now referring are in the city of Ottawa. I do not appreciate the fact that I am called out of order—

Mr. STEWART: Mr. Chairman, is this hon. member to defy the authority of the chair?

The CHAIRMAN: I did not call the hon. member out of order; I pointed out to him—will he please resume his seat?

Mr. COCHRANE: I was born in the country, Mr. Chairman—

The CHAIRMAN: Will the hon. member please resume his seat?

Mr. COCHRANE:—so you will have to pardon me.

The CHAIRMAN: I am trying to be fair to the hon. member, but he has been talking about certain stone used in certain federal buildings in the city of Ottawa. I pointed out to him that those items had passed, and that the committee were now considering buildings in the province of Manitoba.

Mr. COCHRANE: Well, Mr. Chairman, I shall have to submit to your ruling. I did not know that it made any difference, when we were talking about dominion public buildings, whether they were in Manitoba or in any other part of the country, because after all we are speaking about Canada, and if my memory serves me aright all these provinces are in Canada. I am not trying to be unfair; I want to be reasonable, but I do feel that this company should be given an opportunity to tender on the post office building, and they have not been given that chance. I think I should have some explanation. I am told they have been eliminated on account of the fact that they can deliver the stone here more cheaply than any other firm. That is the whole story. Who are paying for these buildings? They are paid for by the taxpayers of the country. Are we going to put up buildings regardless of cost just because certain members make representations that certain stone should be used? I do not think we should.

Mr. CARDIN: My hon. friend is not fair when he says certain members have been making representations. In regard to the post office building that is to be put up here, the quality of the stone has been indicated by the town-planning architect who was consulted by the government. It is on his advice alone that it has been stated that the stone for the post office should be rather granite or limestone. There has been no other representation made in that regard.

Mr. COCHRANE: Is that in keeping with the policy which was laid down for these improvements in Ottawa? I do not think it is.

Mr. CARDIN: It is in keeping with the program for the beautification of Ottawa.

Mr. COCHRANE: My understanding was that the buildings should be uniform in appearance.

Mr. CARDIN: In that section, at least.

Mr. COCHRANE: Why should an architect have any authority to say what stone is going to be used? It is not the quality of the stone that is in question, because we can see it here in this building. I do not see why an architect should take away any authority from the government.

Mr. CARDIN: He is not taking any authority away from the government. The government consulted him, and it is on his advice that this kind of stone has been chosen for the post office, because it is a light-coloured stone. That was the suggestion of the architect whom we consulted, and that is the only reason for this decision. There was no intention in the world to exclude the quarries of the province which my hon. friend represents in this house.

Mr. COCHRANE: Well, as I said before, I do not want to be unfair; but the fact that the stone is of a light colour does not seem to me to be a very strong argument as to why it should be used. The quality of Wallace sandstone is shown in all these buildings here in Ottawa, and that stone has been used because of the price at which it can be delivered here. We built the Bank of Canada building of granite; but that will not contribute to the improvement of Wellington street, because there we shall have a building that will stand by itself and will not correspond with any other building. All I ask is that the Wallace quarries be given a chance to tender. Then, if the government does not want their stone, all right; but they have been given no opportunity to tender. They have been entirely eliminated. All I am asking, is that they be given an opportunity, and I think any company doing business in Canada to-day should be given an opportunity to tender. Then, if the government or the architect in charge does not consider that the stone is of the right quality or the right colour, that is all there is to it. We have many buildings here of the same colour, the Confederation building, the East and West blocks and this parliament building, and I have never heard anyone say anything against the colour. Surely we must consider the quality before the colour.

The CHAIRMAN: Shall the item carry?

Some hon. MEMBERS: Carried.

Mr. COCHRANE: It is not carried with my consent.

Item agreed to.

Alberta—
Dominion public buildings—improvements and repairs, $40,000.
Peace River—public building, $36,000.

Mr. KENNEDY: What is the $36,000 for in Peace River? Is that a new building; and, if so, where is it to be constructed?

Mr. CARDIN: That is a new building. This amount has been appearing in the estimates for a couple of years, but we have experienced some difficulty as to the site where that public building is to be erected.

Mr. KENNEDY: Then as yet it has not been decided where the building is to be erected?

Mr. CARDIN: No.

Mr. KENNEDY: What is to be the nature of the building?

Mr. CARDIN: It is for a post office.

Item agreed to.

British Columbia—
Dominion public buildings—improvements and repairs, $50,000.
Kelowna—public building, $10,000.
Powell River—public building, $58,000.
Prince Rupert—public building, $170,000.

Mr. NEILL: I notice this vote is described as having to do with public buildings, but of course it means post offices. Of these there are three: one at Kelowna, where the cost apparently is about $60,000; one at Powell River, costing $58,000—and I know that is long overdue—and another at Prince Rupert, costing $170,000. That also is overdue. I wonder, however, what has become of the vote for the post office in the city of Alberni, which, so far as age goes, antedates these others by a good many years. It was a settlement some ten or twelve years before confederation, while these others are comparatively of mushroom growth. During the years of the depression, while we were fully aware of the need for a proper building there, we put forward no claim, knowing the need for economy on the part of the government; but as things got better, last year and the year before, we thought we would put forward our modest claim. It happened to be opportune to have one of the head men of the Post Office Department visit Alberni. He walked into the post office and remarked that the accommodation was entirely inadequate for the business done.

[Mr. Cochrane.]

Some reference was made to-night with regard to a revote for a public building because the department were not able to get a site. As the minister is aware, the city of Alberni voted the government one of the best lots in the city, free of all charge, for the construction of this post office. The cost was very moderate; if I remember aright we asked that the government spend only some $17,000. That was the estimated cost, without paying anything for a site. The total cost of these other three buildings to which I have referred is $288,000, and an additional $17,000 would not have been a very great addition to that amount. There is no question that this post office building is needed, with the increase in the population of the city, and the business done there would fully justify it; so would the post office revenue. Would the minister indicate first what has become of the item that was put in for this vote, and also whether or not he can hold out any prospect of its being included in further supplementaries?

Mr. CARDIN: I am afraid this year it will be impossible to meet the request of the hon. member. The Minister of Finance has intimated to all ministers that he does not propose to introduce further supplementary estimates. The only thing I can say to the hon. member is that his project has taken the same route as one I proposed for my own constituency. I refer to a site which for a number of years has existed in one of the small towns in my riding. Until this time, however, it has been impossible to erect a public builidng on it. This year I tried to use all my power with the Minister of Finance, but I could not succeed. I am afraid my case is similar to that of the hon. member. May I point out to him, however, that he has my word that I shall keep the two matters in mind. The site at St. Ours was bought more than fifteen years ago, but the building has not yet been erected. I shall keep the two matters together, and when I feel that my power and influence is strong enough to have the building erected at St. Ours, I shall remember the claim of the hon. member.

Mr. NEILL: I thank the minister. But if it would meet the situation, I would not object if he were to cut out the vote for Kelowna for this year.

Item agreed to.

Generally—Dominion immigration buildings—repairs, improvements, etc., $35,000.

Mr. STEWART: The amount seems to be exactly the same as last year. Was last year's vote expended, or is this a revote?

Mr. CARDIN: This is a maintenance vote for repairs and renewals.

Mr. STEWART: How much was spent last year?

Mr. CARDIN: Practically the whole of it, I am informed.

Item agreed to.

National monument on Connaught place, $150,000.

Mr. STEWART: Would the minister give some information as to the total cost of the work, whether contracts have been awarded, when they are likely to be completed and so on?

Mr. CARDIN: The contract for the base of the monument has been awarded to the Cape construction company of Montreal. They are ready to start work as soon as we have disposed of the old post office. The granite is being cut and prepared, and they are ready to begin work on the foundation.

Mr. STEWART: What is the amount of the contract?

Mr. CARDIN: It is $118,603.

Mr. STIRLING: Where will the centre of the monument be? Will it be on the centre line of Sparks and Elgin streets?

Mr. CARDIN: It is a little west of the site of the post office which is being demolished.

Mr. STIRLING: I suppose there is cellarage under the old post office?

Mr. CARDIN: Yes.

Mr. STIRLING: And considerable foundation work will have to be done where the cellarage existed?

Mr. CARDIN: No; it is west of that point.

Mr. STIRLING: It will miss the post office?

Mr. CARDIN: Yes.

Item agreed to.

Chief engineer's branch—Branch administration, $210,880.

Mr. STEWART: The details indicate that there is some reorganization or rearrangement. I note particularly that there are three additional superintending engineers at $4,980 each, and an increase in the number of clerks, the total number being increased from sixty-three to seventy-three. The total expenditure, including the restoration of salary deductions, amounts to $210,880, as against $172,541 for the last fiscal year. What is involved in the reorganization? Where are the three superintending engineers located? Are there any new divisions, and what necessitated the appointment of the additional engineers?

Mr. CARDIN: The increase shown is due, first, to the restoration of the five per cent deduction. That factor accounts for $6,969. There are ten new positions, and there are increases due to promotions and statutory increases. The new positions relate to the appointment of three superintending engineers, involving an amount of $14,940. These engineers have been promoted to Ottawa. Mr. Goodspeed was formerly in Winnipeg and Mr. Sabourin was in Quebec city. It was thought advisable to bring to the Ottawa office men who had experience in the various engineering districts of the country, so that they would be more familiar with the districts of which they are in charge. It is because of that fact they have been called to Ottawa to form a sort of board to advise the chief engineer as to what would be necessary, useful or practical in the various districts of Canada. There is one in Ottawa charged particularly with supervising recommendations coming from Ontario. One was brought from Winnipeg to advise us as to the needs of the western provinces, and the third was brought from Quebec to advise as to the requirements of that province as a whole. No new appointments have been made, the men being brought to Ottawa from the outside offices. The other cases are all promotions. The salaries of these different engineers total $27,420.

Mr. STEWART: Will the bringing in of these engineers involve the appointment of other engineers at a later date to do their work?

Mr. CARDIN: It is only a question of promotion from junior rank to a senior position. The junior positions were filled by the civil service commission.

Mr. STIRLING: The district engineer who was at Winnipeg has been promoted to superintending engineer and brought to Ottawa. Is the work of the Winnipeg district now being done by the man who was his assistant?

Mr. CARDIN: I am informed that in the reorganization the engineer at Charlottetown

was promoted to the position in Winnipeg. The only new appointments that have been made by the civil service commission are those at the bottom of the list, the junior positions.

Mr. STEWART: Did I understand the minister to say that these engineers will now be located at Ottawa and will form a board to advise the chief engineer?

Mr. CARDIN: Yes.

Mr. STEWART: That is a new feature. As I recall it, these engineers came in from the outside perhaps once or twice a year and consulted with the chief engineer. Now they are to be located permanently at Ottawa. In addition to the chief engineer and assistant chief engineer there will be three superintending engineers.

Mr. CARDIN: I am informed that these positions have not been created. The engineers who previously made up this board have been retired. I am informed that there was a board in Ottawa which dealt with the same problem with which these supervising engineers will have to deal.

Item agreed to.

Engineering, including salaries of engineers, clerks, etc., $515,245.

Mr. STEWART: Will the minister explain the increase?

Mr. CARDIN: There is a gross increase of $25,000, made up as follows:

Return of five per cent deduction, $17,000.
Two new positions, $3,480.
Statutory increases, $4,200.

There is a decrease of $13,920 due to filling vacancies at lower rates and the abolition of the position of district engineer, grade 1. This leaves a net balance of about $11,000. The new positions are an assistant engineer for the Fort William and Port Arthur district, which is to be filled by promotion, and one stenographer at Charlottetown. The position at Three Rivers has been abolished, the work of that district being divided between Montreal and Quebec.

Mr. STEWART: There is only one additional engineer being appointed at Port Arthur and Fort William?

Mr. CARDIN: Just one.

Item agreed to.

Dredging—Maritime provinces, $375,000.

Mr. STEWART: Would the minister explain the substantial increase?

[Mr. Cardin.]

Mr. CARDIN: This amount of $375,000 is required to carry out dredging operations in Nova Scotia, New Brunswick and Prince Edward Island by departmental plant, and to provide for the repair and maintenance of this plant during the fiscal year.

Mr. STEWART: I do not suppose the minister has laid out a program for this work.

Mr. CARDIN: A tentative program only.

Mr. STEWART: The principal increase seems to be in the work program, from $22,000 to $45,815. There is also an increase in new plant. What new plant is contemplated?

Mr. CARDIN: I am informed that some pontoons are required for dredge No. 12 and also a scow for dredge No. 13.

Item agreed to.

Dredging—Ontario and Quebec, $326,700.

Mr. MacNICOL: What is the work to be carried on in Ontario under this item?

Mr. CARDIN: This amount is made up as follows:

Permanent staff	$ 7,620
Wages	70,482
Maintenance and operation	91,458
New Plant	10,005
Contract and day labour works, inspection and contingencies and to supplement above allotments	147,135
	$326,700

The officers intimate that it is impossible to tell definitely what repairs will be required during the year, and the amount of wages to be paid depends on the length of the operating season, which is governed by weather conditions. No list has been prepared of the works to be undertaken.

Mr. STEWART: What are the particulars of the new plant?

Mr. CARDIN: There are two new 40 cubic yard dump scows for dredge No. 126 at $6,670, and one new 40 cubic yard dump scow for dredge No. 127, at $3,335, or a total of $10,005.

Item agreed to.

Dredging—Manitoba, Saskatchewan and Alberta, $110,000.

Mr. MacNICOL: This and the previous item link together several provinces. Item No. 302 covers Ontario and Quebec; and item No. 303, Manitoba, Saskatchewan and Alberta. Apparently the minister is not prepared to treat each province separately. I have no objection to the item, but I think it would be better if we had each province separate.

Mr. CARDIN: The suggestion of my hon. friend no doubt has some merit, but the vote has been carried in this way for a number of years and has worked out satisfactorily. Each province is considered on its merits, and the amounts spent in each province are practically equal. Probably the reason for having the provinces coupled together was that there would be fewer items of a similar kind in the estimates.

Mr. KENNEDY: I notice there is an increase for total salaries and wages in every province except the three prairie provinces, where there is a reduction in that item. Is this on account of a reduction in salaries and wages or a reduction in staff?

Mr. CARDIN: I am informed that there is no reduction at all in salaries and wages.

Mr. KENNEDY: Then the reduction of $2,382 must be due to a reduction in staff?

Mr. CARDIN: I am informed that it is due to not so many dredges being in commission.

Mr. KENNEDY: Where is the $46,000 new plant in the prairie provinces to be located?

Mr. CARDIN: That is for a new tug on lake Winnipeg, the old one having been condemned.

Item agreed to.

Maintenance and operation of graving docks, locks and dams, etc.—Champlain graving dock, $69,000.

Mr. MacNICOL: May I ask if graving docks are for the use of Public Works boats, or does the item also concern the Department of Transport?

Mr. CARDIN: The graving dock can be used by any vessel.

Mr. MacNICOL: As well as by Public Works vessels?

Mr. CARDIN: Yes.

Mr. STIRLING: Is there any revenue from the public use of the dock?

Mr. CARDIN: There is a regular schedule of tolls, regulated by order in council.

Mr. STIRLING: Does the public use the dock to any extent? Is there a considerable revenue?

Mr. CARDIN: Yes.

Mr. MacNICOL: Why is the dock at Saint John, New Brunswick, not in this list also?

Mr. CARDIN: The Saint John dock is a subsidized dry dock.

Mr. STIRLING: What does the revenue amount to?

Mr. CARDIN: The revenue for 1936-37 was $27,344, and the total revenue since 1921-22 has been $601,863.

Item agreed to.

Esquimalt graving dock, $83,000.

Mr. STIRLING: What is the revenue at Esquimalt?

Mr. CARDIN: In 1936-37 fifty-three vessels were docked there, and the revenue was $36,-156. The total revenue since 1926-27 amounts to $318,223.36.

Item agreed to.

Lorne graving dock, $40,000.

Mr. STIRLING: Where is this dock?

Mr. CARDIN: It is at Lauzon, opposite Quebec.

Item agreed to.

Maintenance and operation of locks and dams, $62,800.

Mr. MacNICOL: Has this item to do with the Rideau canal?

Mr. CARDIN: No; that is under the Department of Transport. This appropriation is to provide for the operation and maintenance of various locks and dams formerly charged to several general appropriations. The names of the dams are as follows: Rivière du Lièvre lock and dam; French river dam; Latchford dam on Montreal river; St. Andrews lock and dam; Cowan dam; Okanagan dam at Penticton, storage dams on the Ottawa river, Quinze and Timiskaming.

Item agreed to.

Maintenance and operation of snagboats, $41,000.

Mr. NEILL: This may not be the appropriate item, but I do not know any other. Would the minister deal with Ripple rock under this item? I noticed in the paper that there was to be a sum put in the supplementary estimates to survey it, but my impression was that it was thoroughly surveyed some years ago and the method for getting rid of it settled.

Mr. STEWART: It is a big job, likely to cost some $400,000.

Mr. CARDIN: I understand the department is informed as to the cost of disposing of that obstacle to navigation, and that it would be a costly proposition. We have not provided for that work this year. As far as

investigation is concerned, I am informed by the officers of the department that they have practically all the information they require.

Mr. NEILL: That is obtained by some officials appointed by the government?

Mr. CARDIN: Yes.

Mr. NEILL: My impression is, speaking from a rather treacherous memory, that the cost would not be very great, I think about $125,000.

Mr. STIRLING: Nearer half a million.

Mr. CARDIN: It is vague in my mind, but I remember having seen some such report as my hon. friend speaks of, but it did not emanate from the department; it came from some other source.

Mr. NEILL: There was a notice in the Vancouver paper that information had been given out from Ottawa that a sum of $5,000 was going to be voted for a survey, and my information is that Mr. Forde, the district engineer, or someone under him, carried out a survey some years ago, and decided that the only practical way to do the work was to run a tunnel from the side under the bed of the Narrows—they had to go some ninety feet deep—and then go up under the rock and blow it up. The cost was estimated at somewhere around $125,000. There seems to be a difference between what is reported in the paper and the minister's statement. The minister says they have all the information they need.

Mr. CARDIN: I am informed that a board of engineers was appointed and they had a public hearing some years ago. I am informed also that a request was made to the department to provide a further sum to make a survey, but we did not comply with that request because we felt we had all the information required. It was only a case of deciding whether or not we would do the work.

Mr. NEILL: And it has been decided not to do it this year?

Mr. CARDIN: Not this year.

Item agreed to.

Maintenance and operation of roads and bridges—Burlington channel bridge, $16,000.

Mr. MacNICOL: Why are six additional bridge men necessary?

Mr. CARDIN: I am informed that the staff has not been increased, but that some temporary employees have been made permanent.

Mr. MacNICOL: The list on page 185 of the estimates shows six more men for 1938-39 than for 1937-38.

Mr. CARDIN: As temporary employees their names do not appear in the estimates.

Mr. MacNICOL: Surely it does not take eleven men to operate the Burlington bridge.

Mr. STEWART: I notice that last year the temporary assistance was $4,320, and this year it is $500. Is the explanation that those temporary assistants have been appointed permanently?

Mr. CARDIN: These employees were paid as temporary, and now they are being made permanent. The number of men is the same; there has been no increase.

Mr. STEWART: Are they appointed by the civil service commission?

Mr. CARDIN: Yes.

Mr. MacNICOL: Does that mean that eleven men are employed to operate the Burlington bridge?

Mr. CARDIN: Yes.

Item agreed to.

Kingston, La Salle causeway, $10,500.

Mr. TUSTIN: I notice there is $2,274 for temporary assistance. The men on the Burlington bridge are made permanent. Why should these men at Kingtson be temporary?

Mr. CARDIN: I am informed that these men are not particularly looking after the bridge but rather are looking after the piece of land there.

Mr. MacNICOL: There is no land around the La Salle bridge.

Mr. TUSTIN: I should like to know the duties of these men. Surely the government does not keep two men to look after that land on La Salle causeway. There is no land there to speak of.

Mr. STEWART: Is there a wharf, or some part of the causeway used for landing of boats? I have noticed them tied up there.

Mr. CARDIN: I think that would be part of the duties of these temporary men.

Mr. STEWART: I was not sure whether that was operated by the Public Works department or the Department of Marine.

Mr. CARDIN: We look after the maintenance, repairs and operation of the combined roadway, wharves and bridges over the

Cataraqui river at Kingston. I regret very much that I am not in a position to give a satisfactory answer to my hon. friend. I will undertake to supply that information on some other occasion when dealing with the estimates. There is still a good deal to be disposed of and I will supply that information, if the hon. member does not object to passing this item.

Item agreed to.

Ottawa, bridges and approaches, $26,200.

Mr. MacNICOL: To what bridges around Ottawa does this refer?

Mr. CARDIN: The Chaudière, the Laurier avenue and the union bridges.

Mr. STEWART: There seems to be a substantial increase in the amount to be expended this year. Where is it proposed to make this increased expenditure?

Mr. CARDIN: It is to pave the union bridge.

Item agreed to.

Nova Scotia—
Essential undertakings—Little Anse—breakwater reconstruction, $43,400.
Malagash—wharf improvements, $19,000.
New Harbour—breakwater repairs, $8,200.
Harbours and rivers generally—for maintenance of services, no new works to be undertaken, $250,000.

Mr. STEWART: Why is this amount of $43,400 required in connection with Little Anse breakwater reconstruction?

Mr. CARDIN: This is required to provide for the reconstruction of the cribwork reinforcing block, 210 feet by 20 feet located on the harbour side of the breakwater. Attention is directed to the necessity of this work by district engineer Cox, who reports that the section of work to be rebuilt is badly damaged by action of the teredo, and in its present weakened condition is liable to be washed away at any time.

Mr. STEWART: Will the minister explain the item of $19,000 for Malagash.

Mr. CARDIN: This is required to provide for encasing the outer end of the public wharf with steel sheet piling, placing filling between the existing cribwork and proposed piling and laying a reinforced concrete deck four inches thick. Attention is directed to the necessity of the proposed work by the district engineer, who reports that this structure is in a bad condition owing to the ravages of sea worms. He reports also that pile work will not be as suitable as sheet steel piling, which will withstand to a greater degree the ice shoves at this place and will also better support the Malagash salt company's conveyer and the structure they intend to erect to house machinery of considerable weight.

Mr. STEWART: The principal traffic over the wharf is salt?

Mr. CARDIN: Yes.

Item agreed to.

Prince Edward Island—
Under contract—Summerside—improvements to wharf, $3,100.
Harbours and rivers generally—for maintenance of services, no new works to be undertaken, $75,000.

Mr. STEWART: Is this a revote or an extension?

Mr. CARDIN: It is to complete payments on a contract.

Mr. STEWART: What is the total amount of the contract?

Mr. CARDIN: The amount is $22,829.

Mr. STEWART: There was voted $25,000 last year?

Mr. CARDIN: Yes.

Mr. STEWART: Was that all expended?

Mr. CARDIN: Yes.

Mr. STEWART: And this is in addition to the vote last year?

Mr. CARDIN: Yes.

Item agreed to.

Progress reported.

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

Tuesday, June 7, 1938

The house met at three o'clock.

PETITION

Petition from Georges Roy and Jean-Paul Dumont, respectively president and secretary of L'Union catholique des cultivateurs d'Estcourt, praying for the annexation of part of the state of Maine to the county of Témiscouata.—Mr. Pouliot.

SEED GRAIN

RECENT DELIVERY OF WHEAT IN SASKATCHEWAN —POLICY AS TO REMAINDER OF WHEAT UNSOLD

On the orders of the day:

Hon. W. D. EULER (Minister of Trade and Commerce): Mr. Speaker, on Friday last the right hon. the leader of the opposition (Mr. Bennett) asked for certain information with regard to certain operations of the wheat board in connection with the supplying of seed wheat to the province of Saskatchewan. He made reference then to a car of wheat which had been delivered to a place called Coleville. I have a telegram with regard to that matter which I should like to read to the house. It is as follows:

Referring telephone conversation and reference to Coleville car. This small car of wheat ordered shipped to Coleville by Saskatchewan Department of Agriculture May ninth. Shipment was made May eleventh. We were advised by department this car had been ordered by a rural municipality in error and were instructed night of May twentieth to rebill to Lakehead. Instructions given railway morning May twenty-first and situation immediately dealt with. Accordingly this car arrived at Fort William May thirty-first.

My right hon. friend stated that according to the weekly statement by the wheat board there were apparently some two million bushels of seed wheat still left in the hands of the government.

Mr. BENNETT: Of wheat; I did not say "seed wheat".

Mr. EULER: Of wheat, yes. While according to the weekly statement of May 21 rendered to the department there was apparently a stock of wheat of something over two million bushels, the fact is that there is no wheat in stock. The wheat has all been disposed of as seed wheat. The reason it still appears on the statement is that it is the practice of the wheat board generally to have it appear, unless the wheat has actually been invoiced to a purchaser. It has all been sold, but not all invoiced.

A further question asked by my right hon. friend was with regard to cash on hand. I am informed by the chairman that it is impossible to make an accurate statement as a number of adjustments have still to be made.

PRIVILEGE—MR. POULIOT

QUESTION WITH RESPECT TO THE PUBLICATION LA RESTAURATION NATIONALE

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): On a question of privilege, Mr. Speaker, may I ask the hon. member for Kootenay East (Mr. Stevens) if he assumes any responsibility for everything that is published in a paper entitled La Restauration Nationale—the National Restoration—which has his picture on the front page? He does not say anything.

Hon. H. H. STEVENS (Kootenay East): Mr. Speaker, it is not open to hon. members to propound questions on the floor of the house in this way. As a matter of fact I know nothing about it, never saw it and I do not know what is in it. The hon. member has no right to catechize me—

Mr. POULIOT: No, no.

Mr. STEVENS: —about things which appear in the press.

Mr. POULIOT: No, but I will file it with the Purvis-Moore report.

THE KING'S BIRTHDAY

INQUIRY AS TO SITTING ON THURSDAY, JUNE 9

On the orders of the day:

Mr. W. H. GOLDING (Huron-Perth): Mr. Speaker, I should like to ask the Prime Minister (Mr. Mackenzie King) if the government has yet arrived at any decision as to whether or not the house will sit on Thursday, June 9.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I understand the whips have concurred among themselves, and it appears to be the general wish of hon. members that the house should sit on Thursday. Last year the house in Great Britain sat on June 9, the king's birthday, and presumably would do so this year but for the fact that the house is in recess at the present time.

INDIAN ACT AMENDMENT

PROVISIONS RESPECTING LEASES OF MINERALIZED AREAS AND ADVANCES TO ASSIST AGRICULTURE AND OTHER PURSUITS

Hon. T. A. CRERAR (Minister of Mines and Resources) moved the third reading of Bill No. 138, to amend the Indian Act.

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

TRANSPORT COMMISSION

AUTHORITY TO CONTROL TRANSPORT OF PASSENGERS AND GOODS BY RAILWAYS, SHIPS AND AIRCRAFT

The house resumed from Monday, June 6, consideration in committee of Bill No. 31,

to establish a board of transport commissioners for Canada, with authority in respect of transport by railways, ships and aircraft—Mr. Howe—Mr. Sanderson in the chair.

On section 35, subsection 1—Charges by agreement between parties.

Mr. STEVENS: Section 35, which introduces part V of the bill, contains a distinct departure in the matter of transportation control. I am not going to argue the matter at length because the bill was discussed thoroughly in the committee on railways and canals. However, when the bill was under consideration in the committee I made it clear that I was opposed to this part and particularly to these four sections, and indicated that I would oppose them when they came before the committee of the whole. I should like to state briefly the reasons for my objection to this part and to this particular section.

This section is a distinctly retrograde move. The board of railway commissioners was set up in 1904. For years previously chaos and discrimination and unfairness had existed in the railway transport business, both in Canada and in the United States. It will be recalled that powerful corporations in those earlier days would frequently secure privileges and advantages from the railway companies which were not open to smaller shippers or sometimes to other large shippers who were in a competitive position. These abuses were done away with in the United States by the appointment of the interstate commerce commission and the application of its code of laws, and in Canada by the appointment of the board of railway commissioners and the enactment of the Railway Act, with the various amendments that have been made since 1904.

I do not hesitate to pay tribute to the boards of railway commissioners that have been sitting in this country for the last thirty or so years. Almost always they have been presided over by able and distinguished men, sometimes by very distinguished men. Because of their findings a sort of case law has been built up which I believe is accepted. Their rulings are now recognized, generally speaking, as equitable and fair. The public interest has been well protected. It has been argued in support of this measure, which will set up a board of transport commissioners, that they will administer the law in the same manner as it has been administered in the past. I have no doubt they will, but the point is that by this part the board is instructed to permit agreements to be made between the railway companies and individual shippers.

Something that has been prohibited for years, something that has been recognized on no occasion, is now to become law: a private shipper and a railway company may enter into an agreement. I am quite aware it will be argued that this provision has been surrounded with the necessary safeguards, but the principle involved is a serious one. Under the Railway Act through the years unjust and unfair discrimination has been defined and its application guarded against. Furthermore, any discriminatory, competitive or special rate has been open to all shippers along the lines affected by the rate. Under this bill an agreement may be made with an individual shipper, and then provision is made to permit those who object to come before the board to state their case. If they can make good their case, there is no doubt in my mind that the board will do justice, but this is a reversal of the principle that has obtained in the past.

Furthermore, this part limits the application of this provision to those who are defined in the bill as carriers. A carrier is defined as follows:

> "Carrier" means any person engaged in the transport of goods or passengers for hire or reward to whom this act applies, and shall include any company which is subject to the Railway Act.

This bill does not apply to highway transport. I think it is quite clear that the intention of part V is to give the railway companies a weapon which will enable them to compete with the trucks on the highways. The trucking companies are not to have access to this court in order to present any grievance they may have, nor will private individuals who are not carriers under this definition be allowed to appear. My submission before the committee was that the word "carrier" should be changed to "persons," that any person in Canada should be allowed to appear before the board in the same manner as he is permitted to appear before any court for the purpose of securing redress of grievances. As I have stated already, under this bill a carrier is limited to those licensed under this legislation. This makes a definite distinction and limitation and is another reason why I am opposed to this part.

My main objection is that this bill introduces into our legislative control of railways the principle of granting permission to a railway company to make an agreement with a special shipper. Whether or not the agreement is unfair is to be decided after the agreement is made. If one will study the

section carefully he will find that these are the words which control the possibility of a complainant making good his case:

Being the same goods as or similar goods to and being offered for carriage under substantially similar circumstances and conditions as the goods to which the agreed charge relates.

I submit it will be extremely difficult for a small shipper ever to demonstrate that he is prepared, although in competition with the big shipper, to ship goods under substantially similar circumstances and conditions as would the large shipper. For example, a large shipper may have outlets all over Canada. He makes an agreement with the railway company to carry all his freight, because that is the suggested excuse for this measure, that the railway can bargain to get all this shipper's freight and thus get away from their highway competitors some of the traffic the railways are now losing. So the shipper engages to ship all his freight over this line, and he gets in return a flat rate over different zones. Then the smaller shipper comes along. He perhaps serves only one section of the country. He is in direct competition with the large shipper so far as his goods are concerned, but he cannot show the same circumstances and conditions. The answer that will be made to him is obvious: You ship only a small quantity and operate only in a certain territory, while the large shipper ships all over Canada; therefore as the circumstances are not alike and the conditions are not similar you have no case. Yet, Mr. Chairman, the competition is there, and the small shipper will thus be more or less ruthlessly driven out of the market.

Mr. VIEN: Was it not made clear that the volume of traffic could not enter into the picture?

Mr. STEVENS: But that is not a question of volume; it is a question of distribution. Let me put another case. In eastern Canada there is a large factory manufacturing a certain class of goods and distributing them right across western Canada, or as far west as they can go. There is a small factory on the Pacific coast, in an entirely different section, shipping freight east into the prairie markets. Now this small shipper would have to show that he was handling his business under the same conditions and circumstances as the large shipper in eastern Canada. But there is no parallel at all. His territory is different; the direction of the movement of his goods is different, the rate is different. The man in the east gets a low rate, and thus gets a very definite advantage in the movement of his goods westward. The conditions might be reversed. But the point I am making is that it will be almost an impossibility to show substantially similar circumstances and conditions to obtain in connection with the distribution of goods.

Mr. VIEN: These words are already in the Railway Act.

Mr. STEVENS: No.

Mr. VIEN: The rate structure is predicated on similar circumstances and conditions, under the Railway Act.

Mr. STEVENS: Yes, but when a rate is fixed under the Railway Act anybody who ships any quantity, large or small, over that route gets exactly the same rate. The tariff is there and it is open to everybody and at all times, but in this case it is not.

I will give another instance, where I think unfair discrimination might arise in the operation of this act. Suppose there are two different types of goods, each of which is interchangeable and in competition with the other. I have no particular commodity in mind, but there are many lines of goods for which an entirely different line may be used in substitution according to the desire or prejudice of the customer. One line of goods might get a special rate. The competing goods could not because they are not the same class of goods, but a different type of goods, although the two lines of goods are in competition. And so I might go on down the line, giving many illustrations of the grave danger in giving this power or right. The main answer that was given in the committee to arguments of this kind was that the board of transport would be a fair and just board and could be trusted to guard against any abuses being allowed to develop. I frankly admit that I believe in the board of transport, the board of railway commissioners as it now is. I believe it will be fair. I am not complaining about the board of transport. I am complaining about the law that will govern the board of transport as this law will. This law not only authorizes but instructs them to sanction or approve of agreements, and they have no option in the matter.

I am not going to labour the question further. I am going to move a clause in amendment to the whole section; and if, Mr. Chairman, I am in order, I can do it now, or if necessary I can wait until the end of the section is reached. Perhaps I had better move it now so it will be in the minds of the members of the committee when they are considering the section. I move to amend section 35 by the addition of this clause after subsection 10:

Notwithstanding anything aforesaid the provisions of this bill shall not apply with respect to the carriage of goods between points or

places in Canada where such carriage is only performed by carriers subject to the authority of the board of transport commissioners, and the board of transport commissioners shall not approve any agreement submitted to them which includes such carriage in the agreement or as a condition attached thereto.

Briefly the explanation is this. If this part of the bill is required by the railways to enable them to compete with highway competition, then it should limit in its operation to places where that competition exists; and if that competition does not exist, the agreed charges should not apply. My amendment would limit it in that way.

The CHAIRMAN: I would point out to the hon. member for Kootenay East that subsection 10 was carried yesterday.

Mr. STEVENS: Well, it can go after subsection 13.

The CHAIRMAN: Subsection 13 was carried yesterday.

Mr. STEVENS: It can go in after subsection 1, as far as that is concerned.

Mr. HOWE: It is just as appropriate there as anywhere, I think.

Mr. VIEN: I think I can summarize my hon. friend's argument under three headings. In the first place he urges that "similar circumstances and conditions" means that in some cases certain competitive shippers might find themselves embarrassed because goods might be different and the lines or directions of traffic might be different. Competitive shipping, competition between shippers, does not exist with respect to different types of goods. Under the Railway Act, the rate structure is predicated upon similarity of circumstances and conditions. There is no departure from that principle in this bill. The words used prohibit unfair or unjust discrimination when traffic is moving under similar circumstances and conditions. This is the very principle of the Railway Act. To be able to allege unjust or unfair discrimination you must show that traffic of a similar nature, moving in a similar direction, under similar circumstances and conditions, is being charged at an unfair rate. In this act, if different goods are moving in different directions, under different circumstances and conditions, namely by highway, how could unjust or unfair discrimination be alleged?

My hon. friend further alleges that "agreed charges," referred to in section 35, are a departure from the underlying principles of the Railway Act. I submit that that is not so. Under the Railway Act there are three different types of rates:

1. Standard mileage rates, which must be approved by the board. These rates are maximum rates. They cannot be exceeded; they must be submitted, approved and published. The board, after hearing, determines the maximum mileage rates permissible.

2. Special tariffs, applicable to lumber, grain or other commodities moving in large volume, in trainload lots, carload lots, with respect to which there are special loading or unloading conditions or certain market conditions which permit the particular commodity to be treated in a class by itself.

3. Competitive rates, which in their managerial discretion carriers may publish to retain traffic which would otherwise go to rail or water competitors. Competitive rates need not be approved by the board. They are under the level prescribed by the standard mileage rates, and they can be published, and put into effect unless complained of.

Mr. STEVENS: All shippers are upon an absolutely equitable basis.

Mr. VIEN: Exactly. Any shipper who contends that he is injuriously affected by competitive rates may make application to the board to object to their becoming effective, or for a revision or repeal of objectionable competitive rates.

In the exercise of its regulative power, the board never prevented a competitive rate from becoming effective without good reason. Competitive rates are permissible to enable rail carriers to retain traffic. In this act agreed rates are permitted to enable railway carriers to retain traffic which otherwise would go to their highway or water competitors.

Mr. BENNETT: They are under provincial regulation.

Mr. HOWE: Not as to rates.

An hon. MEMBER: Not in Quebec.

Mr. VIEN: I believe it is not so in almost all provinces.

Mr. BENNETT: They are regulated with respect to everything but rates, and may be regulated with respect to rates.

Mr. VIEN: In England they are regulated. Highway carriers must take out a licence to carry on their trade. In Canada they are not regulated in that respect. In England they are regulated with respect to vehicles; the vehicle must come up to special standards and is subject to periodical inspection. Furthermore, drivers must submit to periodical physical examinations. These are important regulations: licences to carry on, standard

modes of conveyances, drivers physically and periodically examined and licensed. We have nothing of this kind in Canada.

Highway rates in England are governed by a rates tribunal; they come under the provisions of the transport act. We have no similar constitutional power in Canada.

Mr. BENNETT: They regulate the weight of the machine that may cross certain bridges.

Mr. VIEN: That is with respect to road regulations. Departments controlling highways publish regulations to that effect. I do not believe they can be called as effective regulations between competitive carriers, as those proposed in this bill. Under the Railway Act, when competitive conditions exist between two points, between rail and water carriers, the rail carrier can publish competitive rates to retain traffic to his rails.

Mr. BENNETT: That is under the Railway Act.

Mr. VIEN: Under the Railway Act. This bill does not contain anything else. We allow rail carriers to publish rates likely to retain the traffic to their own rails.

Mr. STEVENS: That is scarcely right. They do not publish a rate. We allow them to make a private agreement with an individual shipper, and that is vastly different from publishing a rate.

Mr. VIEN: I hope to be able to prove to my hon. friend that there is no difference at all. The agreed rate is a competitive rate.

Mr. STEVENS: Oh, no.

Mr. VIEN: I will at least attempt to prove it.

Mr. BENNETT: The latter words of subsection 1 of section 35 disprove what the hon. member says.

Mr. VIEN: No, I do not think so. Suppose a rate between points A and B, a rate of $1 per hundred pounds. If the rail carrier published a rate of 90 cents per hundred pounds, with a view to retaining traffic to its rails, the highway carrier would immediately publish a rate of 85 cents per hundred pounds. The rail carrier would then have to publish a rate of 80 cents to outbid him.

Mr. STEVENS: Under this they do not publish it at all.

Mr. VIEN: Let us not play upon words; if my hon. friend does not like the word "publish," let us say: "put into effect" a rate of 80 cents. This means a rate war, between the highway and the railway carriers. By agreed rates the rail carrier can go to a shipper and say to him, "If you will give me all your traffic, for such a period, I will give you such a rate." This is the proposed agreed rate. An agreement is entered into. It is a contract. No rate war is possible. If they agree, the shipper and the carrier are bound. Competitive rates are suicidal for both the highway and the rail carriers.

It therefore seems that there is no difference in principle between the Railway Act and this proposed legislation, because the Railway Act enables the rail carrier to publish competitive rates to retain its traffic; herein, to avoid a rate war, we propose to allow the rail carrier to enter into such agreements with the shipper as will oblige the latter to route his traffic by a particular rail route, without a cut-throat rate reduction. There is therefore no fundamental difference in the principle of competitive rates under the Railway Act and the principle underlying these agreed rates.

My hon. friend's third point was that it is improper to refuse the highway carrier the privilege of appearing before the board to complain against agreed rates. May I suggest that the highway carrier is not unjustly discriminated against. The highway carrier is not regulated. He cannot be compelled to come to the board. His rates are not submitted for approval. He therefore competes with the rail and water carrier without control or regulation. He enters into agreements with shippers, and the rail or water carriers have no say in the matter and no remedy.

I submit that the rail carrier should be given the right to enter into an agreement with his own shippers, without the interference of the highway carrier. If the highway carrier can establish an agreed rate in favour of a shipper, why should not the rail or water carrier be granted the same privilege? My submission is therefore that there is no departure from the underlying principles of the Railway Act. The only principle herein involved is that we allow carriers to come to an agreement with shippers so as to retain traffic which otherwise would go to uncontrolled and unregulated highway carriers.

Mr. STEVENS: I should like to refer a little further to what the hon. member (Mr. Vien) has just said about excluding the carrier from the right to appeal to the board. A shipper cannot appeal to the board unless that shipper has been shipping his goods by a carrier under the terms of this act. Take a shipper who is ten miles away from a railway terminal, and uses highway transport which competes with the railway. If an agreed charge is made with another shipper he would

have no standing before the board, because the provision reads:

(6) Any shipper who considers that his business will be unjustly discriminated against if an agreed charge is approved and is made by the carrier, or that his business has been unjustly discriminated against as a result of the making of an agreed charge, may at any time apply to the board . . .

The general assumption is that that means any shipper. But turn to the definition of "shipper" and you find this:

"Shipper" means a person sending or receiving or desiring to send or receive goods by means of any carrier to whom this act applies.

That does not apply to a shipper who is not dealing with a carrier under this act. My point is that any citizen of Canada has a right to appear before any court in Canada, a court of law or a court of equity. That is one of the fundamental rights of a citizen. I cannot sanction a law which will in effect rule a man or a company out from appearing before the courts. Under this we simply blackball those engaged in the highway traffic business.

And we are not free from blame in this. This parliament has never occupied the field that it might have occupied in controlling interprovincial and international transport by motor truck. That is admittedly our field; why does not the Minister of Transport occupy it as far as he can? Recognizing that we cannot interfere with the provincial jurisdiction, let this parliament occupy that field as far as it can, and then give to the trucking system its inherent common law right, that of appearing before a court to argue its case. I object to the idea that a court can be set up in this country to which a citizen is denied access.

Mr. VIEN: A shipper and a highway carrier can establish an agreed rate. The rail carrier or any competitive shipper cannot challenge such a rate. Why should the highway carrier, or a shipper using the highway have the right to challenge an agreement between a rail carrier and a shipper using the rails?

Mr. STEVENS: The answer is very simple. In the one case there is no law which applies to the trucking system. If there is a law applying to the trucking system he can apply. The rail carrier and other forms of transport are covered by law, and it is the privilege of any person to appear before a court in this country and argue his case.

Mr. VIEN: But how can they claim the right to discuss a rail rate without allowing others the right to discuss their own rates?

Mr. STEVENS: That is simply because we have not found the machinery to control the trucks.

Mr. VIEN: We have no jurisdiction over highway traffic.

Mr. STEVENS: Yes, we have jurisdiction to control interprovincial traffic.

Mr. HOWE: This section was discussed quite extensively at the last sitting, and I have no desire, and I think hon. members would not wish me, to traverse the ground we covered yesterday. However I think something should be said about the point of restricting access to the board of transport commissioners in the matter of agreed charges. Any person can appear before the board of transport commissioners in the matter of agreed charges who is allowed to appear before any court in the land; in other words, he must show an interest in the matter being discussed. He is allowed to appear if he is a shipper or a prospective shipper, that is if he wishes to ship goods. He is allowed to appear if he receives goods by the carrier, or if he wishes to receive goods—is a prospective receiver of goods. He is allowed to appear if he is a carrier under the act. What other classes of persons than these could possibly have an interest in a matter affecting rates? I cannot imagine any other class of person who could come before the board and show an interest.

Then as to discrimination. A rate is applied after exhaustive hearings by the board. Anyone affected by the rate has two options. One is that he can have exactly the same contract if he is shipping under substantially the same circumstances; and I think the act makes it perfectly clear that the size of the shipment does not enter into the situation as far as the similarity of the service is concerned. That is safeguarded in several clauses. Then if the shipper is not in a position to take advantage of the contract, but believes the contract will injuriously affect his business, he is given opportunity to appear before the board and object to the contract on the ground that if made it will injuriously affect his business. When we consider all the latitude that the transport board will have, when we consider the composition of the board, which after all is, as the railway board is and has been, a board for the protection of the public, I can hardly imagine that these agreed charges can be used in a manner injurious to the public at large.

As to the amendment offered by the hon. member for Kootenay East (Mr. Stevens) it would of course be restrictive to a point

which would make the operation of agreed charges practically worthless. Cutting away all the verbiage, it would be necessary before an agreed charge could take effect to show that the particular traffic is subject to truck competition. The amendment says "must be subject to competition other than by a carrier under the act." Bulk water carriers would hardly meet that requirement, since bulk carriers do not carry the class of goods which is regulated under the act. So it comes down to this, that the amendment would have the effect of prohibiting the making of agreed charges except for a particular route which is subject to truck competition. One sees at once that that would prevent the sending of goods from the eastern part of Canada to the west under agreed charges, for the reason that there are no highways through part of northern Ontario; therefore goods originating in the east could not move under agreed charges farther than central Ontario. Every movement of goods under agreed charges would have to be subject to the test as to whether truck competition could be proven. I suggest that the amendment offered by the hon. member for Kootenay East is a method of rendering this part ineffective, and I must oppose it.

Mr. BENNETT: Mr. Chairman, two days ago I pointed out what I conceive to be the dangers in the adoption of the principle of agreed charges, under the terms provided for by the bill as it now stands. I pointed out that the basis of the present law is equality as to tolls and facilities. I find that that is the heading of the section in the Railway Act —Equality as to Tolls and Facilities. The first subsection is headed "equal tolls to be charged"; the second, "no discrimination"; the third, "carload quantities"; the fourth, "localities"; the fifth, "duty of the board"; and the sixth, "competitive points". The sixth subsection reads:

> The board may declare that any places are competitive points within the meaning of this act.

Further it is pointed out in the Railway Act that no agreement can be made by which a railway company may give preference to any community or shipper. Certain well-defined classes of freight rates are also provided by the statute. As a matter of fact there are four: the standard tariff, the special tariff, the competitive tariff, and the joint tariff; with the addition of a special one which deals with exceptional circumstances such as bad crops and matters of that sort.

Then follows a provision with respect to how the tariffs come into operation, which I do not intend to discuss. The competitive tariff, as mentioned by the hon. member for Outremont, came into being for many reasons, principally, on this continent, because of water carriage.

Now, whatever may be said as to the justice or injustice of the law, or the desirability or undesirability of our Railway Act, I think everyone will agree that as a result of what took place in the United States prior to the passing of the Interstate Commerce Act, and in Canada prior to the inquiries that were set up by the late Mr. Blair, which resulted in the passing of the Railway Act, equal tolls were not charged to all persons, and preferences were given to individuals—sometimes because of the volume of the traffic, and sometimes for other reasons The difficulty that arose in the United States caused a great deal of friction, and, as I say, resulted in the statute to which I referred. The result of the statute in Canada was just what I read a moment ago as the heading of the section, namely, equality as to tolls and facilities. As I pointed out, tolls are covered by four different kinds of tariffs, in addition to the very special class which deals with exceptional circumstances which need not be mentioned here, and which has not been regarded by text writers as an additional classification.

We are to do away with that. We are to do away with the equality under the law which was the basis of our freight rate structure. The abuses which took place prior to the enactment of our Railway Act and the passage of the interstate commerce measure in the United States—all these are again to be possible, because there is no longer equality under the law with respect to freight rates. The minister says, or may say—and I judge from what he said the other day that he does say it—that it is no longer desirable to maintain that principle of equality under the law, and that agreed charges or charges that are agreed in contract rather than by parliamentary control shall prevail. An agreed charge is in essence a contractual charge. The present tariff toll is a statutory parliamentary charge, and until such time as under the existing law tolls are approved by the board they cannot recover a single cent. The law itself in terms declares that they cannot recover anything at all until such time as the tolls, whether they be one of the four classes I mentioned, any one of them, have been approved by the board.

Mr. VIEN: I think my right hon. friend is wrong.

Mr. HOWE: Yes.

Mr. VIEN: That applies equally to the standard tariff.

Mr. BENNETT: No.

Mr. VIEN: The special rates and competitive rates enter into effect without the approval of the board.

Mr. HOWE: There is hardly a rate in practical effect that is specifically approved by the board.

Mr. BENNETT: They have to file them with the board. There is a provision that the filing of them with the board under certain conditions operates automatically as approval. That is what the former member of the railway commission desires to say.

Mr. VIEN: Implied approval.

Mr. BENNETT: Yes, that is true; but that does not get away from the fact that in essence filing is essential in order that there may be objection, if desired.

Mr. VIEN: Yes.

Mr. BENNETT: That is the fair way of putting it.

Mr. VIEN: That is correct.

Mr. BENNETT: That is, the law contemplates equality of shippers under the conditions mentioned in the act, and that variations in the tariff rates under the four classifications provided, leaving out the special one, are open to action being taken, if any aggrieved person desires to take such action, after they are filed with the board. I think that is a fair statement of it.

Mr. VIEN: I think so.

Mr. BENNETT: That being so, we are certainly encroaching upon that rule—and nobody denies it. The only question therefore is this—

Mr. BERTRAND (Laurier): For good cause.

Mr. BENNETT: But that is the point.

Mr. VIEN: For good cause.

Mr. BENNETT: The whole question is a simple one: In the public interest are we warranted in departing from the rule which has been established during these years, and which resulted from the inquiry to which I directed attention the other day, and which I am not now going to repeat. That is the sole question—whether or not as a matter of high public policy we are warranted in departing from the existing law, which came into being because of abuses which existed before its application. That is the story, and I think no one will deny that it is a fair statement.

Mr. VIEN: But we are not departing from it.

Mr. BENNETT: The hon. member for Outremont says we are not departing from it. I only desire to point out that if the English language means anything we certainly are departing from it. Peradventure it does not mean what it says. But if it means we are departing from it, as my friend yonder says, for what good cause? I prefer to regard it as having been departed from, and I am not unmindful of the reasons which are given as to why it should be, and the force of those reasons. But to say the existing law is not departed from it is to do violence to one's understanding of the language. I will not do more than direct attention to these words:

Notwithstanding anything in the Railway Act—

And I have referred to the section in the Railway Act.

—or in this act—

The transport bill.

—a carrier—

And a carrier is defined by this measure as being a carrier to whom the act applies—I believe those are the exact words.

Mr. VIEN: By rail, water or air.

Mr. BENNETT: Yes, I just wished to have the exact words, and I find that—

"carrier" means any person engaged in the transport of goods or passengers for hire or reward to whom this act applies, and shall include any company which is subject to the Railway Act.

That is, it includes every company which is organized as a railway company by act of this parliament. That is fundamental.

We go a step farther and provide that the carrier, as thus defined—

—may make such charge or charges for the transport of the goods of any shipper or for the transport of any part of his goods as may be agreed between the carrier and that shipper.

Mr. HOWE: And approved by the board.

Mr. BENNETT: Just a minute. "As may be agreed to between the carrier and that shipper." Obviously that is contractual. That is, the carrier is authorized to make a contract with a shipper to carry his freight at any rate that may be agreed upon. But there is a limitation to that. That is the broad statement of the principle, but the limitation is:

Provided that any such agreed charge shall require the approval of the board—

Then there is the further provision:

—and the board shall not approve such charge if, in its opinion, the object to be secured by the making of the agreement can, having regard to all the circumstances, adequately be secured by means of a special or competitive tariff of tolls under the Railway Act or this act.

I hope the hon. member for Outremont (Mr. Vien) and the minister consider themselves as being answered. It states distinctly in the bill that you shall not use this provision unless you cannot attain your end under the present law. That is said so distinctly that it does not admit of any doubt.

Mr. HOWE: I always admitted that.

Mr. BENNETT: From what my hon. friend said this afternoon I gathered he thought differently. I felt that the hon. member for Outremont had not those words specifically in his mind. If under the existing law you can accomplish your end, then the matter will not be considered at all by the board. In other words, when you come to the board with your case, if it falls within the four corners of the Railway Act, the board must say, "You depart; we will have nothing to do with you on that basis under this act."

Mr. VIEN: That means that the competitive rates would degenerate into a rate war.

Mr. BENNETT: Talk of a rate war is quite beside the question. I hope my hon. friend will permit me to say that without being offensive. I think on reconsideration he will hardly admit the possibility of a rate war arising under the present law.

Mr. VIEN: The publication of a competitive rate might not have any particular effective result, because the highway carrier might publish a lower rate.

Mr. BENNETT: The highway carrier does not enter into this picture.

Mr. VIEN: He does.

Mr. BENNETT: You must keep in mind the fact that the highway carrier does not enter into this picture.

Mr. BERTRAND (Laurier): That is what the law was made for.

Mr. BENNETT: The point raised by the hon. member for Kootenay East (Mr. Stevens) was that we have not in any sense endeavoured to occupy that field. This legislation does not touch that. The minister nods his acquiescence. We are not in that field, and I ask my hon. friend to keep that in mind.

Mr. BERTRAND (Laurier): We are not in that field because it is a constitutional field. We cannot go there.

[Mr. Bennett.]

Mr. BENNETT: I hope my hon. friend does not conclude that I am suggesting that we should. This provision of the bill has given me much concern. It leaves it open to one of a group of carriers in a competitive territory to destroy the agreed rate.

Mr. BERTRAND (Laurier): How is that?

Mr. BENNETT: Let me read the section:

—and provided further that when the transport is by rail from or to a competitive point or between competitive points on the lines of two or more carriers by rail the board shall not approve an agreed charge unless the competing carriers by rail join in making the agreed charge.

If one carrier holds out, there is no agreed charge.

Mr. HOWE: That is correct.

Mr. BENNETT: Surely my hon. friend did not mean that.

Mr. HOWE: That was not in the English act, but it is put in so that we would not contravene the provisions of the Canadian National-Canadian Pacific Act, which calls on the roads to cooperate. We do not wish to start rate competition between the two railways.

Mr. BENNETT: At Vancouver you would have the competition of the Great Northern, the Canadian National and the Canadian Pacific. If one of these three railroads does not agree to the agreed charge, then it is useless.

Mr. HOWE: Then you cannot have an agreed charge.

Mr. BENNETT: Exactly. I point that out to my hon. friend from—I cannot think of his constituency.

Mr. BERTRAND (Laurier): It is Laurier, a very nice name.

Mr. BENNETT: I assure my learned and hon. friend that he does great credit to it I do not think the minister intended to destroy the value of this statute or the value of the agreed charge at a competitive point by making it possible for one of a group of competitive carriers to stand out and make an agreed charge impossible. The interest of that competitive carrier might be very limited because of the territory which it serves, but it can make an agreed charge impossible. That is the situation as I see it. Is it a matter of practical wisdom and of high national policy to introduce a provision for agreed charges with those limitations? I am not unmindful of the effect that highway transport has had upon the traffic of the

railways. All you have to do is to read the briefs which I am sure the minister received in this morning's mail.

Mr. HOWE: Lewis Duncan.

Mr. BENNETT: He certainly must be an eminent authority; for he has been considered by this government on more than one occasion as being well worthy of his hire.

Mr. VIEN: An eminent counsel.

Mr. BENNETT: My learned and hon. friend describes him as an eminent counsel. I assume that these briefs have been given the minute consideration that the minister thinks desirable. There is one saving provision in this bill, that is that it shall not come into force until proclaimed. If as a result of the investigation being carried on in Ontario in connection with highway traffic the minister is satisfied that it would not be in the national interest to proclaim it, I assume he will not do it. As it stands now, we are being asked to provide that a carrier and a shipper may make a contract for the transport of goods at a rate which encroaches upon the generally established rate of the country. It is further provided that that rate shall not be effective unless it is approved by the board, and further that it shall not be approved by the board if it is possible to secure the objective by other existing means. Lastly, it is provided that one of a group of carriers can destroy the contract by simply saying that he will not agree. I submit that that does not mean much. I first felt that the encroachment was very great, but after reading the limitations I felt it was very small. After reading the two together I feel it means nothing because it puts it in the hands of one of a group of competitors to destroy the agreement entirely; and I can conceive of such a situation being possible, although it might not be probable.

One thing further was said which I think on reflection the member for Kootenay East would regard as being too broad a statement. There is no right for anybody whose interests may be affected to be heard in a court of law unless he is a party to the transaction, and as we have not legislated with respect to the transport of goods on the highways such a carrier is not a party to the transaction and has no right to be heard in the court. Only recently in England in an important case in which a witness gave evidence and named half a dozen people in rather uncomplimentary terms it was suggested to the judge that these people had a right to be heard, but the judge decided that no witness has a right to be heard in a court of law if he is not a party to the transaction. The judge laid that down as the law. So my hon. friend's statement is too broad. This would be a correct statement of it, that you cannot deny to any party who has an interest in and is a party to the transaction the right to be heard in the courts. Every day decisions are made which affect the right of individuals who are not in the court but who are bound as a result of what has been decided in the court. The right of the truck owner to appear in the court is a right that does not attach unless he is brought into the court. The only people in the court here are the carriers under this act, and they are the only people who could be in the court unless we enlarge the field, which we have not done, in respect to highway traffic. Then the opportunity would be afforded for them to be heard.

I must say, Mr. Chairman, that on balance, with the limitations imposed, I cannot bring myself to think that it is sound to encroach upon the rule, which has behind it such a body of public opinion and of decisions as we have both in the United States and here. I pointed out the other day, and I am not going to do it again, the difference between conditions that prevail in Great Britain and here. They are so well defined that it is hardly necessary to do more than mention them for the differences to be at once appreciated. In England the field is divided into four strips of territory, if I might use that phrase; it is not very sound to institute a comparison between dissimilar things if you hope to arrive at any rule, and conditions in Great Britain and Canada are so dissimilar that I do not think you could arrive at any helpful conclusion by making the comparison. But knowing what I do of the history of the interstate commerce commission and of our own railway board, and knowing the time that was taken and the investigations that were made for the purpose of establishing the rule, I feel that we are taking a very great chance by providing for this encroachment upon that rule, which was a salutary one and worked out well, unless indeed at the same time we establish by adequate means jurisdiction over transport on the highway. Every province makes some regulations with respect to highway traffic. It is true that the regulations differ with the attitude of mind of the legislators of the nine provinces.

Mr. VIEN: And none applies to rates.

Mr. BENNETT: So far as I know, none applies to rates, but regulations have been applied as to the weight of the car, having regard to the safety of bridges, also with respect to the effect on the asphalt or the surface of the road itself. They have also

exercised control in some of the western provinces to a very great degree, as, for instance, to those who might be licensed or regulated for the handling of traffic in a particular area. They went as far as that in one case, in a sparsely settled district in the far northern part of the country.

I think, Mr. Chairman, with the limitations as they read, the possibilities of the legislation being innocuous are very great. When the bill was first before the house and I read it, it had not that addition to the first part of section 35 which it now contains, but even with that I still think the minister is taking the proper course in providing that the act shall not go into effect until it is proclaimed, after he has satisfied himself by every means in his power as to just what will be involved if we make this encroachment upon a rule which I believe was salutary, which came into being because of great abuses, and a return to which we cannot as a Canadian people contemplate without realizing that the practices which prevailed before the interstate commerce commission or the railway commission came into being are not such as we can again tolerate in this country.

Mr. HOWE: Mr. Chairman, I have very little comment to make, except to say that the provision referred to by my right hon. friend (Mr. Bennett) that the railways must act as a unit in making agreed charges is not a very serious curtailment. For many years the railway board has been the rate-making body for the railways, and it is the intention that it shall continue to be so. It is felt that it is not in the public interest for railways competing with each other to make special contracts, and the provision is there for that reason.

Amendment (Mr. Stevens) negatived.

Subsection 1 of section 35 agreed to.

On section 35, subsection 4—Board approval of agreed charge.

Mr. HOWE: Subsection 4 was allowed to stand for further examination. It has since been examined. It is an exact copy of the English act. The board of railway commissioners have been questioned regarding it, and it is felt that this is a desirable clause to have, taking into consideration the actual machinery of the board.

Mr. BENNETT: It defines the discretionary powers of the board within which they may grant their consent.

Mr. HOWE: Quite.

Subsection agreed to.

Section 35 agreed to.

[Mr. Bennett.]

On section 37—Rights preserved. R.S., c. 79 Crowsnest Pass agreement.

Mr. HOWE: The hon. member for New Westminster (Mr. Reid) objected that the wording "or by chapter five of the statutes of 1897," which was the original Crowsnest Pass agreement, was not comprehensive enough to cover extensions of the Crowsnest Pass agreement since that time. I contend, and our solicitors contend, that the reference to the Crowsnest Pass agreement has no point in this act, because nothing in this act can possibly violate its provisions. But in order to meet the objection raised I will ask my colleague the Minister of Public Works to move that clause 37 be amended by striking out the words "or by chapter five of the statutes of 1897", in line 8 and substituting therefor the following words:

or by paragraph (e) of section 1 of chapter 5 of the statutes of Canada 1897, as extended and saved by subsection 5 of section 325 of the Railway Act.

Mr. CARDIN: I move accordingly.

Mr. BENNETT: I am sure the minister did not draft that. It is the first time I have ever seen salvation provided for by act of parliament. Had not the minister better say "preserved"? "Extended and preserved" would be better than "extended and saved".

Mr. HOWE: If the chairman will make that change, it is all right with me.

The CHAIRMAN: The amendment is: that the word "saved" be deleted and the word "preserved" substituted therefor.

Mr. HOWE: "Preserved" as in strawberry jam.

Mr. BENNETT: Well, that is what it is intended for in some quarters.

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

SUPPLY

TURNER VALLEY OIL FIELDS: PROPOSED DUMPING DUTY ON MONTANA CRUDE—GERHARD NATURALIZATION CERTIFICATE—STATEMENT OF MR. BENNETT

Hon. C. D. HOWE (Minister of Transport) moved that the house go into committee of supply.

Right Hon. R. B. BENNETT (Leader of the Opposition): I desire to bring to the attention of the house before we proceed

with supply a matter of some considerable importance to the part of the country in which I live.

The development of the oil fields of southern Alberta has proceeded very slowly. It is thirty-three years ago this fall since I organized a company for the purpose of searching for natural gas and oil in what has since become the Turner valley field. We made a discovery of what was known as crude naphtha and of large quantities of natural gas in which naphtha was held in suspension in globules, and it proved to be very valuable from the standpoint not only of the gas being used for illuminating and domestic purposes in Calgary and other communities, but also of the resultant oil which was taken by a process of refining, under which process the naphtha held in suspension was utilized. There have been continued borings and drillings in that area until at last large quantities of crude petroleum have been discovered at a depth in some instances of ten thousand feet or more. Anyone who has had to do with the drilling of a hole two miles into the earth's crust must realize something of the difficulties that have to be overcome and the risks incidental to the work, apart altogether from the cost, and will perhaps understand why so many years have passed since the first effort was made.

The discoveries that have been now made establish beyond question the fact that we have there an extremely valuable oil field. A very large number of oil wells have been sunk in that field. The so-called Turner valley has a width of approximately one mile; the length of field is at least sixteen miles, and perhaps a good deal more. During the last eighteen months or two years wells of increasing importance have been brought into production; wells have been drilled with a production of three and four thousand barrels of crude petroleum per day. But obviously, as is the case with many things we have in western Canada, we are confronted with great difficulties. The immediate market provided by a few people is of course limited. To lift crude oil over the Rocky mountains by means of a pipe line is a highly expensive process, if not an impossible one. It is not difficult to contemplate a pipe line of sufficient length to carry crude petroleum from the Turner valley oil fields to tidewater in British Columbia. Inasmuch, however, as the Turner valley is about half a mile in altitude, and the point in the Rockies over which it would be necessary to pass, unless one went south or north a great distance, is nearly a mile above sea level, it follows that the crude petroleum would have to be lifted—and I used the word "lift" advisedly—nearly half a mile, which is almost prohibitive from the standpoint of mere cost.

Then the question arises as to the market in eastern Canada, where the population is. To carry crude oil from Turney valley east to Fort William would involve the expenditure of many millions of dollars, and it would also involve a pipe line which would constantly have within it perhaps a million barrels of oil. That is a tremendous quantity. A pipe line of sufficient diameter and of the required length from Turner valley to Fort William therefore means the rendering unsalable for a time of a very large quantity of oil. When you reach the head of the lakes your troubles have only then begun, because the refineries in the east are to be found at Halifax, Montreal, Toronto and in other communities.

Mr. DUNNING: Sarnia.

Mr. BENNETT: The very large one at Sarnia is served by pipe line from the mid-continent field. Under the circumstances I think it is apparent to those who have been operating in western Canada in the Turner valley that they cannot hope, for instance, to displace crude oil coming from Colombia, Venezuela or Peru. That crude oil coming from those points is waterborne. It comes to Halifax, Montreal, Vancouver; and wherever you have waterborne crude oil it is quite obvious that we could not hope, from an inland community like Turner valley, to ship our oil to compete with these importations. But there is what is known as the mid-continent field, and that extends north as far as Montana. It was because we could never be convinced that the forty-ninth parallel shut off oil discoveries that there was continued prospecting in the hope of one day getting oil in volume, because just south of us at Montana there has been a large field of oil which has been constantly operated during the last few years and which has supplied a substantial quantity of crude that has come into Canada. That is not carried in by pipe line. It is brought in by trucks and tank cars. The average truck carries something like forty barrels. The largest shipment that came to our country in any recent day from the Montana fields was ninety-five truckloads on May 23 last—that is last month—but the average, as I understand, has been something like thirty-five trucks per day. Since the discovery of crude in large quantities at Turner valley, there has been a constant reduction in the price at which Montana crude has been offered in western Canada.

The price last week at which crude was being offered was as low as 80 cents per barrel, and contracts might have been made at a lower rate. In view of the fact that such importation limits to just that extent the use to which Turner valley crude can be put, those who are deeply concerned about the future of the industry in which they have invested their savings are strongly of the opinion that a dumping duty should be placed upon that product imported from Montana.

I am pointing out that there is no pipe line that conveys it across the country; it comes across in trucks. In the month of April last this country imported 51,523,000 gallons of crude oil.

Mr. DUNNING: That is, all told.

Mr. BENNETT: Of that quantity, 37,635,000 gallons came from the United States; 6,924,000 from Colombia; 3,793,000 from Venezuela; and 3,748,000 from Peru.

Mr. HOWARD: But it does not say how much came from Montana.

Mr. BENNETT: I said from the United States, and Montana is a part of the United States. I said that the average quantity of Montana oil imported per day was thirty-five truckloads, that a truck carried forty barrels, and that the largest shipment of trucks had been ninety-five on May 23 last. The statistical record is not complete with respect to the rest of it, but I am making that statement in order to direct attention to the volume that is coming into this country from the United States, and I wish to follow that with this statement: It is not suggested at the moment that Turner valley is capable of satisfying all the requirements for crude oil of the Dominion of Canada; for roughly the daily requirements of crude oil in Canada are about 110,000 barrels, but apparently it is within sight, for during the present year, if the wells now under drilling are completed and produce as do existing wells, we shall in that valley be taking out of the earth 100,000 barrels of oil a day, if a market can be secured. The fact that the market is not available necessitates pro-rating, as it is called, the production from the wells; and inasmuch as there is no pipe line and only rail transport at the present moment to carry crude east, it follows that there has been, as additional wells have come into existence, a reduction in the quantity taken from each. That is the net result of pro-rating the production. The more wells, the less the quantity to be taken per day from each to supply the requirements.

Recently the wells owned by those who have expended substantial sums of money on them have come into production, with the result that the pro-rating as provided for by regulation of Alberta has reduced the quantity taken from each, and the company that has a large number of wells is, of course, still producing in substantial volume, although each well is on the same relative pro rata basis. The request with respect to dumping duty arises out of the circumstances to which I have alluded; but the request that a duty be imposed upon the raw product is the complement of what I have just said with respect to pro-rating the output of those wells. And before the budget is delivered I am directing the attention of the government to these circumstances in order that, if it is thought well in the public interest, some action may be taken along the lines I have suggested.

But I want to go a step further. Some time ago the Minister of Finance (Mr. Dunning) referred the matter to the tariff board and the board went west and made investigations. So fas as is known, the tariff board has made no report, and some of the Canadians who have been operating in that valley are very resentful that no action is being taken, and have expressed themselves in rather strong language. For instance, they refer to us in this parliament in terms which I hope will not be regarded as highly offensive:

> The Canadian tariff board "investigates" the Turner valley situation and adjourns forever. In Ottawa 245 costly politicians talk for five months and accomplish nothing.

Mr. BERTRAND (Laurier): That is from an Alberta newspaper.

Mr. BENNETT: Yes, that is an extract from an editoral in The Albertan.

Mr. BERTRAND (Laurier): Sent to every member of the house.

Mr. BENNETT: I did not know that; I thank my hon. friend. That shortens the need for my observations, because I see that my learned and hon. friend has already read it.

Mr. DUNNING: It was sent to every hon. member.

Mr. BENNETT: Yes, the hon. member just observed that it was sent to every hon. member. That of course does not in any sense lessen its value.

Mr. DUNNING: No, it would be impossible to lessen its value.

Mr. BENNETT: Well, I do not look upon the matter in just that way.

Mr. DUNNING: That kind of comment I do.

Mr. BENNETT: I am not so sure that having regard to my observation of the government of this country for the last five months one is not warranted in making that statement.

Mr. DUNNING: It says that 245 members of parliament talk too much. My right hon. friend is one of them.

Mr. BENNETT: Of course he is. But it rests with the government of the day to take the initiative. It is their job to see that something is done, for they only can expend money.

Mr. LAPOINTE (Quebec East): There is too much talking.

Mr. BENNETT: They alone can take steps in regard to the tariff. They are the only ones who can deal with a dumping duty; they only can deal with unemployment, they only can deal with relief. What have they done?

Mr. LAPOINTE (Quebec East): Listened to speeches.

Mr. BENNETT: Well, they have been poor listeners; for the Prime Minister has not been in this house an average of an hour and a half a day since the session opened.

Mr. LAPOINTE (Quebec East): That is not fair.

Mr. BENNETT: It is as fair as it was to say it about me when I was Prime Minister.

Mr. LAPOINTE (Quebec East): The Prime Minister is tired and has not been well for a few days. I do not think this remark was called for. We did not do the same to my right hon. friend.

Mr. BENNETT: You did not? Read the record. Day after day, week after week you referred to the fact that I was not in my place, because I was working long hours on work that I had to do. Now I say that the Prime Minister has not been in his place in this parliament on the average an hour and a half a day since it opened. Let there be no misunderstanding. Hon. members may have had to listen to speeches, and what is more, they may have to listen to more. One thing is perfectly clear, we have been here for five months and done nothing for the public good.

An hon. MEMBER: You have talked a lot.

Mr. BENNETT: What else was there to do? What was the government doing? It was the duty of the government to produce its program.

Mr. CHEVRIER: I am sure your government would satisfy the hungry people.

Mr. BENNETT: Do not let us talk about hunger. Just think of it! One hon. member, not here, saying that if you be hungry in Saskatchewan do not think of voting for this government. Do not think of voting for this government. If you be hungry think what will happen if you do not vote for the Patterson government. That is what the hon. member for Regina, (Mr. McNiven) has been stating to the people of this country, according to the public press. And the resources of civilization seem to be in striking evidence in various sections of that fair province.

Mr. VIEN: I recall a statement, "I shall cure unemployment or perish in the attempt."

Mr. BENNETT: Well, the hon. member may regard that as a clever observation. The employment that existed at the time we came into office vanished but was replaced by increased unemployment; what is more, we did perish in the attempt, and that is what will happen to this administration. No one ever heard a single regret expressed by me at any action the electors might take with respect to it. That was not the statement that was made; it has to be taken with the context that surrounded it. If hon. members will read what was said before 1935, if they will look at the hoardings, look at the picture of the nine provinces, if they look at the unity of then and now they will understand something about conditions. Look at Canada today, the federal power in Vancouver a joke; the fact held up to the eyes of all the world that the dominion's own property cannot be safeguarded by the Canadian people. You find that Alberta is now conducting the affairs of the nation. There is no national government; it is just what each province says.

Mr. BLAIR: Has this any connection with the dumping duty on oil?

Mr. KINLEY: Nova Scotia is still sane.

Mr. BENNETT: Now, I have been diverted from my theme. I was pointing out that the tariff board was considering this question.

Mr. MACKENZIE (Vancouver): Pour some oil on the troubled waters.

Mr. BENNETT: Yes, but remember that the products of oil are highly inflammable. A spark sometimes ignites them, and even the vapour is a source of large quantities of power.

Mr. McIVOR: Louder.

Mr. BENNETT: Oh well, it is unimportant that my hon. friend should hear me.

Mr. McIVOR: I always like to hear the leader of the opposition because mostly he speaks sound common sense.

Mr. BENNETT: I was pointing out that the tariff board had had this matter under consideration and investigation. What I want to know is whether or not some steps can be taken without delay to ensure that this hard-won product may be utilized in this country by Canadians instead of importations being continued within the area served by this field. I am not foolish enough to suggest that Turner valley oil can serve the wants of Halifax, or even of Vancouver at the moment, but I am suggesting that this tariff board could make a report without delay, and that the government, before the budget is brought down, can deal adequately with it.

On another occasion it may be necessary for me to make some observations with respect to another aspect of the matter, but at the moment I content myself—not expecting that the government is going to announce a remedy at the moment; far from it—with saying that before the budget is delivered the government have the fullest possible opportunity for determining what action should be taken. Because it must be remembered that petroleum is one of the greatest producers of new wealth in a country. As soon as a well is in production new wealth becomes available. You do not have to wait three or four years as with the growing of cattle or sheep; you get your new wealth at once. It is for that reason that I direct the attention of the government to this matter, in the very earnest hope that they will take steps to remedy the situation, in order that the market which is available in that area—a very limited one, I am quite frank about it—may become available for Canadian products.

One step further. It must be in the mind of the government that we had on the statutes of Canada for I think a quarter of a century an act providing for giving a bonus for the production of petroleum. I dare say there are many hon. members who have forgotten that entirely. If that provision were in force today it would involve the payment of very large sums of money. It was repealed because it was thought that the country could not stand the strain if large quantities of oil were discovered, but it was utilized for many years in Ontario. Now they do not ask a bonus, but they ask for assistance if need be in transport. I happen to know that the railway companies are giving the matter consideration, to see whether they cannot get the traffic rather than involve the country and the companies in the construction of pipe lines. It is for that reason that I have ventured, before we proceed with supply, to bring this matter to the attention of the house, although I may possibly do so at greater length on another occasion.

One other matter I wish to speak of, and that is to direct the attention of the Secretary of State (Mr. Rinfret) to what I conceive to be the very urgent necessity of appointing a commissioner under the Naturalization Act to investigate the activities of Mr. Gerhard. I have received a detailed report from Edmonton, and from another section of this country within the last few days; I do not desire to prejudge in any sense the case of any person, but I do think that on the evidence that can be established, for him to have a certificate of naturalization as a British subject at the present time does violence, and great violence indeed, to my understanding of the requisites of British citizenship.

I shall be glad to place in the possession of the Secretary of State details of evidence which have come to me and which will enable him, I believe, if he will be good enough to appoint a commissioner without delay, to make an investigation which will satisfy him that the outstanding certificate of naturalization should be cancelled without further delay. I say that this action should be taken if the evidence proves to be in accordance with the information which I have.

I desire to make it abundantly clear that I have no wish to prejudge anyone's case or to make any declaration as to the value to be attached to the evidence in question.

Mr. A. H. MITCHELL (Medicine Hat): Mr. Speaker, I have tremendous respect and deep regard for the right hon. the leader of the opposition (Mr. Bennett), but I shall have to disagree with him. I am sorry I had not known the matter was to be discussed, and also sorry that for a few moments the discussion turned into a political sabre fight, which got us exactly nowhere. I do know that many hundreds, perhaps thousands, of farmers between Lethbridge and Medicine Hat and the international boundary have tractors equipped to use Montana crude oil. It is a type of crude oil which can be burned directly in tractors, whereas the crude which in the past has been produced in the Turner valley has not been a type as easily consumed or as economically used. I know that many farmers in southern Alberta are using Montana crude oil, which they bring in at a cheap rate.

They haul it in off seasons of the year, and store it in concrete storage tanks below the ground. That would account for the importation of thousands of barrels to which the right hon. gentleman referred.

While it may be considered that opposition by the farmers to a dumping duty, for the reasons put forward by the leader of the opposition, would be selfish, I suggest that their particular case should be adequately presented to the Minister of Finance (Mr. Dunning) and the government before any steps are taken. Furthermore, I am sure the Minister of Finance will agree with me when I say that while the dumping duty need not generally raise the price of crude oil or fuel in the west, past history and experience would tell us that it likely would have that effect. Goodness knows that gasoline and all other fuel products in western Canada, where there is an abundance of raw products, are selling at unconscionably high prices, for no really good reason. If we impose a duty to overcome the pro-ration in the Turney valley, or to offset the effect of the small importations by trucks, I believe, without having made a thorough study of the matter, that much more harm than good would be done, and I hope the government will keep that phase of the matter firmly in mind before making any change of the kind suggested by the right hon. member.

Mr. HARRY LEADER (Portage la Prairie): Mr. Speaker, I feel that I must add my word of protest against the suggestion of the right hon. the leader of the opposition (Mr. Bennett) when he asks that a dumping duty be imposed on crude oil entering Canada. I oppose the suggestion because I believe such action would increase the price of crude oil in Canada. I have the further reason that only recently in the city of Portage la Prairie a cooperative oil refining plant has been built, and I believe I am right in saying that such a tariff change would increase the difficulty of that cooperative. They would have to pay more for their raw materials.

Mr. BENNETT: I am not suggesting that they pay more.

Mr. LEADER: Perhaps not, but I believe from experience we can safely say that a dumping duty would have that effect. I raise my voice in order to make sure that in connection with any question of this kind the crude oil requirements of the cooperative refineries shall be considered before any dumping duty is imposed.

Hon. CHARLES A. DUNNING (Minister of Finance): Mr. Speaker, I had no advance notice of this matter being raised, and therefore I have to speak entirely from memory with regard to it.

Mr. BENNETT: No motion has been moved.

Mr. DUNNING: I am not criticizing anyone, but am merely excusing myself if any statement I may make should be incomplete. I will endeavour to be sure that it will not be inaccurate.

With regard to charging the government with inaction in the matter, I do not think any of the producers in the Turner valley will join in such a charge. When last year the new production of the Turner valley first became certain the problems apparently arising in connection with that production were brought to the attention of the government by the producers' association in the Turner valley. They asked a thorough investigation into a situation which would be created by the development of a heavily producing oil field in Alberta.

There was a question as to what body available to the government would be best suited to conduct such an investigation. Obviously transportation questions were involved, but transportation questions were not by any means the whole problem. Problems of marketing were involved, but they did not constitute the whole problem. It seemed that there might conceivably be a tariff aspect to the problem. Personally I regard the tariff aspect as relatively unimportant in relation to the problem presented by the increased production in the Turner valley. I am willing to be convinced from evidence that my view in that regard is wrong, but that was the view I held when the parties concerned came to the government to discuss the matter.

In any event the government decided that in view of all the circumstances the tariff board was the body best fitted to look into the matter, partly because of the mass of information which was available to the tariff board as a result of its previous investigation of the tariff on gasoline and oil products generally, and partly because in Judge Sedgewick we knew we had a man who would use that information in order to extract everything possible on the subject which might be of service to the interested parties.

The inquiry proceeded. I think everyone connected with it will agree that although no report has been made, the results of the inquiry have been distinctly beneficial to those concerned. As a result of the inquiry as far as it

proceeded negotiations have occurred between the producers and the railways and between the producers and the oil refiners which have materially improved conditions. The improvement has not been sufficient to eliminate the problem. I do not claim that for a moment; but there came a time in the progress of the investigation when it became apparent that the important thing to learn was: What is the potential volume of production from the Turner valley wells? If my memory serves me aright, in the early months of this year the Alberta government indicated that they were making a further test of potential production, but the hearings had reached the point where the independent producers' association requested the board to adjourn sine die. Those words have a bearing on the editorial that was read. The unfairness of the editorial is indicated by the fact that the adjournment of the hearings was at the request of the parties principally interested, the parties for whom my right hon. friend was so ostensibly speaking.

Mr. BENNETT: What does the minister mean by "ostensibly"?

Mr. DUNNING: I assume my right hon. friend was trying to help the producers. In his effort to help them he quoted an interview alleged to have taken place with one of them and blaming this government for killing off the inquiry, or putting it to sleep, which I think were the words used.

Mr. BENNETT: I read only four lines of the editorial.

Mr. DUNNING: Four lines did sufficient damage to the government for my right hon. friend's purpose.

Mr. BENNETT: That was not my purpose at all.

Mr. DUNNING: Having accomplished that—

Mr. BENNETT: I am going to raise a point of order at once. That is a misstatement of what I said. It is a habit the hon. gentleman is learning. I did not make the statement he attributes to me.

Mr. DUNNING: What is the statement?

Mr. BENNETT: My hon. friend states that I read the editorial for the purpose of injuring the government. I read five lines from the editorial which referred to the whole 245 members, as the hon. member has pointed out. The hon. member starts off by saying "ostensibly." If he is going to repeat what I said, he should give the words I used or their meaning, and not put another construction upon them.

Mr. DUNNING: If I am to profit in connection with that sort of thing from the instructions I am constantly receiving from my right hon. friend, I doubt whether it is a matter of congratulation so far as I am concerned.

Mr. BENNETT: The hon. gentleman must realize that that is offensive. The other day he used a word which was offensive and he withdrew it at once.

Mr. DUNNING: Exactly.

Mr. BENNETT: He is doing the same thing now, only worse. I recommend that he make himself a little more familiar with the rules which state that motives cannot be assigned to members. He says that I have been giving him instructions as to how to break the rules—

Mr. DUNNING: No.

Mr. BENNETT: That is the sense of his statement. It means that or nothing.

Mr. DUNNING: Mr. Speaker, I am in your judgment. I said no such thing.

Mr. BENNETT: What did the hon. gentleman say?

Mr. DUNNING: May I continue?

Mr. BENNETT: If the minister keep within the rules I shall not intervene. If he keep within the rules, he need have no fear of my objecting to his doing so.

Mr. DUNNING: I have sat here and smiled when my right hon. friend has seen fit to break the rules in his references to all and sundry, and I did not try to throw him off his argument.

Mr. BENNETT: Such virtue!

Mr. DUNNING: The hearings of the tariff board were postponed indefinitely at the request of the producers of the Turner valley speaking as an organized body. Within the last two weeks the results of the tests of the potential production of existing wells have become available. I am speaking from memory, but I believe I am correct when I say that the potential production of the existing wells is 37,000 barrels a day. At the time the hearings were postponed it was known that the consumption within that area of Canada which could be economically served from the Turner valley was approximately 15,000 barrels a day. The then known excess potential production over the

15,000 barrel consumption was not sufficient warrant, in the opinion of the producers, for the tariff board to continue investigating the matter with any hope of producing a constructive suggestion.

The situation has now changed. Within the last two weeks it has become apparent that 37,000 barrels a day is the potential of the existing wells. My right hon. friend speaks of other wells which are in the process of development and which will raise that potential to about 100,000 barrels a day.

Mr. BENNETT: I said it was believed that if they maintained the same rate of development, by the end of the year they would be getting 100,000 barrels a day.

Mr. DUNNING: May I point out that in connection with this increased volume of production this parliament and this government do not control the extent to which the Turner valley field shall be developed. This government and this parliament cannot determine whether the Turner valley shall be permitted to produce 37,000 barrels, 50,000 barrels or 100,000 barrels a day. That power and that right are in the legislature and the government of Alberta. We have for the first time in Canada the problem which has been the most difficult one that the oil producing industry in the United States has had to contend with during the past number of years. In every one of the oil producing states it has been a matter of serious difficulty, first, to control the degree of development in order to prevent every one from being flooded with oil which could not be sold at a satisfactory price and, second, to pro-rate the existing wells at a point which would be fair to everyone. For the information of hon. members from other parts of Canada, may I point out again that the control of the rate of production is in the province of Alberta, not in this parliament.

Mr. BENNETT: And is being exercised.

Mr. DUNNING: My right hon. friend says that it is being exercised. I believe there are measures in effect in Alberta looking to that control. Looking for oil is so indefinite, so far as results are concerned, that when control measures become necessary, they are seldom effective. That has been the history of the oil fields in the south. During the last two weeks Mr. Frawley, an official of the attorney general's department of the Alberta government, and who, I believe, represented the government during the tariff board inquiry, has been in communication with the chairman of the board with respect to the new development. The producers' organization has also been in communication with the board with respect to the new development. The last advice I received was that the producers' organization was meeting to-day in Calgary in order to determine what further steps it would be wise to take, having regard to the fact that the inquiry was adjourned on their own request just a short time ago.

Mr. BENNETT: A short time ago?

Mr. DUNNING: Not very long. I have not the date in mind, but speaking from memory, I believe it was two or three months ago. I give this information to the house for the purpose of indicating that the government is alive to the fact that there is a real problem in connection with the development of an extensive oil field in that part of Canada, the capacity of which to consume oil is readily ascertainable as being considerably below the potential productive capacity of the wells now being developed. I hardly think it is fair, however, to lay at the door of this parliament the responsibility for finding a market for an unlimited quantity of oil produced under conditions of geographical difficulty so far as its distribution is concerned. In that connection I would point out that it is not a question of losing the oil because it is not taken out of the ground to-day or to-morrow. It is merely a question of so organizing as to enable that wealth to flow into consumption at a rate which will best serve the interests of both the producers and the consumers of that wealth. The oil does not disappear because it is left in the ground. If it is not taken out to-day, it is still there to-morrow. I do not think anyone who has studied the Alberta oil formation will assume that it is at all likely that oil is being drained from the Turner Valley formation into any other formation which would permit it to be taken out of the ground, for instance, in a foreign country. There is no evidence of that.

The question then is merely one of how fast shall the oil be taken out of that reservoir which is in the Turner Valley. Those people who have drilled wells and put their savings into them, as my right hon. friend has suggested, are certainly entitled to and ought to have consideration because the adventuring of savings in the great enterprise of digging holes two miles into the ground without knowing whether or not you are going to get anything out is something we need to encourage in Canada. But I submit seriously that we should not put this question upon the ground of the national necessity of finding a market for an unlimited production of oil.

Mr. BENNETT: I was very careful to say that.

Mr. DUNNING: It is far better, as geological knowledge advances and as we get a better idea of how much oil is in that great pool in the Turner Valley, that we or the government of Alberta, or possibly both of us, should carefully consider measures to conserve the production of oil in that field on such a basis that the daily production will ensure its continuing to serve economically the people of those parts of Canada which can be served by it to the very best advantage.

In the meantime we have the problem of dealing with the present production. I do not believe that my right hon. friend's suggestion of a dumping duty with respect to that small quantity of oil which is coming in from Montana would have a hairbreadth of influence with respect to this great problem involved in a production of 37,000 barrels a day, which may possibly rise, as he himself says, to 100,000 barrels a day. I have no knowledge of the precise quantities that come over the Alberta border from Montana. The hon. member for Medicine Hat (Mr. Mitchell) spoke of the effect of a dumping duty on the farmers who use the oil. The hon. member for Portage la Prairie (Mr. Leader) spoke of another phase of the same matter. These factors must all be taken into consideration. But I do not believe that a dumping duty is a solution, although certainly the tariff board must take into account in their inquiry the effect on our national well-being of what is happening in the way of oil coming over in truckloads from Montana, and I feel sure that due regard will be given by the board to what the facts in the case reveal in that regard.

The question seems to me to be one of whether Canada can find some means of transporting oil over what are known to be uneconomic distances in order to find a market. The question is: Is it better to hold down present production in Alberta and thus continue the life of that oil field over a longer period of time, or is it the better course to enter into some artificially assisted means of getting the oil into a wider market than is at present economically available to it? I know I am merely posing the problem; I am not suggesting an answer to it, nor did my right hon. friend do so. I believe he put forward the dumping duty not as a serious answer to the problem, but just as one of the incidental features of it. I think he will agree, after hearing what has happened in connection with the matter, that the government has moved as reasonably as was possible under the circumstances; that the machinery provided for investigating this matter is the best that is available, and that the investigation is proceeding in a normal and reasonable manner to accomplish the end in view.

CLAIMS OF GRAND TRUNK RAILWAY PREFERENCE SHAREHOLDERS—STATEMENT OF MR. STEVENS

Hon. H. H. STEVENS (Kootenay East): Mr. Speaker, I advised the Minister of Finance (Mr. Dunning) last week that to-day I intended to bring to the attention of the house a matter which, I consider, deserves close thought and careful consideration. I may not be able, within the forty minutes which will be my limit, to cover fully what I wish to say. I may point out now that I have in my hand an amendment, which I do not wish to move because what I shall have to say is in no sense an attack on the government nor does it involve a question of want of confidence, so I shall content myself, Mr. Speaker, with notifying you that I have an amendment to move, if it is necessary, in completing the remarks which I desire to make.

The subject I propose to introduce to-day definitely in my opinion affects the good faith of Canada. It will be recalled that a couple of months ago the Minister of Finance made a very important speech in which he emphasized the desirability of the Dominion of Canada keeping faith in the matter of its contractual obligations not only with persons resident in Canada but more particularly with those resident outside this country, and I recall that his remarks on that occasion met with a general expression of approval by hon. members then in the house. I do not intend this afternoon to make a legal argument; I make no pretence of being qualified to do so, but it will be necessary for me to refer to some statutes dating back a considerable time. Rather I propose to make an appeal for equitable and just treatment based on the facts and as a contractual right.

The subject to which I refer is the claims of the first and second preference stockholders of the Grand Trunk Railway. It is an appeal to parliament for just and equitable treatment. I want to make it clear that I am not directing criticism or blame against any one. I am particularly anxious that what I have to say shall be received sympathetically by the ministry and considered by them—

Mr. LAPOINTE (Quebec East): May I ask my hon. friend whether he is aware that this matter is still before the courts?

Mr. STEVENS: I am not aware of its being before the courts in a way that would make it improper for me to present a case here.

Mr. LAPOINTE (Quebec East): If my hon. friend will permit me, there was a case that went to the privy council, and judgment was delivered by the privy council a year or so ago.

Mr. BENNETT: The Lovibond case.

Mr. STEVENS: That is settled.

Mr. LAPOINTE (Quebec East): No; dismissing part of the action relating to the Attorney General of Canada, and the declarations that the Grand Trunk Railway acquisition stock was involved, and that the orders in council which were adopted by the governor in council subsequently were also of no value. The privy council decided that the matter should have gone there only by way of a petition of right. But they sent back the record to the Ontario courts on the question of damages which those shareholders might suffer by reason of the fact that their names have been removed from the register as owners of those shares, and the question of invalidity of the statute and the orders in council necessarily still arises in the procedure. The case is still pending, and is fixed for hearing for September next.

Mr. BENNETT: On the question of damages.

Mr. LAPOINTE (Quebec East): On the question of damages, because the declaration of the invalidity could not be pronounced against the Attorney General of Canada because there was no petition of right, no fiat. I believe, however, that the country is interested because the Canadian National railway, which is the party in the litigation with those shareholders, is the people of Canada, and the matter of the validity of the statutes and the orders in council is questioned before the courts; so I really do not think this could be discussed while the case is pending.

Mr. SPEAKER: Does the hon. member wish to speak to the point of order?

Mr. STEVENS: Of course, Mr. Speaker, I shall bow to your ruling immediately it is given, but before the ruling is given I should like to make a plea in this connection. I am not going to discuss the matter; I am going to make merely one or two little references. Several times it has been desired that this case should be brought up, and each time we have been confronted with the contention that the matter was before the courts. I had the impression that the case to which the Minister of Justice (Mr. Lapointe) referred had been sufficiently dealt with to clear the way for a discussion in the house. However, the minister has raised his point, and of course if you rule that I am not privileged to proceed I shall have to bow to that ruling.

Mr. SPEAKER: Does any other member wish to speak to the point of order? The point raised by the Minister of Justice (Mr. Lapointe) is, I think, well taken. Under standing order 41 in Beauchesne's Parliamentary Rules and Forms, citation 293, it is declared that:

—a member, while speaking, must not . . . refer to any matter on which a judicial decision is pending.

Reference is made to page 323 of May, thirteenth edition. I think the Minister of Justice has pointed out clearly that this matter is before the courts at the present time. Therefore I hold that the hon. member is not within the rules of the house in carrying on a discussion of this matter.

Mr. LAPOINTE (Quebec East): Of course my hon. friend will be able to proceed with this when the final decision is reached overseas. Meanwhile I shall be pleased if he will send me a brief or any memorandum covering the points which he desires to submit.

Mr. STEVENS: I should be pleased if the government would allow me to send them in that form what I wish to say on the subject. I have no desire to disturb or embarrass the government in any way in this matter.

Mr. LAPOINTE (Quebec East): I quite understand.

Hon. FERNAND RINFRET (Secretary of State): I do not wish to take part in this debate, but I want to make a very short observation in reply to some remarks which have been made by the leader of the opposition (Mr. Bennett) during the course of his speech. He has alluded again to the case of one Karl Rudolf Gerhard, naturalized by the Department of State in 1938, and the activities of a Mr. Karl Gerhard, to whom the press has recently referred. Whether there are one or two persons of that name, and if there are two, to whom should be attributed some of these activities, I must admit is not quite clear, either to the leader of the opposition

or to myself. I gave the other day particulars of the naturalization which was granted to Mr. Karl Rudolf Gerhard in 1938 and indicated what we knew of his residence in Canada during these last years. The press has also alluded to a Mr. Emil Karl Gerhardt, and denials have been exchanged between Mr. Karl Rudolf Gerhard and another gentleman as to the activities of Mr. Gerhard; and I will admit that the situation has got to the point where it requires to be a little bit clarified. I may say that my department is now considering this matter, and I shall not fail to take into account the remarks made this afternoon by the leader of the opposition as to the inquiry that should take place in this case.

Motion agreed to and the house went into committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF PUBLIC WORKS

Chief engineer's branch—construction, repairs and improvements—harbours and rivers—New Brunswick—

Under contract—
Grand Anse—dredging, $7,500.

Hon. P. J. A. CARDIN (Minister of Public Works): I understand it is the desire of the committee that we proceed item by item instead of taking the vote as a whole. The first item is this amount of $7,500, including a revote of $4,800, required to complete the dredging under contract with the Maritime Dredging and Supply Company. This dredging is intended to dispose of the filling that has taken place there, with a view of providing better accommodation for the fishing fleet in the harbour of Grande Anse. Dredging was started last year but was stopped on November 20, owing to adverse weather conditions.

Item agreed to.

Caissie's cape—breakwater repairs and improvements, $17,000.

Mr. CARDIN: This is for repairs to the breakwater, which was seriously damaged by a severe storm in October, 1937.

Item agreed to.

Escuminac—breakwater improvements, $45,000.

Mr. CARDIN: This is to provide for strengthening the outer end of the breakwater by the construction of cribwork. The report of the district engineer is that there is constant damage along this section of the breakwater, and the work is necessary to protect the structure and add to its stability.

[Mr. Rinfret.]

Mr. STEWART: Is this just a matter of repairing and improving an existing breakwater, or is it an extension?

Mr. CARDIN: It is for strengthening the existing breakwater.

Item agreed to.

Wilson's beach—breakwater, wharf extension, estimated total cost $100,000, $50,000.

Mr. CARDIN: This amount, including the revote of $20,000, is to provide towards the construction of an extension approximately 235 feet long in connection with the breakwater wharf. The work is requested by the board of trade of Campobello island, by Mr. Newman of Wilson's beach and by the present member and ex-member of the constituency. The engineer recommends the expenditure.

Mr. STEWART: Was anything spent last year on this work?

Mr. CARDIN: No.

Item agreed to.

Quebec

Under contract—
Rivière Laguerre—contribution towards completion of improvements, the provincial government to bear a like amount, $10,000.

Essential undertakings—
Cape Cove (Anse du Cap)—wharf reconstruction, $41,600.
Cacouna—wharf repairs, $13,000.
Grande Baie (St. Alexis)—wharf reconstruction, $26,600.
Manicouagan—wharf improvements. One-third of cost to be contributed by the Ontario Paper Co. Ltd., $31,000.
Rivière au Tonnerre—harbour improvements, $8,000.
Harbours and rivers generally—for maintenance of services, no new works to be undertaken, $275,000.

Mr. CARDIN: In this vote the first item is Rivière Laguerre. This is a contribution towards the completion of improvements. The provincial government contributes a like amount.

Mr. STEWART: As I recall it, this work has been going on for a considerable time, and there is a joint contribution by the province and this government. Will this vote complete it, or is this another instalment?

Mr. CARDIN: It is supposed to complete the work.

Mr. STEWART: How much has been spent on it altogether?

Mr. CARDIN: The sum of $140,000. The total expenditure to March 31, 1937, was $124,695.

Mr. STEWART: Is it likely to be completed this year?

Mr. CARDIN: Yes, in September. As regards Cape Cove, the amount asked for is to provide for reconstruction in steel sheet piling of the shore end of the wharf. The present wharf was constructed in 1904, and the shore end is now in a dilapidated and weakened condition. The work is recommended by the engineers.

Mr. STEWART: Where is this wharf situated?

Mr. CARDIN: It is near Percé in the peninsula of Gaspé.

Mr. STEWART: What is it used for?

Mr. CARDIN: Ten thousand cords of pulpwood are shipped yearly, and the value of other imports and exports moving over the wharf is over $50,000.

Mr. STEWART: Is there any revenue from it?

Mr. CARDIN: There must be harbour dues or wharfage.

Mr. STEWART: It would be under the Transport department. I do not expect the minister to state the amount, but I should like to know whether there is any revenue.

Mr. CARDIN: I will get that information.

Mr. STEWART: Last year there was a vote of $9.000, and this year it is $41,000. I assume the amount voted last year must have been spent because there is no revote mentioned.

Mr. CARDIN: I have a note to the effect that there was a probable expenditure of $2,700 out of the $9,000.

The amount for Cacouna is the result of a recommendation of the district engineer who reports that a 200 foot section of the south face of that structure is in an advanced state of decay and should be renewed. Cacouna is situated on the south shore of the St. Lawrence about 126 miles below Quebec.

The amount for Grande Baie is to provide for the construction of the inner end of the wharf, which is the only section used at the present time, the outer end having been practically abandoned, on account of decay. The other section has been repaired at various times, being cribwork that is not strong enough for the present traffic which consists largely of heavy trucks. It is proposed to fill the crib with rock and surface it with macadam. Business transacted at that point amounts to approximately $200,000 a year.

Mr. STEWART: In regard to Manicouagan, what is the arrangement there, the reason for it, the estimated total expenditure, and the contribution by the company? I understand that a paper company has a development there; that this wharf was built to get their product out, and that they are making a contribution towards the work. What is the total cost, and what proportion is the company contributing? How much has been spent, and when is the work likely to be completed?

Mr. CARDIN: This amount is to provide a share of the cost of construction of a cribwork structure to protect the stone approach to the wharf. A storm in 1937 damaged the wharf. Up to the present this company has contributed $266,882 in round figures, in various sums since 1929-30. The total cost is $825.992. The government expenditure has been $559,110 so that the company has contributed a little less than half.

The item of harbours and rivers generally, $275,000, is the general vote which is repeated year by year.

Item agreed to.

Ontario

Under contract—
Port Arthur—harbour improvements, $51,300.
Essential undertakings—
Cobourg—maintenance dredging, $20,000.
Owen Sound—harbour repairs and improvements, $49,000.
Sarnia—reconstruction of harbour works, $25,000.
Rondeau—reconstruction of East pier, $28,000.
Toronto—maintenance of eastern channel, $15,000.
Harbours and rivers generally—for maintenance of services, no new works to be undertaken, $180,000.

Mr. CARDIN: Does my friend want to go over this item by item?

Mr. STEWART: Perhaps I could shorten it by intimating what information I think the committee should have. This item provides for some harbour improvements at Port Arthur. As I recall, we have another item in the supplementary estimates for work at Port Arthur. I think the committee should know what we have undertaken there, in both the main and the supplementary estimates, and whether this completes the work or is just an instalment on it. I find in the supplementary estimates, harbour improvements, a revote of $60,000 and a total expenditure of $155,000. Are they different works or are they connected? One is harbour improvements, a revote of $51,300, and then there is this other vote of $155,000 including a revote of $60,000. Are they two separate works?

Mr. CARDIN: Yes, they are entirely separate. This vote of $51,000 provides for dredging. It is a contract awarded to the National Dock and Dredging Company for maintenance dredging in several elevator slips, and providing for repairs to concrete breakwater and deepening the ship berth at the outfitting plant of the Port Arthur Shipbuilding Company. The details of the amount are as follows:

Complete contract with National Dock and Dredging Corporation, $39,300.
Repairs to north pier head at south entrance, $2,600.
Deepening ship berth alongside outfitting dock of Port Arthur Shipbuilding Company, $9,400.

This is entirely separate from what is provided for in the supplementary estimates.

Mr. STEWART: The vote last year was $82,000. Do we understand that the difference between the $82,000 and $51,300, which would be roughly $30,000, was spent last year?

Mr. CARDIN: My information is that the $82,000 provided last year covered part of the work which is now covered by the supplementary estimates.

Mr. STEWART: How much was spent out of the $82,000 voted last year?

Mr. CARDIN: We have not the information here. We will get it when we reach the supplementary estimates item. This $51,000 covers only the dredging. All the rest of the work is covered by the vote in the supplementary estimates.

Mr. STEWART: But I gather that when it says a revote, that means it is part of the same item, the same appropriation of last year.

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

After Recess

The house resumed at eight o'clock.

CRIMINAL CODE

AMENDMENT TO PERMIT SWEEPSTAKES ORGANIZED BY PROVINCES FOR BENEFIT OF UNIVERSITIES OR HOSPITALS

The house resumed from Tuesday, May 31, consideration of the motion of Mr. Bertrand (Laurier) for the second reading of Bill No. 28, to amend the criminal code.

Mr. E. J. WERMENLINGER (Verdun): Mr. Speaker, I shall not be long in what I have to say. May I at the outset express my appreciation of the courtesy which has been displayed in connection with the debate on this bill, as it was displayed in the debate on the bill introduced in 1934.

I intend to vote for the bill. I respect the opinions of hon. members, and of people outside the house. It is my view that if it is necessary either to repeal or to amend section 236 of the criminal code to make the bill effective, then for many reasons that action should be taken. I have received quite a number of communications concerning the proposed amendment, but I shall not take the time of the house to repeat all that has been said. I believe the whole story was outlined in 1934 after a sweepstakes measure had passed both houses in the province of Quebec and the Canadian Senate, but was afterwards rejected by the House of Commons.

As a life governor of a hospital in the city of Verdun, and being familiar with needs for hospitalization, I can say that I believe something should be done for the support of hospitals. I am well aware that there are conscientious objectors whose opinions I respect. Nevertheless we must all realize that each year large sums of money are sent to help hospitals in Ireland or Australia, or to a veterans' association in Newfoundland. To obtain the moneys prizes are offered in connection with the Cambridgeshire handicap, the Derby, or some other sporting event. That is a logical procedure to adopt.

To-day we are in the midst of gambling; there is no use in hiding the fact. I have no doubt that we should respect the opinions of those who conscientiously object to helping hospitals by means of sweepstakes. I would suggest, however, that if the hospitals do not wish to take that money, it could be diverted to some other useful purpose. Some who buy tickets on sweepstakes or lotteries may do so in a gambling spirit, but I suggest that if they did not spend the money for that purpose they would spend it in slot-machines, bingo games, barbottes, or other gambling devices.

This is not a political or party issue, nor was it a political issue in 1934. While I served as alderman of the city of Verdun I became aware, as all hon. members must have done, that circuses, fairs, midways and shows come from other countries, bringing their animal acts, to divert the attention of the children and adults. We learn, however, that if they had no gambling devices in their organizations they would not dare to come. They come with the idea of making money and then taking it back to the United States or some other foreign country.

I do not wish to enter into a discussion of foreign relations, but I do know that there are certain regulations set out by the Department of National Revenue with which fairs, shows or midways must comply. The agricultural and other societies sponsoring the shows are supposed to be bona fide. There must be conformity with forms 1914, B-18 and B-9. But the gambling devices are not included in those permits. If we are not to have lotteries or sweepstakes, then for heaven's sake let us not have circuses, shows and midways from other countries which come here with their gambling devices. Certainly those shows would not come if it were not for the gambling devices they carry.

I am glad this is not a political issue. I am urged to vote for the measure because I wish to help our institutions, and because I know that during June, July, August and September gambling devices do enter the country. Large amounts of money are wagered, and those sums are taken back to another country. Although I do not wish to speak at length, and should like to hear other hon. members or have a vote taken, may I point out that last year in Verdun people were arrested because they were operating gold-digging machines which came from the United States. They come through the customs under the present arrangement. Are we to allow gambling in that form and then not permit the provinces to deal with this question as they see fit? I am not afraid to admit that people were arrested in Verdun for using these gambling devices. These machines came from the United States and were not subject to duty. All that is necessary to get them in is for the secretary of some agricultural fair to state that they are bona fide exhibits. But they were not; they were money-making machines. Are people to be allowed to come from the United States to make money with these gambling devices? I contend that we should amend the criminal code to legalize something which is now being done illegally.

If there are certain hospitals or educational institutions that do not wish to accept money in this form, that would be up to them. Such funds could always be diverted to some other form of charity. We should be logical. I remember in 1934 when you, Mr. Speaker, introduced a bill to amend the criminal code in connection with lotteries, but the motion for second reading was negatived. Both the upper and lower houses of the legislature of Quebec have been unanimous in support of sweepstakes. We should try to do something to alleviate the burden of taxes upon the business man. He is forced to pay taxes to support charitable institutions, baby clinics, girls' and boys' camps and so forth. As a great man told me this morning here, we are on the road to chaos.

I am ready to agree with those who contend that this is bad economy; nevertheless I contend that a law which tries to prohibit everything, sometimes prohibits nothing. The argument is put forth that the legalizing of sweepstakes and lotteries would decrease philanthropic contributions. I do not see it in that way. A philanthropist is a born philanthropist; if he has the means he is able to find plenty of opportunities to demonstrate his generosity. In Montreal the millionaire philanthropists do not grow like onions. This amendment would provide an opportunity for many people who otherwise would not do so to contribute toward the assistance of their fellow citizens. Many people would not make such a contribution unless it was in the nature of gambling. We seem to be entering an era of gambling at the present time. I am sure if I looked in the pockets of many of my colleagues I would find sweepstake and lottery tickets.

Section 92, subsection 7 of the British North America Act provides that the provinces shall have jurisdiction over the maintenance and management of hospitals, asylums and charitable institutions, other than marine hospitals. It is paradoxical to have section 92 state that each province shall look after the maintenance of hospitals, while section 236 of the criminal code forbids their adopting ways and means of doing so. Why should we do something illegal? If the criminal code is not amended, the man who wants to bet will have to change his name. He may be called Jules, like myself, and he would have to change his name to Juliette. He may be called Albert and he would have to change his name to Albertina. I do not approve that.

Bad economy, good economy, we have it in our hands to decide. The slot-machines are simply a racket. Bingo is a racket. Tombolas are a racket. Under section 18 of the Customs Act, five or more cars containing nothing but gambling devices would have to pay only $250 when entering Canada. If there were less than five cars, the rate would be $125. If it were not for the gambling devices that these people are permitted to bring across the boundary line, they would not come at all.

The Minister of Justice (Mr. Lapointe) has introduced Bill No. 137, to amend the criminal code, which will be discussed at a later date.

This gambling device question will have to be settled to the satisfaction of all the people of this country. People should not be allowed to spend their money on these machines and then have that money go to another country. I understand that in 1934, one of the offices of the sweepstakes organization in Montreal sent $294,000 to the Irish hospitals.

As I said before, I respect the opinions of conscientious objectors, but we must remember that prohibition sometimes invites lawlessness, racketeering and profiteering.

Mr. H. J. BARBER (Fraser Valley): Mr. Speaker, coming from British Columbia, I think it might be well for me to make a few remarks on this bill because its mover (Mr. Bertrand, Laurier), has referred to that province as being favourable to sweepstakes. The vote to which the hon. member referred showed that only a very small minority of the people of the city of Vancouver and of British Columbia were in favour of sweepstakes, and I do not think the vote indicated for one moment that the people of British Columbia are favourable to an amendment to the criminal code to legalize sweepstakes in this country. In fact, since this debate opened I have received a large number of communications from my district on the subject of sweepstakes, and only one of them was in favour of this bill. I admit, however, that I am not in a position to state what percentage of the people of British Columbia are favourable to the bill, nor do I think my hon. friend is.

The ministerial association of my city communicated with the attorney general of British Columbia asking his stand on sweepstakes, and under date of April 14 last he replied, "I would certainly refuse to sanction anything of the kind." I am personally convinced that the legalizing of sweepstakes would not, both from a moral and an economic standpoint, be in the best interests of Canada. I should not like to see the lottery business made a department of provincial government, with the tickets backed by the dignity of the province. Some suggest we might sell the tickets in the United States, competing with the lotteries of the petty republics of South America.

There is another reason why I think no member from British Columbia could support this legislation. Without doubt, if this legislation passed and Ontario and Quebec took advantage of it, tickets would be put on sale in the smaller provinces, and the result would be that in a province like British Columbia, with a much smaller population, our people would be contributing, not to our own institutions, but to those of the two larger provinces. So from that standpoint it would not be in the interests of the smaller provinces of Canada to support this legislation.

Great Britain and the United States have both had experience with agitations for legalizing lotteries and sweepstakes, and it is interesting to note that in reply to an agitation in recent years in Great Britain for reenacting legislation legalizing lotteries a commission was set up which inquired into the matter, and from its report I quote the following sentence:

> The existing general prohibition in this country of all lotteries, whether promoted here or abroad, should be maintained, subject to the exemptions referred to below, and the law against foreign and illegal lotteries should be strengthened.

That was the commission's recommendation, and the law in Great Britain to-day makes it illegal in connection with any lottery in Great Britain or elsewhere:

> . . . to print, sell, advertise, distribute tickets, or print or publish any description of a lottery or any prize-winners or winning tickets in one.

That is how the United Kingdom dealt with the agitation for the reestablishment of lotteries.

I do not think it is necessary for me to relate the experience of the United States. In 1834 lotteries were prohibited in that country after an experience over a number of years.

This bill comes before us, Mr. Speaker, clothed in righteousness. It is a little different from the bill before parliament some years ago in that it couples universities with hospitals. The last speaker (Mr. Wermenlinger) urged us to adopt this legislation in order to help hospitals, but I am convinced and I think every member of the house who has had any experience at all with sweepstakes realizes, that an individual purchases a sweepstake ticket not for the purpose of helping hospitals but for what he or she may get out of it. I am also convinced that the legalizing of lotteries and sweepstakes in Canada would not stop the sale in this country of the Irish sweepstakes tickets, because men and women who want to gamble would still pay $2.50 to buy a ticket with the chance of winning $150,000. It would not stop that for one minute.

Those of us who have had experience as public men know how often we are pressed to buy tickets for this, that and the other organization. Just imagine what it would be like if every province in Canada had a bunch of canvassers on the streets selling tickets for sweepstakes!

A peculiar thing about this argument that the sweepstakes are for the benefit of hospitals is that I have not come across one hospital board that was in favour of raising its revenue from the sale of sweepstakes tickets. In March, 1928, a resolution was passed by the Canadian Hospital Council as follows:

That the Canadian Hospital Council cannot support the principle of raising funds by means of sweepstakes.

The British Hospital Association, which claims to be the heaviest loser through the Irish sweepstakes, passed the following resolution:

That the British Hospital Association is not in favour of an amendment of the law affecting public sweepstakes which purport to be for the benefit of voluntary hospitals.

And they go on to point out many reasons why, but I do not think it is necessary for me to repeat them here in detail.

One thing which I think we should consider very seriously is that these institutions, no matter where they may be located in Canada, must necessarily receive additional financial support in addition to the revenue derived from the care of patients. This should be provided through our legislatures and other public bodies. I am of the opinion that just as soon as you set up some gambling device to raise money for hospitals, you will find that the people who now subscribe will direct their donations to some other object.

The hospitals point out that it will be impossible to finance our hospitals by means of a sweepstake. The maintenance cost of our hospitals, excluding capital expenditure, amounted, according to the last Dominion Bureau of Statistics figures, to $41,405,868 for non-mental hospitals and $10,484,937 for mental hospitals, or a total maintenance cost of $51,890,805. The amount contributed by patients was $21,197,612, leaving a balance of $30,693,193, which had to be raised from other sources. While some of this balance comes from non-governmental sources, most of it is made up of the government and municipal share of hospital support. To meet this amount of $30,000,000, the annual amount required from the people, on the basis of the Irish sweepstakes would be $150,000,000. Were the full cost of maintenance to be met, as is anticipated by many, the total amount required would be still higher. The Irish commission, it is pointed out, has received applications for grants from but seventy-three hospitals, and has the English speaking world to draw from. Canada has some 969 hospitals, of which 608 are public and therefore would be eligible, and would have to meet strong competition in selling tickets because of the huge prizes given elsewhere. The burden of supporting our hospitals would be shifted, to the extent of the sweepstakes contributions, to those least able to afford it. This has been repeatedly observed in Ireland, Spain and South American countries.

Let me repeat that I am convinced, after going thoroughly into this matter, as I think any hon. member would be who has followed the history of lotteries in other countries and the experience hospitals have had in regard to lotteries, that this legislation should not be enacted.

In speaking about the legislation I wish to refer to the bill that has been introduced. The bill was introduced and had its first reading on February 24, 1938. I find on my file two copies of the bill. The first bill introduced is the one that I think we are discussing,—the one which was introduced in the regular way, received its first reading and was up for second reading. But since May 9 another bill has been injected into the file, and it is altogether different. It has an explanatory clause and is underlined. That bill did not receive first reading in this house; it was not introduced in the regular way. So I wish to raise the point which the Prime Minister (Mr. Mackenzie King) referred to in dealing with another bill on May 10. The Prime Minister at that time said:

Mr. Speaker, on a point of order, before we proceed any further, the rules of the house as adopted on June 14, 1923, among other provisions contain the following:

"In the text of the bill, on the left hand page, new matter shall be indicated by such typographical means as may best suit the varying circumstances of each case, such as brackets, italics, underlining, asterisks, etc. Opposite each clause, on the right hand page, the enactment amended thereby, or so much thereof as is essential, shall be printed with the proposed changes to be made therein similarly indicated."

I would point out that the bill which was introduced in the regular way and received the first reading does not contain the explanatory clauses to which the Prime Minister referred, and I contend that this bill is not in order.

Mr. SPEAKER: Does any hon. member wish to speak to the point of order?

Mr. BERTRAND (Laurier): Mr. Speaker, on the point of order, I do not remember the number of the rule which was quoted by the Prime Minister. I wish the hon. member who has just spoken would mention it. But I read it at the time, and it applied to the presenting of the bill. The bill needed some

explanatory notes on the right-hand side, and whether those notes were given at the time of the second reading, or before, does not matter. I cannot find the rule. I did not know that the point of order was going to be raised. But I read the rules at the time, and I found out what I have stated. If this bill is not in order, there are many other bills in the same position because I know that five or six government bills were reprinted after the point of order was raised by the Prime Minister.

Right Hon. W. L. MACKENZIE KING (Prime Minister): This point has been raised two or three times. It has been accepted on each occasion that if the explanatory notes were on the bill prior to its second reading, the bill was perfectly in order. My hon. friend the member for Comox-Alberni (Mr. Neill) introduced a bill which had no explanatory notes at the time of the first reading, but the notes appeared there in the course of the second reading, and the bill was allowed to be declared in order. It is quite proper that this bill should be so declared.

Mr. BARBER: I might just draw the attention of the house to the fact that the hon. member for Comox-Alberni was required, I believe, to reintroduce his bill under another number.

Mr. MACKENZIE KING: He had two bills. In the case referred to, the hon. member for Comox-Alberni (Mr. Neill) substituted a new bill.

Mr. SPEAKER: Upon the point of order raised by the hon. member for Fraser Valley (Mr. Barber) I will render my decision the next time the bill is called.

SUPPLY

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

DEPARTMENT OF PUBLIC WORKS

Generally — National Gallery of Canada, $115,000.

Mr. LENNARD: Will the minister explain the increase?

Mr. CARDIN: The increase is to provide a larger sum for the trustees for the purchase of more works of art.

Mr. LENNARD: What is the sense of buying more works of art when there is not a building in which to display the ones they have now? They are all stored away, or at any rate a great many of the valuable paintings are, and the public never see them.

Mr. CARDIN: A number of these works of art are sent to the different provinces for exhibition purposes, and the trustees have not abandoned the idea that some day parliament will provide them with a suitable building in which to display all the works of art we possess.

Mr. BENNETT: This estimate affords me an opportunity to say something which I have wanted to say during the last four or five years but never had a chance until to-night to express. I cannot but think a number of Canadian artists are not adequately represented in the National Gallery. I feel strongly about this. The last time I visited the gallery and looked over the Canadian pictures I certainly found a dearth of pictures by one or two artists who, I believe, might fairly be classified as ranking Canadian artists. I am bound to say that there is one picture which has not impressed me as being authentic. It would seem to be regarded as Van Dyck, and while I am not at all an expert I am inclined to think that it might be well if the word "After" were placed before the name Van Dyck on that particular picture. There is a substantial number of Canadian artists who are not at all adequately represented in the gallery. On the last occasion on which I visited the gallery I tried to make effective my criticism of some pictures there, but I did not succeed. Certainly they do not dignify the National Gallery, whereas some of the paintings of those who are not represented would be an ornament to almost any gallery in the world. It would be unfair, of course, to particularize; for that might be regarded as unkind; but I make that observation to the minister, and I suggest that if he has an opportunity to visit the gallery he might see to what extent Canadian artists are represented there. If he does, I shall be glad to have a discussion with him as to what his convictions are in that regard.

Mr. CARDIN: I am very much inclined to agree with the words of the right hon. gentleman as to proper encouragement being given to Canadian artists. Not being myself an art critic, I would not venture any opinion on the works of art there, though I must confess, even if I am a layman, that it is difficult to admit that certain works which are on exhibit in the gallery are masterpieces. I quite agree, however, that we should do all that we can to encourage Canadian artists as far as possible.

Mr. BENNETT: We have ample funds with which to purchase Canadian pictures. We have had the benefit of the services of excellent experts in the selection of old masters and of contemporaneous pictures as

well. Some of the pictures that have been selected for us abroad are by men of great eminence and are permanent memorials to their greatness. About that there can be no doubt. We have works of most of the great artists, and I am not for a moment suggesting that we should limit our purchases. I must say, however, that I was disappointed—I put it in that way—when last I visited the gallery and looked over Canadian works. I do not think the display is a fair representation of the ability of Canadian painters; that is, those on exhibit. There may, however, be some put away that I have not been able to see.

Let me assure the minister that what I am saying does not refer particularly to his administration; in fact, it refers with equal, if not greater force, to the administration that preceded this. In my opinion, however, the principle is wrong of selecting merely a certain type of picture which apparently merits the approval of a certain type of mind but which does not commend itself to others. If we are to have representation of Canadian art, it should be not of one school only but of all schools, and as far as possible every worthy artist who has produced anything that merits a place in our National Gallery should be there. I suggest that no preconceived notions with respect to one school or one type of picture should prevail, but that all should find a place in the gallery. I admit that we have not produced many great pictures in this country, but at the same time there are one or two of our artists who have achieved very fine landscape. Some have attained great eminence in the painting of trees, which is not easy work. I have seen one or two productions of an artist who happens to be employed in the civil service here, and whose pastel work is particularly good. Some of his water colours have high artistic qualities. In discussing this subject I did not intend to particularize at all but rather wanted to suggest that there should be in the gallery scope for the exhibition of works of every school and of every artist whose work is worthy of a place among the collections of the works of Canadian painters.

Mr. CARDIN: I will undertake to place the views of my right hon. friend before the trustees. In order to show the favourable disposition of the trustees, I may say that during the fall there was in the art gallery an interesting exhibition of Canadian design.

Mr. TAYLOR (Nanaimo): It is a far cry from the leader of the opposition to where I sit, and I am sorry to say I could not hear a single word he said. But I gather from the reply of the minister that he was recommending an increase in the cultural development of our country, and the setting aside of moneys in order to assist Canadian artists and the cultural development of Canada generally. These are the things that last. When we pass away these elements of art, whether carvings in stone or paint on canvas or music on paper, are the things which will be Canada. Unless we realize that even now, in our present hard-up condition, we must strive to perpetuate something of the conditions of our times, Canada will perish. We face westward with a blazoning on our peace tower of the words, "Where there is no vision the people perish." I assure you, Mr. Speaker, that $61,000 set aside for the acquisition of works of art is almost pusillanimous. If we consider the manner in which these things are cared for in other departments equally responsible for the protection of our culture, we ought to be ashamed. I sincerely hope the Minister of Finance and all others in the government will definitely determine to see that Canada is not backward in this matter.

Item agreed to.

Chief engineer's branch—construction, repairs and improvements—harbours and rivers—

Ontario

Under contract—

Port Arthur—harbour improvements, $51,300.

Essential undertakings—

Cobourg—maintenance dredging, $20,000.

Owen Sound—harbour repairs and improvements, $49,000.

Sarnia—reconstruction of harbour works, $25,000.

Rondeau—reconstruction of east pier, $28,000.

Toronto—maintenance of eastern channel, $15,000.

Harbours and rivers generally—for maintenance of services, no new works to be undertaken, $180,000.

Mr. CARDIN: Before six o'clock we were considering the proposed vote for harbour improvements in Port Arthur. I was not then in possession of all the information to give a satisfactory answer to the hon. member for Leeds (Mr. Stewart).

The vote under consideration is for $51,300. It is for dredging and to complete a contract which has been awarded to the National Dock and Dredging Corporation. This vote has no connection with the works provided for in the supplementary estimates to the amount of $155,000. The difference between the amount in 1937-38 and 1938-39 can be explained as follows: The amount of $82,000 is made up of $57,000 voted in the main estimates of

1937-38 for harbour improvements. But it was found, when checking the estimate, that this amount would not be sufficient to pay for the proposed dredging in the harbour, and so in the supplementary estimates a further amount of $25,000 was provided for. This makes the total of $82,000 shown in the column for 1937-38. Out of that amount of $82,000 a contract was awarded. But the price that we got was so low compared with the department's estimate that this further amount was not found necessary. In fact, the lowest tender for the dredging was at the rate of 22¾ cents per cubic yard, although the estimate was between twenty-five and fifty cents a yard.

Mr. BENNETT: That was before you sold the dredges.

Mr. CARDIN: Oh, that was the National Dredging Company. There is no connection. Furthermore I did not sell them.

Out of this $82,000 provided in 1937-38 the expenditure was $30,700, leaving as a revote $51,300. Out of that amount we require $39,000 to complete the contract. We also provide in these estimates for two small additional expenditures which were not then contemplated: repairs to pier head at south entrance, $2,600, and deepening of ship berth alongside the fitting-out dock of the Port Arthur Shipbuilding Company, $9,400. These make up the total of $51,300 that we are asking.

Mr. STEWART: Is it expected that this will complete the scheme of improvement and development which the department has in mind in that port, outside the breakwater? There was an extensive breakwater under construction there. Has that been finished?

Mr. CARDIN: I am informed that there is always a certain amount of dredging to be done in Port Arthur harbour, because some filling takes place there every year.

Mr. BENNETT: You dredge it out of one side and put it on the other?

Mr. CARDIN: No; it is taken out.

Mr. STEWART: As I understand it, the department had a certain plan for improvement and development in Port Arthur harbour, consisting of a breakwater, dredging, and some other improvements. Will this complete the plan, outside what may be required for maintenance dredging?

Mr. CARDIN: I am inclined to think, from the information I have, that this will complete it.

[Mr. Cardin.]

Mr. McIVOR: The work that has been started in Port Arthur has been completed, but when one thinks of that harbour and the multitude of shipping which goes in and out of it, this vote appears very small in comparison with the need, and for keeping that harbour and also Fort William harbour up to date.

Mr. CARDIN: The next item is $20,000 for Cobourg.

Mr. STEWART: That is maintenance dredging too?

Mr. CARDIN: Yes. The next is Owen Sound. This amount is required to provide for improving the approach channel in the outer harbour and reconstructing a section of the wall at the south end of the harbour, which is in very bad condition. The district engineer reports that this wall is crumbling.

Another item is $25,000 to provide for the requirements of eleven timber pile clusters at Sarnia. The south side of the elevator is constructed of steel piles and concrete clusters. The existing wooden piles were driven in 1929. Two of these clusters are now broken off and the rest, according to the report of the engineers, are in bad condition.

Another item is for an expenditure at Rondeau. This amount of $28,000 provides for the reconstruction of a section of the pier. The engineer reports that the rebuilding of the timber portion of the east pier must be done without delay. There is an expenditure of $15,000 for maintenance of the eastern channel at Toronto. That is a dredging item. The item for harbours and rivers generally is a general item found every year in the estimates.

Mr. LENNARD: I notice a reference to harbours and rivers generally, for maintenance of services; what are those services?

Mr. CARDIN: Repairs to harbour works.

Mr. LENNARD: Is there any portion of these amounts for the maintenance of the large cruisers found in some of the harbours, and especially the harbours of Ontario? From what I can gather they are used principally for week-end parties, and are of very little use for harbour control work.

Mr. CARDIN: The vote does not cover such expenditure; further, those boats are not under the Department of Public Works.

Item agreed to.

Manitoba—essential undertakings—Red River —repairs to breakwaters, $35,000.

Harbours and rivers generally—for maintenance of services, no new works to be undertaken, $25,000.

Mr. LEADER: Has any definite action been taken in regard to the opening of Eagle Nest creek at Delta, Manitoba?

Mr. CARDIN: No.

Mr. LEADER: I should like to remind the minister that over three hundred ratepayers and other people belonging to the Delta beach association feel that this matter is not receiving the attention it should receive. I made a trip to Ottawa last year and took the matter up with the deputy. The question is that there is a waterway across some privately owned land used by other people, and it is impossible for the Delta beach association or any other public body or individual to gain access to the public shooting grounds which have been set aside years ago by the Manitoba government.

That creek has been used for years and years. People get into their canoes and follow Eagle Nest creek to get to the shooting grounds. The man who owns the land, a wealthy man from Winnipeg, has put an obstruction across Eagle Nest creek, thereby shutting out the public from access to the public shooting grounds. The Manitoba government has refused to take any action, declaring that it was a matter for the dominion government, and that Eagle Nest creek was a navigable stream and therefore under the jurisdiction of the dominion government. That is why I made the trip to Ottawa to find out whether or not it was under the jurisdiction of the dominion government. My advice at that time was that it was a navigable stream; that orders would be issued to the man in question to remove the obstruction, and that if he did not remove it, the department would undertake to do so and charge the costs of removal to the man who owned the land.

The owner of the land refuses to move the obstruction, but he made the promise that if the dominion government would open the mouth of Eagle Nest creek, which owing to the low waters of lake Manitoba a few years ago, had filled with sand, he would be glad to remove the obstruction. So far as we know, the last letter was received from Mr. Hunter, the deputy minister, on May 13, stating:

I beg to acknowledge receipt of your letter of the 12th instant, enclosing copy of a letter from Mr. R. H. Home of Portage la Prairie, Manitoba, secretary of the Delta beach association, concerning Eagle Nest creek.

The matter will be given the further consideration which you request, and you will be advised later what further action the department contemplates.

That is the last word we have.

In a letter from the secretary of the Delta beach association it is pointed out that if the creek continues to remain closed by the obstruction placed there by the private owner, the hunters and general public who wish to go to the shooting grounds would have to travel six and a half miles in order to reach those grounds, whereas they formerly ran their boats or canoes up Eagle Nest creek for a distance of only half a mile.

The minister has copies of all these letters. The last paragraph of the letter from the secretary of the Delta beach association is as follows:

Regardless of engineer's reports,—

His report was adverse to removing the obstruction.

—this creek was open to the lake for at least fifty years formerly. The delta at its mouth was formed during the recent few years of exceptional low water in the lake.

There is no doubt in our minds if the mouth of this creek was opened it would stay open so long as the water is held at its present level, made possible by the construction of the dam at Fairford.

We, the Delta beach association, demand that our request be given the consideration it merits by the government of which you are a supporter. We feel that there has been too much consideration given to the statements of Mr. Bain and that facts submitted to the government by this association have been treated too lightly.

I consider I am doing only my humble duty in bringing this matter to the attention of the government at the very first opportunity, and in declaring that the people I represent share with me the view that the government is not acting quickly enough to suit all concerned. I should like to have a statement from the minister in regard to what action will be taken, and when it may be expected.

Mr. CARDIN: I am not in a position to-night to give a definite answer. My information is that part of the area was sold by the provincial government to a private party, and that that party fenced the area he had bought from the provincial government. The request was made to the provincial authorities to force the party to take the fences away. There having been no success with the provincial government, representations have been made to Ottawa, and the federal government has been asked to interfere because a navigable stream has been blocked by the erection of a fence. The question offers some difficulty, and it might be difficult to determine exactly whether or not the stream

is what may be called a navigable stream. If it is not, the federal government would have no authority to deal with the situation. We can deal with it only if it is declared to be or recognized as a navigable stream. Before we took any action in the matter, the question would have to be submitted to the Department of Justice. I have no hesitation in saying that I am not familiar with this situation, but I shall look into it and try to the best of my limited ability to see what remedy can be found.

Mr. LEADER: I have a letter from the minister's deputy, which was sent to me in answer to the representations I made in the early part of the winter. The letter reads:

The construction of a fence across Eagle Nest creek, lying just south of lake Manitoba, has received further consideration and it has been decided that, since no permission was granted under the Navigable Waters Protection Act, for this structure which effectually blocks the use of the creek for navigation, to advise the owner, Mr. D. H. Bain, of Winnipeg, Manitoba, that the construction of this fence is contrary to the terms of the Navigable Waters Protection Act, and to request him to have it removed.

I know that Mr. Bain was notified to remove this obstruction, but he absolutely refused to do so. He states that he will stand a lawsuit first. He makes a suggestion to the government which perhaps offers a way out. He says he will remove the obstruction if the government will undertake to open up the mouth of the creek which was closed during the time of low water by sand filling in. The engineer says that the mouth will fill up again, but there is no danger of that as long as the present level is maintained in lake Manitoba. That level will be maintained because a dam has been erected further north. I suggest to the minister that he undertake to clean out the mouth of Eagle Nest creek. Mr. Bain promises to remove the obstruction, and then all concerned will be happy.

Mr. CARDIN: My hon. friend realizes that I cannot give him assurance that this will be done without first ascertaining what amount of money will be involved. I can promise him that I will give this matter my best attention.

Mr. BENNETT: If anybody's right of navigation is being interfered with, he has a right to remove the obstruction.

Mr. LEADER: I thank the minister for his reply. If he would care to accept a private estimate of the cost, one was made by an officer of the Delta beach association. He estimates that the mouth of Eagle Nest creek can be cleaned out for $500 at the most, although others say it can be done for $300.

[Mr. Cardin.]

Mr. CARDIN: I cannot make any definite commitment, but if it will not cost any more than that there is a possibility that my hon. friend's request will be met.

Item agreed to.

British Columbia—essential undertakings—Campbell river—wharf repairs, $8,800.

Mr. TAYLOR (Nanaimo): Is the minister prepared to do anything about the government wharf at Ladysmith? This is quite a progressive town and a number of vessels call in there to take away logs. There have been occasions when it has been quite difficult to reach the shore on account of the lack of a wharf. At one time a seaman on one of the vessels who was suffering from appendicitis was brought ashore under such circumstances that he died. Perhaps that cannot be laid at the door of the government, and I do not indicate that it should, but the fact is that a town the size of Ladysmith has been debarred from the convenience of wharf accommodation. The government wharf has been closed off because it was in a state of disrepair, and notices have been placed to the effect that pedestrains use it at their own risk. Is there anything in the estimates to permit something being done this year?

Mr. CARDIN: There is no special estimate, but I shall undertake to have the officers look into the matter. If it can be taken care of under the vote for repairs, I shall be only too pleased to order the work done if the cost can be kept within reasonable bounds.

Mr. TAYLOR (Nanaimo): A little money would go a long way if it were properly expended. I should like to refer to the Robert's bay wharf at Sidney. I drew the attention of the department to the fact that the little shed at the end of this wharf had been dislodged from its position. Two or three strong men could have placed that back again, but I am informed that it has been taken away and destroyed. This seems to be an expensive way in which to handle a small repair matter. I am drawing this matter to the attention of the minister in order that he may know just what is the situation in Nanaimo riding.

Item agreed to.

Fraser river—contribution towards protection work at Rosedale, the provincial government and the municipality of Chilliwack each to contribute a like amount, $4,000.

Mr. STEWART: The vote last year was $2,000. Has some new arrangement been reached?

Mr. CARDIN: This amount is needed for the protection of the bank of the Fraser river at Rosedale.

Item agreed to.

Yukon—essential undertakings—Stewart and Yukon rivers—improvements, $5,000.

Mr. STEWART: What is the reason for the small increase here?

Mr. CARDIN: The increase due to statutory increases amounts to $440, and there is provision for the return of the five per cent salary deduction.

Item agreed to.

Telegraph branch—telegraph and telephone services—operation and maintenance—land and cable telegraph lines—lower St. Lawrence and maritime provinces, including working expenses of vessels for cable work, $133,000.

Mr. STEWART: Is this the cost of operating all these maritime lines?

Mr. CARDIN: Yes. There is an increase of $1,000 due to a statutory increase.

Item agreed to.

Telegraph and telephone services—operation and maintenance—Alberta and Saskatchewan, $92,500.

Mr. STEWART: There is an increase of $5,000 in this item.

Mr. CARDIN: Yes; it is due to statutory increases and the restoration of the five per cent salary deduction.

Item agreed to.

Telegraph and telephone services—operation and maintenance — division superintendent's office, Vancouver, $12,300.

Mr. BARBER: Will the minister explain this vote?

Mr. CARDIN: It is to provide for the payment of salaries of the staff of the division superintendent's office at Vancouver. The staff is utilized in the maintenance and operation of all lines in British Columbia. There is a small increase due to statutory increases, also the restoration of the five per cent salary deduction.

Mr. STEWART: I notice there is an increase in the staff from forty-six to fifty-one. I thought the policy of the department was to get out of the telephone and telegraph business so far as possible, and some lines were disposed of. Has there been any further progress along that line, or have there been any additions or extensions?

Mr. CARDIN: I am informed that we are always building short sections of line in British Columbia. Certain additions are being made practically every year.

Mr. STEWART: Were there any extensions last year that caused this increase in the number of the staff?

Mr. CARDIN: I do not see it under this vote, but it might be under item No. 334, which covers the British Columbia northern and Yukon districts, reconstruction, repairs and improvements. It may be that under that item the extensions are listed.

Mr. STEWART: I was wondering why there was an increase in the staff from forty-six to fifty-one.

Mr. CARDIN: Unfortunately I have not the details here but I shall be glad to provide them later.

Item agreed to.

Telegraph and telephone services—operation and maintenance—British Columbia—Vancouver island district, $92,200.

Mr. STEWART: There is another increase here, $4,720.

Mr. CARDIN: The increase is due to the restoration of the five per cent salary deduction which accounts for $2,910, and there is an increase of $1,810 in the allotment for contingencies.

Item agreed to.

Telegraph branch—reconstruction, repairs and improvements—maritime provinces, $8,000.

Mr. STEWART: This is a new item. There was no similar item last year. What does this cover?

Mr. CARDIN: The amount of $8,000 is required for general repairs to the telegraph and telephone lines on Cape Breton island. The department maintains on Cape Breton island telegraph and telephone lines with a total mileage of 861 miles. The telegraph line mostly follows the coast. The principal line serves the north coast from Sydney to Baie St. Lawrence, providing an essential service to the large fishing and shipping interests in that section.

Item agreed to.

Telegraph branch—reconstruction, repairs and improvements — Saskatchewan and Alberta, $16,500.

Mr. STEWART: Is this for repairs only?

Mr. CARDIN: Yes, general repairs and improvements.

Item agreed to.

Telegraph branch—reconstruction, repairs and improvements — British Columbia — Vancouver island district, $9,000.

Mr. TAYLOR (Nanaimo): Is there any particularization of this total?

Mr. CARDIN: This amount of $9,000 is required for general repairs and improvements on Vancouver island district lines, as requested by the general superintendent of the government telegraphs in his memorandum. There are 928 miles of lines.

Item agreed to.

Generally—To supplement, on approval of treasury board except where less than $200 is required, any of the appropriations of the Department of Public Works, $100,000.

Mr. STEWART: I notice that last year there was provided for this purpose $5,000, and this year it is $100,000. What has led to there being such a substantial increase in this item?

Mr. CARDIN: This is to cover cases where the estimate is short. Instead of contractors having to wait for a year for their money, when the expenditure exceeds the estimate we have provided this amount of money. This enables the contractors to avoid having to wait for another year.

Mr. STEWART: I understand that an item of this kind has been carried for a number of years in the department. What was the approximate amount in former years?

Mr. CARDIN: I am informed that in those days it was limited to an expenditure not exceeding $200. We now provide for payments over $200, but with the approval of treasury board.

Mr. STEWART: Well, was the approval of treasury board required—I have forgotten—when an item was under $200?

Mr. CARDIN: Not for items up to $200.

Mr. STEWART: Then the scope of the item has been enlarged?

Mr. CARDIN: Yes.

Mr. STEWART: There was that small basket item to cover small excesses not to exceed $200, which amounts were paid without the approval of treasury board. Now the amount of the item has been raised to $100,000, and anything over $200 will require the approval of treasury board?

Mr. CARDIN: Yes.

Mr. STEWART: And the $95,000 would be available for paying any of the items of the public works department, would it?

Mr. CARDIN: Yes.

[Mr. Cardin.]

Mr. STEWART: Any items in these estimates?

Mr. CARDIN: Yes. Exactly.

Mr. STEWART: It has enlarged the scope of the item.

Mr. CARDIN: That is why the check of treasury board has been mentioned.

Item agreed to.

Chief architect's branch—construction, repairs and improvements of public buildings—Nova Scotia—Bridgewater public building—addition, $16,500.

Mr. HEAPS: What public building is represented in this vote?

Mr. CARDIN: This amount is required to provide for the construction of an addition to an existing public building, in order to provide increased accommodation for the postal service.

Mr. STEWART: Why is the additional accommodation necessary?

Mr. CARDIN: There was a request from the Postmaster General. His department advises that the accommodation is entirely inadequate as it is at present.

Item agreed to.

Halifax Rockhead hospital—reconditioning and improvements, $18,700.

Mr. BARBER: What hospital is this? A military hospital?

Mr. CARDIN: This is a Pensions and National Health hospital.

Mr. STEWART: There is a revote of $13,500. What was the amount of the vote last year?

Mr. CARDIN: The appropriation of last year was $30,000. This is required to complete the work. The contract was for $26,950.

Mr. STEWART: Was the contract let for $26,000 on an appropriation of—

Mr. CARDIN: The appropriation was $30,000.

Mr. STEWART: And $16,000 was spent, and there is $13,000 of a revote?

Mr. CARDIN: Yes.

Item agreed to.

Halifax old post office building—alterations and improvements, $32,000.

Mr. STEWART: There was a very fine new public building erected at Halifax. What is the old one being used for?

Mr. CARDIN: It is to provide space for the Bank of Canada and the Royal Canadian Mounted Police in the old building.

Mr. STEWART: Do you get rentals for the use of the premises by the Bank of Canada?

Mr. CARDIN: Yes.

Mr. STEWART: Where were the mounted police before this accommodation was provided?

Mr. CARDIN: They were in rented quarters.

Mr. STEWART: And I suppose that rental will cease?

Mr. CARDIN: Yes.

Mr. STEWART: And they will be put in this old post office building?

Mr. CARDIN: Yes.

Mr. STEWART: And the Bank of Canada will rent some of this space?

Mr. CARDIN: Yes.

Item agreed to.

Louisburg—public building, $23,000.

Mr. HEAPS: In the case of all these public buildings, will the minister mention the population served by these buildings and at whose request the buildings are being erected?

Mr. CARDIN: In this case, at Louisburg, the population is 971.

Mr. BENNETT: How far along is that work?

Mr. CARDIN: The sum of $300 would be saved in rent in one case, and $200 in the other.

Mr. HEAPS: Do I understand that we are paying $500 per annum in rentals now in the town of Louisburg?

Mr. CARDIN: Yes.

Mr. HEAPS: And to make that saving the government is going to spend $23,000.

Mr. CARDIN: Yes.

Mr. HEAPS: On whose recommendation is this building being erected, and for what purposes is it to be used?

Mr. CARDIN: It is to be used for post office and customs purposes.

Mr. HEAPS: Has the Post Office Department requested the erection of a building?

Mr. CARDIN: I have no note as to a request from the Post Office Department, but I assume there is a recommendation, because in connection with all public buildings for that department there is a recommendation.

Mr. HEAPS: I think we should have that recommendation from the Post Office Department before us now, because apparently we are going to spend $23,000 to erect this building, apart from cost of maintenance, heating, janitor services and so on, all of which we are now receiving for $500 a year or about $10 a week. I can hardly conceive of the Post Office Department, looking at the matter from a business point of view, wishing to have such a building erected and having to pay one-half of the cost. I do not know how much revenue the Post Office Department gets in this town, but if there is a population of 900 I do not see that a building of that kind is necessary to serve the people there. I should like the minister to get that information for us. As he knows, I have strenuously objected to the erection of post office buildings in the indiscriminate way in which they have been put up in the past, buildings being loaded on to the Post Office Department whether they want them or not. I think we should have the letter from the Post Office Department on record before we agree to this particular vote.

Mr. CARDIN: This locality is visited by a number of tourists. It is an historic site in Nova Scotia, and there is an old fort there which is of some importance, besides a museum. I am afraid that my hon. friend is a little too severe in his criticism when he asks for justification from the point of view of dollars and cents for every building erected in Canada. As I have already said in this house, when large expenditures are being made in the larger centres of population to accommodate the people and provide necessary services, we should show some consideration at least to the small places where the rural population lives, and if we want to make those places attractive we should not refuse all the requests they make for the beautification—I do not hesitate to use that word—of their home towns. We are always advocating that people should live in the rural sections of the country and should remain there, and people in the cities suggest that those who cannot find employment should move to the country. That plea would come with greater force if we showed some consideration to the smaller localities and once in a while made a little expenditure on their behalf to prove our intentions. After all, the real strength of the country is derived from those sections.

Mr. HEAPS: I am quite prepared to deal as generously as anyone else with every district whether large or small, but the question whether this district is large or small has no bearing on the principle I am trying to lay

down. If the Post Office Department wants a building, the request should come from that department. I object to any member of this house going to the Department of Public Works and asking to have a building put up in his constituency. It is bad policy; it is bad politics, and it is bad for the dominion. A post office building, about which I knew nothing, was erected in my constituency, and it is not fully occupied to this day.

An hon. MEMBER: Did the hon. gentleman take credit for it?

Mr. HEAPS: I certainly did not, and I do not want to take credit for having any building put up in my constituency. I do not think members are sent here to make pleas for buildings to be erected in their constituencies; they have more important work to do. If all that a member can think of is to have some little patronage in his own constituency, then I suggest he is not performing any real service to the dominion.

Mr. BARRY: Who should take credit for relief in Winnipeg?

Mr. HEAPS: The federal government, because they are responsible for the unemployment situation. In regard to this particular problem, I have laid down the principle that if a post office building is needed the request should come from that department. I have no objection to a building going up in the town of Louisburg if it can be shown that it is required. But on the figures placed before the committee this evening, showing that they are being accommodated for $500 a year and that we are now asked to authorize a capital expenditure of $23,000, I submit that the minister cannot justify the request unless he can show that there is a commensurate revenue to the post office and customs departments there. But the minister is not in a position to indicate that. If he can show that, I have nothing more to say. Under the circumstances the least the minister can do is to give the committee the information which it has a right to expect. I have no wish to object merely for the sake of objection, but hon. members will agree that my objection is a valid and sound one, especially when we are talking about governing the country on business principles. We should know exactly where we stand in connection with a self-contained utility serving the public; but how can the Post Office Department know what their position is unless they themselves are responsible in a matter of this kind?

Mr. CARDIN: The revenues derived in the locality are in the vicinity of $2,400 a year.

[Mr. Heaps.]

Mr. HEAPS: The postal revenues?

Mr. CARDIN: Postal and customs.

Mr. HEAPS: What will be the cost of maintaining this building, allowing for the usual interest?

Mr. CARDIN: One-third, I suppose.

Mr. HEAPS: I would say offhand that it will cost almost as much to maintain this building and to collect the revenues in that district as the total revenues amount to. Just figure it out.

Mr. ISNOR: Figure it out on a four per cent basis.

Mr. HEAPS: I think I have a right to the information I have requested.

Mr. ISNOR: Perhaps the hon. member who raised the objection overlooks the fact that Louisburg is one of our old historic places in Nova Scotia and is perhaps worthy of a suitable post office building. I do not represent Cape Breton; but I know that ground, and I think hon. members throughout Nova Scotia and the maritimes would welcome an expenditure such as this.

While saying a word about Louisburg, I wish at the same time to draw the attention of the minister to requests in connection with some fast growing districts, in Halifax constituency. I have in mind a petition presented to the Postmaster General—and I believe it also reached the office of the Minister of Public Works—in regard to Armdale post office. A few years ago we had a population of two or three thousand; now we have something like seven thousand people residing in the immediate vicinity of what is known as Arm bridge. I respectfully draw the minister's attention to that request which was made last year and renewed this year. I am making representation as a member from Halifax; I differ from the hon. member who has just taken his seat (Mr. Heaps); I think it is our duty as representatives of different constituencies to place before the minister our representations on any matter affecting our constituency. I am doing that now, asking the minister not to overlook the request for a new post office or public building at Armdale.

I might add that there is also a request from Middle Musquodoboit for a post office, and another one comes from Sheet Harbour.

Mr. MacNICOL: Is this a new post office building to be erected at Louisburg?

Mr. CARDIN: Yes.

Mr. MacNICOL: Then I want to say a word in its favour. I commend the minister for erecting a new building in that historic place. I visited it two years ago, and I went all over the town down there trying to find a place to buy stamps. There were about a thousand tourists there from all over the country, including many in United States cars. I am satisfied, now that these famous fortifications have been rehabilitated to a certain extent and marked so that tourists can, as they go around, study something of the historic events which took place there in the early days of settlement on this continent, that as they return home they will tell what an interesting sight it is, and I have no doubt that, as time goes on the number of tourists increases, so many postage stamps and post cards will be sold that it will go a long way to pay for this building in that historic centre.

Mr. STEWART: Has the contract been let?

Mr. CARDIN: Yes.

Mr. BENNETT: How could the contract be let under the treasury board act without a vote being passed? There is a provision in that act that you cannot let a contract for anything unless parliament has antecedently voted the money.

Mr. CARDIN: There was a vote last year of $20,000.

Mr. BENNETT: But there was no work done under it.

Mr. CARDIN: Yes; the order in council accepting the tender was passed on January 21, 1938, when the amount voted last year was still standing.

Mr. BENNETT: Who is the contractor?

Mr. CARDIN: The Fundy Construction Company of Halifax.

Item agreed to.

Mulgrave—public building, $28,000.

Mr. HEAPS: May I ask the same question in regard to this item?

Mr. CARDIN: The population is 1,000.

Mr. BENNETT: That must have been counted at the time the train was in.

Mr. CARDIN: The postal revenue is $3,371 and the customs revenue, $1,000.

Mr. HEAPS: Is this also an historic site?

Item agreed to.

Port Hawkesbury—public building, $22,500.

Mr. STEWART: I suppose the same convincing arguments that the minister used about the others would apply here.

Mr. CARDIN: Yes; they apply to all of Nova Scotia; the whole of Nova Scotia is historic.

Mr. HEAPS: Can the minister assure us in regard to both these places that the Post Office Department has requested the erection of these buildings?

Mr. CARDIN: I have nothing here from the Post Office Department. But I will undertake at another sitting to inform my hon. friend as to the requests or representations made by the Post Office Department in regard to these buildings.

Mr. HEAPS: Is the minister sure that the Post Office Department has requested the erection of these buildings?

Mr. CARDIN: I have a recollection that it has.

Mr. KINLEY: What do they elect members down there for?

Mr. HEAPS: I have sometimes asked that question myself.

Mr. BARRY: Does the hon. member for Winnipeg North (Mr. Heaps) consider himself under a moral obligation to oppose every vote for the maritime provinces?

Item agreed to.

Stewiacke—public building, $18,000.

Mr. BENNETT: What is the population of Stewiacke?

Mr. CARDIN: This is a revote.

Mr. BENNETT: I thought the population was only around 450.

Mr. CARDIN: It is about 900.

Item agreed to.

Wolfville—purchase of property adjacent to public building, $1,500.

Mr. STEWART: What was the vote last year? I notice there is a revote of $1,500. Is there a revote of the full amount, and for what purpose is the property being extended?

Mr. CARDIN: It was the same amount last year.

Mr. STEWART: Apparently the purchase was not completed last year, and it is being revoted this year.

Mr. CARDIN: No; it was not completed last year.

Mr. STEWART: How much land is being taken, and for what purpose is it required?

Mr. CARDIN: Twenty-five foot frontage, on the main street, to a depth of thirty-five feet.

Mr. BENNETT: That is a good price.

Item agreed to.

Prince Edward Island—Charlottetown—public building—addition and alterations, $6,500.

Mr. COCHRANE: What about the tidal dam recommended to be built at Eatonville? The recommendation was made by the engineers of the department.

Mr. CARDIN: We are not discussing harbours and rivers.

Mr. COCHRANE: That is a harbour.

Mr. CARDIN: But we are dealing with public buildings. When we reach harbours and rivers I shall answer the hon. member.

Mr. STEWART: What is the reason for the alteration costing $6,500?

Mr. CARDIN: It is for the completion of a contract, to be paid to A. T. MacKinnon for the construction of a one storey addition to a building in Charlottetown housing the income tax branch. The addition is being made to a one storey brick structure eighteen by twenty-five feet. The additional accommodation is to be used by the Post Office Department.

Mr. STEWART: Will that terminate the rental we are now paying for space? Does it just afford additional accommodation for the staff?

Mr. CARDIN: Yes; it affords additional space for the staff already in the building.

Item agreed to.

New Brunswick—Bathurst—public building—addition and alterations, $15,000.

Mr. STEWART: What is the reason for the alterations?

Mr. CARDIN: It is to afford more accommodation for the Post Office Department.

Item agreed to.

Fairville—purchase of property adjoining public building, $3,500.

Mr. BENNETT: What is the size of the property at Fairville? The last time I heard of a sale down there, a man gave property away to escape taxation.

[Mr. Stewart.]

Mr. CARDIN: The property in question is owned by Mr. Collins of Fairville, and has a frontage of fifty feet. There is a fifty foot frontage on the main street and 100 feet on Charles street.

Item agreed to.

Minto—public building, $21,000.

Mr. STEWART: Was it the same amount last year?

Mr. CARDIN: There was an appropriation of $24,700, and expenditures of $1,930.

Mr. STEWART: Has the contract been awarded?

Mr. CARDIN: Yes.

Mr. STEWART: For what amount?

Mr. CARDIN: For the sum of $15,500.

Mr. STEWART: When was the contract awarded?

Mr. CARDIN: November 18, 1937.

Mr. STEWART: Is the additional amount over and above the amount of the contract required for furnishings and equipment?

Mr. CARDIN: Yes, post office fittings.

Item agreed to.

North Head—public building, $31,000.

Mr. CARDIN: This building is to accommodate postal and telegraphic services. The property is on the north side of the main street and was purchased in September, 1937.

Mr. BENNETT: How much was paid for the land?

Mr. CARDIN: The sum of $1,000.

Item agreed to.

Rogersville—public building, $13,000.

Mr. CARDIN: This is a public building to be erected under contract with J. S. Roy of Moncton; the contract does not include fittings. The building is to be located on the east side of the main highway. The property was purchased in 1937 for $700.

Item agreed to.

St. Leonard—public building, $15,000.

Mr. BENNETT: Is that not in Madawaska county? How many people are in St. Leonard?

Mr. CARDIN: Yes, in the constituency of Restigouche-Madawaska.

Mr. BENNETT: The last time I was there, the population was about 200.

Mr. ISNOR: That was a long time ago.

Mr. CARDIN: There is a population of 2,245.

Mr. STEWART: What service will be accommodated in the building?

Mr. CARDIN: Post office service.

Mr. HEAPS: Perhaps the minister could satisfy me on a question regarding all the buildings connected with the votes being passed this evening. In all cases where post office accommodation is being given to the public, has the minister received requests from the Post Office Department to erect those buildings?

Mr. CARDIN: I cannot say positively that there is a request from the Post Office Department in every case.

Mr. BENNETT: It usually comes through a member.

Mr. CARDIN: I am under the impression that, in most instances there is a request by the Post Office Department. In this instance I am informed with some certainty that there is a request from the Post Office Department.

Mr. BENNETT: I should think in this instance it came from the minister's colleague.

Mr. CARDIN: The post office inspector made the recommendation.

Mr. HEAPS: I am glad the minister had a recommendation in this instance, and I hope he has in all the others. I look upon these post office buildings as being in a different category from that of other buildings which may be required. When we had these estimates under consideration last year we were given to understand that no more post office buildings would be erected unless recommendations were received from the Post Office Department.

Mr. MacNICOL: I would warn the minister not to take the Post Office Department too seriously. When the post office estimates were before the committee I brought up an outrageous affair that had occurred in my riding. A post office had been moved a couple of blocks, and the Post Office Department tried to pass this off on the Department of Public Works. I think the Department of Public Works should scrutinize carefully anything asked for by the Post Office Department.

Mr. HEAPS: Who is to be responsible for the buildings? I know of an outstanding instance where a post office building was erected some years ago which the Post Office Department did not want and has not wanted to this day. This building bears a sign that it is a post office, but it has not been used as such. This is one reason why I think the Department of Public Works should not erect a post office building until the Post Office Department makes a request for same.

Mr. BENNETT: Some of them are samples of the pork-barrel.

Mr. HEAPS: There is one of them I would not wish to emphasize too strongly at this particular moment.

Item agreed to.

St. Stephen — building for customs and immigration purposes, $21,000.

Mr. STEWART: Fairly extensive and expensive improvements are being made at this point. St. Stephen is on the international boundary, and on account of the density of traffic certain improvements were necessary and some new buildings were required. At one time consideration was being given to increasing the width of the bridge. Have all these problems been straightened out, and will this vote cover all that is required on our side of the line?

Mr. CARDIN: I am informed that this will clean up all our obligations.

Mr. BENNETT: This is a good sized building and is to serve immigration, postal and customs needs.

Item agreed to.

Quebec—Amos—public building, $50,000.

Mr. STEWART: What was the vote last year, and has the contract been let?

Mr. CARDIN: The appropriation was $55,000, and the contract for $39,842 was awarded in December, 1937, to the Walters Construction and Engineering Company.

Mr. STEWART: The lowest tenderer?

Mr. CARDIN: Yes. Seven tenders were filed.

Item agreed to.

Drummondville — public building — addition and alterations, $7,000.

Mr. CARDIN: This is for the construction of an additional storey on the examining warehouse to provide increased accommodation as requested by the commissioner of customs.

Mr. BENNETT: That is a growing community.

Item agreed to.

Hull—armoury, $260,000.

Mr. STEWART: This is a rather large item for an armoury so close to Ottawa. What was the vote last year?

Mr. CARDIN: The vote last year was $100,000 towards the construction of the building.

Mr. STEWART: Was the contract awarded?

Mr. CARDIN: Yes, and the work has been started.

Mr. STEWART: What was the amount of the contract?

Mr. CARDIN: A contract for $234,800 was awarded to Concrete Construction Limited, Montreal. I have no hesitation in saying that this contract was a little higher than we felt it should be; but the plans and specifications were checked by the Department of National Defence, and we were informed that this building was necessary to provide the accommodation required.

Mr. STEWART: The vote last year was $100,000, and yet a contract for $234,000 was awarded?

Mr. CARDIN: Yes.

Mr. STEWART: Before this vote had been passed. Under what authority could the department award a contract for $234,000 on a vote of $100,000?

Mr. CARDIN: I understand that is done. We do not always vote the full amount required for the construction of a building. Sometimes we provide a certain amount towards the construction of such and such a building. If I remember correctly, last year when the item of $100,000 for this armoury was passed I stated that we believed the building would cost $200,000 but there was no use in voting too much money. When money is not to be spent in the particular year, it increases the amount of the estimates. I am informed that it is the practice of the department to award contracts provided we have received approval of a vote of practically one-half the amount.

Mr. BENNETT: Provided the expenditure is not greater than the estimate during the year in which the estimate is made.

Mr. CARDIN: When the item was voted last year we did not think we could spend even the $100,000, and in fact we did not spend that amount.

Mr. BENNETT: I should like to ask the minister how he managed to get an appropriation for an armoury through council. I can recall the speech of the Prime Minister to the effect that the armouries scattered around the country spelled the loss of liberty and freedom of the people and demonstrated the growth of militarism. Here we have an armoury that overawes the capital itself. This is a serious matter. I have no doubt the minister got this estimate through council in the absence of the president of the council, who happens to be the Prime Minister. Otherwise, surely he would never have managed to get an appropriation for an armoury in Hull. As the poet says:

And freedom shrieked—as Kosciusko fell!

What a shriek there must have been when the appropriation for this armoury went through, in view of the denunciation of armouries one heard on the radio in the fall of 1935. The minister will remember it.

Mr. CARDIN: I do not.

Mr. BENNETT: That settles it. That is how it got through.

Mr. COCHRANE: I think we should have some explanation why this armoury is being built in Hull, costing the taxpayers of this country $270,000. Why is it being built? I want to know something about it.

Mr. BAKER: How many regiments are housed in it?

Mr. BENNETT: Where are the anti-militarists?

Mr. COCHRANE: I want an explanation of this item.

Mr. CARDIN: It houses the Hull Regiment, including the headquarters company and four rifle companies, with a total strength of all ranks of 470. The request came from the regiment itself and those interested in its welfare, and was approved by the National Defence department.

Mr. BAKER: It is just half a regiment.

Mr. STIRLING: The amount of the revote would indicate that $16,500 was spent last year; on what was that spent?

Mr. CARDIN: We paid $10,000 for a site. In addition, advertising for tenders, legal services and architect's fees account for the expenditure of $16,500.

Mr. STIRLING: An outside architect was employed?

Mr. CARDIN: Yes.

Mr. STIRLING: Who was he?

Mr. CARDIN: Mr. Bournet, of Hull.

Mr. STEWART: What is the size of the site, because $10,000 seems a pretty substantial amount to pay for a site, if I know where this armoury is?

Mr. CARDIN: The size is twenty-one acres.

Item agreed to.

L'Assomption—public building, $24,000.

Mr. CARDIN: This is a public building already under contract.

Item agreed to.

Lennoxville—public building, $25,000.

Mr. STEWART: Is this just for a post office or a combination building for postal, customs and other services?

Mr. CARDIN: It is a post office on the government-owned site on the corner of Main and Belvedere streets. The postal revenues amount to $11,000.

Item agreed to.

Louiseville—public building—addition, alterations and improvements, $10,000.

Mr. CARDIN: This is to provide for an addition to the public building, for increased accommodation for the post office.

Item agreed to.

Montreal, Craig street drill hall—improvements and repairs, $75,000.

Mr. STIRLING: What are these repairs and improvements?

Mr. CARDIN: Last year, under a vote of the National Defence department, repairs were commenced to the front and back walls of the drill hall, just in front of the Champ de Mars, back of the city hall. When they had put the scaffolding around the building and started to make the repairs, the walls were discovered to be in such a condition that there was no use trying to repair them.

Mr. BENNETT: I suppose the contractor discovered that.

Mr. CARDIN: The condition of the walls was such that they abandoned the idea of repairing them, and the idea now is to reconstruct the front and back walls. Their condition was such that the man who was undertaking the repairs was forbidden to take away the scaffolding for fear the walls would fall.

Mr. STIRLING: Had not a report of the department been prepared on which the tender was let? Was not the condition of the walls known before the letting of the tender?

Mr. CARDIN: They could not ascertain the real condition of the walls until after they had started the minor repairs they intended to make. The repair work was undertaken by the National Defence department last year, and the scaffolding is still around the building.

Item agreed to.

Montreal—old examining warehouse—improvements, alterations and repairs, $25,000.

Mr. CARDIN: This amount of $25,000 is to provide for alterations and improvements to the third floor of the old examining warehouse, to provide new accommodation for the food and drug laboratory of the Department of Pensions and National Health. The work was requested by the Minister of Pensions and National Health.

Mr. BENNETT: That is the place which was abandoned when they moved to new premises?

Mr. CARDIN: Yes.

Item agreed to.

Montreal—public building—addition and alterations, $10,000.

Mr. CARDIN: This amount is required for cleaning the exterior of the old portion of this building, called the first unit, which was built in 1916, to make it harmonize with the new section of the building, called the second unit.

Mr. BENNETT: The harmonizing of ideas seems to have been one of the major operations of the government recently. Nice work that, their harmonizing of ideas.

Item agreed to.

Mont Joli—public building, $25,000.

Mr. CARDIN: This amount of $25,000 is to provide for the purchase of a site and the erection thereon of a public building for postal purposes in the town of Mont Joli, in the constituency of Rimouski.

Mr. BENNETT: That is a terminal point on the railway. A very important community!

Item agreed to.

North Hatley—public building, $13,500.

Mr. CARDIN: The contract has been awarded to Mr. J. A. Verret, of Sherbrooke, for the sum of $8,348.

Mr. BENNETT: Hatley has at least twenty-five residents.

An hon. MEMBER: With summer visitors.

Item agreed to.

Percé—public building, $15,500.

Mr. STEWART: Has the contract for this building at Percé been awarded? It is a small village. What is the revenue there? I recall that the postal accommodation was in a very small building.

Mr. CARDIN: The contract has been awarded to Mr. Laurent Giroux, of St. Casimir, for the sum of $9,408. The population is over 1,500.

Mr. STEWART: I was just wondering why, if the contract is for $9,000, we have a vote of over $15,000. Surely it would not require the difference for the fittings.

Mr. CARDIN: It includes fittings and boxes, $2,000; supervision, $750; lighting plant, $1,500; and contingencies, $1,840.

Item agreed to.

Pointe Claire—public building, $25,000.

Mr. STEWART: Has the contract been awarded at Pointe Claire?

Mr. CARDIN: Yes. The contract was awarded in December 1937—

Mr. BENNETT: A kind of Christmas gift.

Mr. CARDIN:—for $19,000.

Item agreed to.

Pointe au Pic—public building, $28,000.

Mr. CARDIN: This is a building for postal and customs purposes, on a site on the public highway purchased in October, 1937.

Mr. BENNETT: It is open in the summer time, I suppose.

Mr. CARDIN: And in the winter time, too. The customs revenues are over $8,000, and the postal revenue, over $4,000.

Mr. BENNETT: It is a summer resort?

Mr. CARDIN: Yes.

Mr. BENNETT: It takes the money you collect in the summer to keep up the fire in the winter.

Item agreed to.

Quebec—postal terminal building, $300,000.

Mr. STEWART: What progress has been made with this building?

Mr. CARDIN: The plans are pretty nearly complete, and we expect to be in a position to call for tenders in not more than a month or five weeks.

Mr. BENNETT: It depends on how things go down in the convention.

Item agreed to.

Quebec quarantine facilities—improvements, $12,000.

Mr. CARDIN: The amount of $12,000 was requested by the Deputy Minister of Pensions and National Health for the following improvements to the quarantine facilities at Quebec: Savard park hospital, balance due on contract for erection of unit; amount required to provide metal screens on windows; amount required to repair boundary fencing; grading and planting trees; for fixtures such as dish sterilizer and refrigerator and so on.

Item agreed to.

Quebec West—public building, $12,500.

Mr. STEWART: This is a revote?

Mr. CARDIN: This is a revote required for the erection of building for post office services on a site on the corner of Fourth avenue and Third street, purchased in February, 1937. The contract is awarded for $7,775.

Item agreed to.

Rigaud—moving public building, $20,000.

Mr. CARDIN: This amount is required for the expense of moving the post office building. The provincial government is building a bridge over the river in the village of Rigaud, and the bridge comes just to the point where the post office was standing.

Mr. BENNETT: The province would pay for moving it, would it not?

Mr. CARDIN: We pay for moving our post office.

Mr. BENNETT: If their bridge takes away your post office, by expropriation, surely you are not going to pay for moving it, are you?

Mr. CARDIN: Well, it may not be a sound undertaking, but we have made it.

Mr. BENNETT: I understand you did that prior to the last provincial election.

Mr. CARDIN: Oh, it was done last year.

Mr. STEWART: Twenty thousand dollars seems a large sum for moving a building. Is it a considerable distance?

Mr. BENNETT: Why do you not build a new bridge?

Mr. CARDIN: It has to be moved several hundred feet. It is a solid brick building, so that is quite an achievement.

Mr. BENNETT: Could you not take it down and put it up again?

Mr. STIRLING: Did the provincial government provide the new site?

Mr. CARDIN: The site was given to us by the municipality.

Item agreed to.

Rock Island customs and immigration building—addition to site, $17,000.

Mr. BENNETT: This is an historic name.

Mr. CARDIN: It is indeed. This is to provide for the purchase of additional land known as the Bouchard property, in connection with the customs and immigration building at Rock Island. This was requested by the Department of National Revenue.

Mr. STEWART: Is there a house there, or are there any buildings on the land?

Mr. CARDIN: There is the Bouchard property, the purchase price of which is $13,000; for demolishing the building, and grading and levelling the property, the estimate is $3,800.

Mr. STEWART: What is the size of the property?

Mr. CARDIN: The Bouchard property has a frontage of eighty-three feet on Main street by a depth of ninety-four feet.

Mr. MacNICOL: I would not think the whole town would be worth that much money. How is an amount of $17,000 arrived at for eighty-three feet in a town that size? What is the assessment of that property? The government have a right to expropriate. They do not have to give three or four prices for a piece of property.

Mr. MARTIN: They must give the just price.

Mr. CARDIN: The officer of the department made the following report on January 22, 1937:

I visited Rock Island and examined the Bouchard property required by the customs to handle the vehicular traffic. This property, owned by Mr. Bouchard, consists of a lot, number eighty, situate on Main street at the junction of the bridge approach. It has a frontage of eighty-three feet on Main street by a depth of ninety-four feet on the approach to the bridge, and has, according to the official book of reference of the village, an area of 9,700 feet. On the land as it stands there is a three-storey building, sixty-one feet by fifty-seven feet. There are three shops on the first floor and four apartments on the second. The third storey is not finished.

Mr. MacNICOL: Then it is not vacant property?

Mr. CARDIN: No.

Item agreed to.

Rosemount—public building, $25,000.

Mr. COCHRANE: I should like to know why some consideration is not being given to my constituency? I do not want to be unfair, but I submit that something should be done there.

Mr. CARDIN: When we come to Nova Scotia the hon. gentleman can bring up the question.

The CHAIRMAN: I am sorry to interrupt the hon. member, but he is out of order. We are discussing public buildings in the province of Quebec.

Item agreed to.

St. George de Beauce—public building, $29,000.

Mr. CARDIN: The population is 1,500, and the revenue, over $8,000.

Item agreed to.

St. Pacome—public building, $12,500.

Mr. CARDIN: This is a new building. The population is over 1,200, and the postal revenue, $2,000.

Item agreed to.

St. Raymond—public building, $15,000.

Mr. CARDIN: The population is 1,800, and the postal revenue, over $4,000.

Item agreed to.

St. Scholastique—public building, $18,000.

Mr. STEWART: This is a new building. What is the justification?

Mr. CARDIN: The population is over 1,300, and the postal revenue, $2,200.

Item agreed to.

Scotstown—public building, $23,000.

Mr. STEWART: This is a revote, which indicates that the work has been undertaken. There has been a prior vote. As we have gone through these estimates what strikes one is the large number of revotes. What is the total amount expended last year out of the estimates? It seems to me there must be a very large discrepancy or margin between the votes of last year and the amount actually expended, because we have so many of these revotes. We have the figures of the total estimates, main, supplementary and others for each year; but I should like to know, if it is not too much trouble, the total amount expended out of the estimates last year to the end of the fiscal year?

Mr. CARDIN: I can supply that information the next time.

Item agreed to.

Thetford Mines—public building, $60,000.

Mr. STEWART: This is a large sum.

Mr. CARDIN: It is an important place. That is the asbestos town.

Mr. STEWART: They are all important.

Mr. CARDIN: The population of the town is 11,000; postal revenues were $20,000, and customs revenues, $52,000.

Mr. STIRLING: What will be housed in this building?

Mr. CARDIN: Post office and customs, and they are also providing accommodation for the Royal Canadian Mounted Police.

Mr. STEWART: Will this save rentals of buildings now used for these purposes?

Mr. CARDIN: A public building was built there in 1903, a one-storey brick structure. We are tearing it down and building a new one on that site.

Item agreed to.

Thurso—public building, $15,000.

Mr. CARDIN: The population there is nearly 1,300, and the postal revenues, $3,400. A fire occurred a short time ago which totally destroyed the building, and the post office has been moved temporarily to another site. That is the information from the Post Office Department.

Item agreed to.

Progress reported.

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

Wednesday, June 8, 1938

The house met at three o'clock.

JUDGES ACT AMENDMENT

JUDGES NOT TO ACT AS COMMISSIONERS OR ARBITRATORS—TO BE BOUND BY DECISION OF COURT OF FINAL APPEAL

Mr. T. L. CHURCH (Broadview) moved for leave to introduce Bill No. 144, to amend the Judges Act.

Some hon. MEMBERS: Explain.

Mr. CHURCH: This bill contains two sections. The first refers to judges serving on royal commissions, while the other provides that a judge of any court referred to in the act shall be bound, when rendering decisions, by the last decision of the court of final appeal in respect to the application of the same question of law.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

TRANS-CANADA HIGHWAY—CONTRIBUTIONS BY FEDERAL GOVERNMENT

Mr. HAMILTON:

What amounts have been contributed, by years, since 1930, by the federal government towards the construction of the trans-Canada highway: (a) in Ontario; (b) to section White River west to Manitoba boundary; (c) to section between White River and North Bay; (d) to section between North Bay and Quebec boundary?

Mr. ROGERS: Statements of expenditure submitted by the province do not classify disbursements by the districts mentioned. The statement attached, however, sets forth payments made to the province of Ontario with respect to trans-Canada highway construction under each of the relief acts from 1930 to date on those divisions made by the province in submitting statements of expenditure, namely (a) Hawkesbury to Pembroke section, (b) Pembroke to North Bay section, (c) North Bay to Schreiber section, (d) Schreiber to English River section, (e) English River to Manitoba boundary section.

Province of Ontario—Trans-Canada Highway

Net payments made by Dominion on claims rendered by the Province of Ontario for Trans-Canada Highway work under Relief Legislation

Section	The Unemployment Relief Act, 1930	The Unemployment and Farm Relief Act, 1931	The Relief Act, 1932	The Relief Act, 1933	The Relief Act, 1934	The Relief Act, 1935	The Unemployment Relief and Assistance Act, 1936	The Unemployment and Agricultural Assistance Act, 1937	Total
	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
1. Hawkesbury to Pembroke	.....	.....	.....	163,922 50	.....	294,230 95	89,845 90	.....	547,999 35
2. Pembroke to North Bay	.....	.....	76,542 79	.....	262,500 00	97,293 78	40,500 00	.....	476,836 57
3. North Bay to Schreiber	17,500 00	.....	.....	.....	.....	2,027,688 58	612,693 03	46,590 86	2,704,472 47
4. Schreiber to English River	37,500 00	.....	.....	.....	300,000 00	857,493 03	84,500 00	8,412 86	1,287,905 89
5. English River to Manitoba Boundary	87,500 00	.....	.....	.....	330,056 58	1,402,676 73	312,044 24	.....	2,132,277 55
2, 4 and 5. Pembroke to North Bay, Schreiber to Manitoba Boundary	.....	3,112,850 51	.....	.....	.....	.....	.....	.....	3,112,850 51
2 to 5. Pembroke to Manitoba Boundary	.....	.....	.....	.....	.....	2,066,472 95	.....	.....	2,066,472 95
	142,500 00	3,112,850 51	76,542 79	163,922 50	892,556 58	6,745,856 02	1,139,583 17	55,003 72	12,328,815 29

In addition to the above the Dominion paid $1,317,319.43 under Relief Legislation toward the cost of "Board Camps" established by the Province for Highway Work, but the portion thereof pertaining to Trans-Canada Highway cannot be determined from accounts rendered.

QUEBEC PROVINCIAL EMPLOYMENT AGENCIES

Mr. FOURNIER (Maisonneuve - Rosemount):

1. Is the dominion government participating in the expenditures of provincial employment agencies in the province of Quebec? If so, in what amount, and to how many of such agencies?

2. Has the transfer of such agencies to the exclusive jurisdiction of the dominion government been considered?

Mr. ROGERS:

1. Yes. During the fiscal year 1937-38, under the terms of agreement between the federal and Quebec governments pursuant to the Employment Offices Co-ordination Act, 1918, the province of Quebec was reimbursed from federal funds to the amount of $34,659.66. The province maintains 19 employment offices in 11 different centres, and the above named amount was supplied in respect of the total expenditures incurred by the province during the period in the maintenance and operation of all these offices.

2. The subject of employment offices was mentioned in the recent correspondence between the Prime Minister and the premiers of the provinces regarding unemployment insurance, but no proposal was made for the transfer of these offices to the exclusive jurisdiction of the dominion government.

CANADIAN NATIONAL RAILWAYS—SPADINA WHEEL SHOP, TORONTO

Mr. MASSEY:

1. Is work being done for the Canadian National Railways at the present time at the Spadina wheel shop in Toronto?

2. Has any such work been transferred from the Spadina wheel shop to shops in London, Ontario, or elsewhere?

3. If not, is it the intention to have such work, or any part thereof, so transferred, and to what shop or shops?

4. What number of employees of the Spadina wheel shop would be affected by such transfer?

Mr. MASSEY: I received information this morning from an authoritative source which answers this question completely, and, with the consent of the house, I would ask that it be dropped.

Question dropped.

CUSTOMS AND EXCISE PORTS AND OUTPORTS

Mr. FERLAND:

1. What are the locations of the various customs and excise ports and outports in each of the provinces of Canada?

[Mr. Rogers.]

2. What were the revenues of each of such ports and outports during the last fiscal year?

Mr. ILSLEY: To compile the information requested would require considerable time, but the information is already available in detail for the fiscal year ended March 31, 1937, in the report of the Department of National Revenue containing the accounts of revenue, and the report of the department containing similar detailed information for the fiscal year ended March 31, 1938, will be published in the near future.

UNEMPLOYMENT

CONCENTRATION OF SINGLE UNEMPLOYED MEN IN VANCOUVER—OCCUPATION OF PUBLIC BUILDINGS

On the orders of the day:

Mr. C. G. MacNEIL (Vancouver North): I should like to direct the attention of the government to a statement which appeared in a Vancouver newspaper and is attributed to a minister of the crown, to the effect that force will be used to deal with the single unemployed in Vancouver. I should like to ask if that statement is an expression of the present policy of the government.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I have not seen the statement to which my hon. friend refers. Any statement of government policy would be made in the house, not through the press.

MILITARY UNIFORMS

INQUIRY AS TO PURCHASE FROM DEPARTMENT AND RELIEF FROM DUTY AND SALES TAX

On the orders of the day:

Mr. J. A. MARSH (Hamilton West): I should like to ask a question of the Minister of National Defence (Mr. Mackenzie) in connection with the purchase of military uniforms by military units. The commanding officer of a military unit in the city of Hamilton made application to the ordnance department to purchase 35 summer drill uniforms at the price paid by that department, namely, $4.66 each.

Some hon. MEMBERS: Order.

Mr. MARSH: In order to make my question plain I shall have to give certain details.

Mr. SPEAKER: The hon. member should be as brief as possible in stating his question.

Mr. MARSH: My question is this: In view of the fact that the Department of National Defence and this government are appealing to manufacturers to grant men time off to go to camp, will this unit be granted permission to buy these uniforms direct from the department at $4.66 each rather than having to buy them from the supplier at a cost of $7.92 each, f.o.b. Ottawa? That is the recommendation made by the department.

Hon. IAN MACKENZIE (Minister of National Defence): I was apprised of this question only a few moments ago, but I have a reply from the department which will possibly satisfy my hon. friend. It is as follows:

Limited quantities of khaki drill uniform, sufficient for the requirements of the permanent force personnel only, are provided by the Department of National Defence. The departmental vocabulary price is $4.44 per suit.

It has not been possible with the limited amount of money provided for the purchase of uniform clothing to build up sufficient stock to permit of issues on payment or repayment being made to units of the non-permanent active militia.

Authority, however, has been granted for units of the non-permanent active militia to wear khaki drill uniform at regimental expense, arrangements for the purchase to be made by the officers commanding units.

These uniforms are not available except for permanent force personnel.

Mr. MARSH: In view of the fact that a considerable number of items necessary to military uniforms have to be purchased outside of Canada, and duty and sales tax have to be paid on these articles—notably, that of Highland regiments in Canada; and, particularly, on sporrans, kilts, wool clothing, feathers and bagpipe parts—will the Minister of National Defence, together with the Minister of National Revenue, consider the matter of relieving such purchasers of this impost of duties, since such purchase is for national defence and in the interests of good citizenship?

Mr. MACKENZIE (Vancouver): Mr. Speaker, with reference to the question asked by my hon. friend, numerous representations have been made in regard to the point he has raised. However, the question of tariff or rebate is not within the control of the Department of National Defence. We are considering it now.

NATIONAL HOUSING ACT

MEASURE TO ASSIST THE CONSTRUCTION OF HOUSES —PROVISIONS WITH RESPECT TO LOW RENTAL HOUSES AND MUNICIPAL TAXES

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee to consider a proposed resolution to repeal the Dominion Housing Act, 1935, and reenact certain provisions thereof with amendments and additions thereto; and to make certain provisions with respect to low rental houses and municipal taxes.

He said: Mr. Speaker, this resolution is preliminary to the introduction of a national housing act. The new act will be divided into three parts, each distinct and whole in itself and attempting to deal with a specific phase of the housing problem.

Part I involves the repeal of the Dominion Housing Act and the reenactment of parts of it, together with important changes and additions designed to bring the facilities of this act to individuals and communities that have not hitherto benefited from it. This part of the legislation, part I, is intended solely for families who wish to own their own homes, and strong emphasis is placed upon facilities for families in the lower income brackets and in the small and remote communities.

Part II contemplates an experiment on a comprehensive scale in the low rental housing field, about which we have heard so much in this house and in the country in the last few years.

Part III is intended as an attack on the major obstacle retarding the building of new houses, the high level of real property taxes.

It is unnecessary for me, I am sure, at this stage to spend any time in dealing with the social and economic evils of insanitary, unsafe or inadequate housing accommodation or with the advantages to our people and our economy of raising the standard of housing conditions and restoring a more normal level of activity in the great group of construction and building supply industries which play so important a part in sustaining employment in normal times, which suffered perhaps more than any other industry from the effects of the depression, and which have been the most laggard of our industries in recovering from the depression. All these considerations are well known to the house. I can assume, therefore, that there will be a keen and sympathetic appreciation of the objectives

which this legislation seeks, which I would define as (1) a substantial contribution to the elimination of unemployment in a field where it has been most heavily concentrated, and to the general stimulation of business recovery; and (2) a substantial contribution to the improvement of housing conditions, particularly for families of low income, at the same time giving our people, our provincial and municipal governments and the house building industry, a lead as to sound methods and policies that may be followed in the future.

While a real effort has been made to get substantial results and to get them promptly, I think a careful examination of the legislation which will follow this resolution will also indicate that care has been taken to safeguard the interests of the dominion and to surround the various parts of the program with provisions to ensure safe and sound businesslike procedure.

I said a few moments ago that part I repeals and reenacts part of the present Dominion Housing Act, with important changes and additions. It will be remembered that the present Dominion Housing Act was passed in 1935. It followed an examination by a committee of the house of the housing question and was the subject of extended debate in this house before it became law. Very little was done; in fact I do not think any loans were made under the Dominion Housing Act of 1935 by the former government. The act was there when the present government came into office, and we have been operating under its provisions ever since.

It early became apparent, however, that there were certain grave defects in the operation of the present Dominion Housing Act. The government endeavoured to meet those defects in so far as the powers contained in the act would permit the government to do so. We did, in fact, in September, 1936, by the changed regulations then put into effect liberalize the operation of the act very materially. However, I think it will be recognized by all who have followed the operation of the Dominion Housing Act that it suffers from at least two grave deficiencies; but before saying that I should at any rate give the Dominion Housing Act this commendation: It was the first effort in this country to deal with the problem of housing by the dominion parliament; and in spite of the defects and the weaknesses which have developed in operation, it should be noted that prior to May 31 of this year, 4,249 family housing units have been financed under this act, involving an aggregate expenditure of $17,350,000, and as of that date the average loan per family unit was $4,083.

[Mr. Dunning.]

As a consequence of the broadened regulations made available in September, 1936, there has been a considerable acceleration of lending activity under the act, but it nevertheless remains true that the total volume of this lending activity has been substantially less than is desirable. Moreover, the defects to which I have previously referred are as follows: First, the unwillingness of the lending institutions to make loans in many small and remote communities, and second, the reluctance of the lending institutions to make loans for small amounts in what they regard as the less desirable residential areas of the larger urban communities, despite the fact that these districts are, in many instances, the only areas in which it is possible for the people in the relatively low income groups to build houses for themselves.

Those are the main defects of the original legislation, and part I of the new bill seeks to remedy them. The new provisions of part I, I shall now endeavour to summarize briefly, but naturally I shall have to await the production of the detailed bill, which is necessarily somewhat complex, before entering into a general debate on the matter.

In the normal case of a loan under part I—and I use the word "normal" as distinct from the special low cost provisions to which I shall later refer—a housing loan may in future be made for from 70 to 80 per cent of the lending value of the new house, and of this total, whatever it may be, the dominion will advance 25 per cent, and the private lending institution or local municipal authority, as the case may be, 75 per cent. Under the old legislation the dominion's advance was 20 per cent of the lending value, and the maximum amount of the joint loan was 80 per cent, with provision made by regulation for 75 per cent and 80 per cent loans in certain cases as well. This change will simplify accounting, lessen bookkeeping costs, and eliminate the temptation to manipulate estimates of cost and of appraised value in order to bring the loan within the existing 70, 75 or 80 per cent categories. Provision will be made in the bill that in the case where the lending value does not exceed $2,500—that is the definitely low cost house—a loan may be made up to 90 per cent, of which the dominion is to advance its 25 per cent.

Mr. BENNETT: What relation does the lending value bear to the real value?

Mr. DUNNING: "Lending value" is defined in the statute as "the lesser of estimated cost of construction or appraised value, as the case may be."

Mr. MASSEY: It does not include the land?

Mr. DUNNING: Yes. I wish my hon. friends would be good enough to defer their detailed questions. I must admit this matter is quite complex, and I am desirous of making a detailed statement, after which I shall be glad to deal with questions.

I have just stated that one of the new provisions involves the possibility of a 90 per cent loan by the lending institution, in the case where the lending value is $2,500 or less, and of this 90 per cent loan the dominion will advance its 25 per cent. That is to take care of the case where it is difficult for the individual to put up a minimum equity of 20 per cent at the start. Under Canadian conditions, with the risks of change in property values and changing conditions of employment, I do not claim that 90 per cent loans give a sufficient margin of protection to the lender; nor am I sure that it is normally a kindness to the individual to encourage him to attempt the risk of home ownership with only a 10 per cent equity. Nevertheless I know there are in this country thousands of individuals in the lowest income groups who pay a large percentage of their total income for the rent of necessary housing accommodation, and consequently it is very difficult for them to put aside each month the small amount in savings that might be expected to give them, over a period of years, a 20 per cent equity in a home. The government is prepared, therefore, to try as an experiment 90 per cent loans in cases where the lending value of the property does not exceed $2,500. If an individual wishes to build a home at a higher cost than this, I think we are justified in requiring him first to build up a 20 per cent equity in the form of either a lot, or cash, or both. It will be clear, of course, that to justify lending institutions in making this type of loan, it will be necessary to give them a more effective inducement, of which I shall now speak.

I am confident, I may say, that we shall be able to get the consent of at least some lending institutions to make these small high percentage loans to deserving people in certain sections of our larger cities, in the suburban and rural areas, in fishing villages, mining towns, and small urban communities generally.

The most important change which we are proposing in this part of the bill to deal with, the matter to which I have just been referring, involves the application of the home improvement plan principle of a pooled guarantee, in respect of loans made by lending institutions and falling into certain definite categories. It will be observed that the home improvement act, which was put on the statutes a year ago, and under which some $17,000,000 have now been advanced for home improvements, involves the pooled principle; that is to say, the government's guarantee of 15 per cent under the home improvement act applies to the aggregate losses of the lending institution operating under the law.

As regards the experience up to date—it is a little early to speak of final results, though I can assure the house that the losses are running substantially below the amount of the guarantee—it is such as to warrant the government in attempting to apply the same principle with respect to the construction of low cost houses. In other words, we are asking for authority to enter into contracts with lending institutions under which we will guarantee them against loss up to a maximum of 20 per cent of the total amount of 80 per cent loans made by them which do not exceed $4,000 each for a single family dwelling, and made in such communities or districts as may be designated by the minister, and up to a maximum of 25 per cent guarantee in the case of 90 per cent loans. I hope I have made that clear. The application of the pooled guarantee principle is for the purpose of inducing and justifying the lenders in making loans in communities remote from the larger centres, small communities which as an ordinary business proposition do not commend themselves to lending institutions, both because of the cost of looking after a few loans involving considerable travelling expenses, and also because of the security factor involved in the low re-sale value of property situate where sales are infrequent, as is the case in rural communities as compared with our larger urban centres. So we say, to express that in another way, on all loans made in these areas, which must be defined by agreement, of $4,000 by a lending institution, a percentage guarantee against loss will be given to the lending institution, and the smaller the total amount of the loan and the larger the percentage which it bears to the lending value of the property, the higher will be the percentage of guarantee which the government will give as an inducement toward the financing of low-cost homes for owners thereof.

The figures I have just given, up to 25 per cent in the case of 90 per cent loans, are of course maximum figures. It is proposed not only to designate special areas, consisting of small and remote communities in which loans

are not now being made, but also to develop a schedule of the amounts that the government guarantees, which will be graduated downwards in accordance with the size of the loan, say from three to four thousand dollars, and graduated upward in accordance with the percentage which the loan bears to the lending value, that is to say from 70 to 80 or 90 per cent. In other words, we may go up to the maximum of 20 per cent guarantee in the case of 80 per cent loans for $3,000 or less, but the guarantee which we will give with respect to a 70 per cent loan for an amount of $4,000 will be very much less, possibly, I should say offhand, 5 per cent. The development of a schedule of this sort is, of course, a difficult and complex process and cannot be fully detailed, I am afraid, in a statute.

A further important change in connection with part I is to make it possible for a payment to be made to a lending institution to assist it in defraying the special costs incurred in arranging loans, making appraisals, inspections and so forth in small and remote communities designated. This payment is not to exceed $20 for any one loan, plus a mileage allowance fixed by the minister for necessary travelling expenses based upon the distance from the nearest place from which the loan can be arranged and supervised by the lending institution. I am sure that members from many constituencies who have communicated with me from time to time about housing matters will appreciate the kind of difficulty which this amendment seeks to meet. I have had many communications from districts away from the larger centres complaining that no loans have been made in those communities. It is perfectly obvious that no lending institution can afford under present conditions to have its representatives make to such areas the several trips which are required in order to make a loan and inspect the house during the progress of construction. Nevertheless, residents of such communities naturally feel that they have as much right as residents of large urban areas to participate in the benefits of a national housing act. It will be necessary to designate the communities and areas in connection with which such assistance is to be given and to arrange for a schedule of allowances which will be payable in communities at varying distances from the nearest point from which the loan can be arranged by the lending institution.

Another new provision in part I increases the maximum amount which may be paid out by the minister in respect of advances, losses and expenses. A maximum of ten million dollars was the authority under the old act; it is proposed to increase this authority to twenty million dollars. Under the old act the dominion has already committed itself to $4,500,000 in respect of the $17,300,000 housing construction to which I referred earlier. The figure of $20,000,000 provided in the resolution now before the house gives us under the authority a leeway of about $15,500,000 which, together with the funds advanced by the lending institutions under the provisions of the act, should make it possible to make aggregate loans up to $60,000,000 or more under this part of the national housing act.

There are other minor amendments in connection with part I which I think can be very much better taken up on the bill itself in committee, but I have endeavoured to outline the broad provisions effecting the changes. Part I, as I said at the outset, is designed for people who desire to own their own homes and it is designed to make it easier for them to do so. It is designed to make it easier for lending institutions to make loans to enable people to own their own homes, and every provision which has been changed has been designed, to use the term I used before, to "liberalize" the application of the act. I did not use the word politically in any sense. The other day when I used the word "conservatively" some of my hon. friends opposite were welcoming a new recruit, but I did not use that word politically either.

With respect to part II, this is designed to make possible a comprehensive experiment in the field of low rental housing. It is based upon acceptance of the arguments advanced in this connection by the national employment commission, and it follows in general though not in detail the main lines of the program suggested by that commission. In this connection I wish to stress a point made in the preamble to the bill. The preamble will point out that in some areas the housing conditions fall short of minimum standards of health and decency, and that these conditions may affect not only public health and morals, but the employability and efficiency of our working population. While the primary responsibility for decent, safe and sanitary housing conditions must rest, under our constitution, upon the province and upon the municipalities, nevertheless, the proposed dominion program is justified by emergency conditions, because it is designed to create needed employment, to direct attention to the importance of the housing problem generally, and to provide a basis of experience upon which the provinces and the municipalities may follow sound and proven policies in the future.

Briefly, part II, low rental housing, provides that the minister, with the approval of the governor in council, may make loans to local housing authorities to assist in the construction of houses to be leased to families of low income. The aggregate principal amount of the loans under this part is not to exceed $30,000,000.

What are local housing authorities under the bill? Local housing authorities may consist of either of two types, depending upon whether on the one hand the municipality desires to enlist the cooperation of private enterprise in working out its low rental housing scheme, or whether on the other it desires to operate it entirely under the municipal authority. If the municipality desires to enlist the cooperation of private enterprise, private capital and business management of a private nature, it may do so through the medium of a limited dividend housing corporation with capital sufficient to provide for 20 per cent of the cost of the project. This capital, it is presumed, will be subscribed by public-spirited citizens who may be expected to plan, construct and administer the enterprise on sound business lines. They are limited in dividend on the capital they invest to a rate of 5 per cent, and from information I have it will be possible to organize such limited dividend housing corporations in some instances at a lower dividend maximum than this. Secondly, if the municipality desires to operate a low rental housing project under municipal auspices, it may do so through the medium of a commission or other body having authority to construct, hold and manage houses built as a low rental housing project, and in the case of a municipality doing the job itself in this manner it is required to put up an equity of only 10 per cent. In the case of a limited dividend housing corporation a 20 per cent equity will be required. In the case of a municipal housing corporation a 10 per cent equity will be required.

What will be the dominion's contribution? The dominion's contribution, which I think all will agree is substantial, is to be made on the basis of the dominion supplying the bulk of the funds, 80 per cent in the case of a limited dividend housing corporation and 90 per cent in the case of a municipality, at very low interest rates. In the case of a limited dividend housing corporation, where the equity subscribed privately must be at least 20 per cent, the interest rate will be 1¾ per cent per annum; and in the case of other local housing authorities, that is municipal bodies, where the equity required is only 10 per cent, the interest rate is two per cent per annum. Semi-annual payments must be made by the local housing authority to cover interest and to amortize the principal over a long period. In the case of a limited dividend housing corporation the semi-annual payment therefore will be seven-eighths of one per cent for interest and one per cent for amortization. In the case of a municipal local housing authority the semi-annual payment will be two per cent, of which one per cent represents interest and the remaining one per cent amortization. These rates of amortization in both cases will mean that the loans will be completely retired in between thirty-four and thirty-five years. That then is the dominion's contribution.

Let us now consider the provincial contribution. If the local housing authority is a municipal body, then under the same principle which was enunciated in connection with the municipal improvements assistance bill we must ask the provincial government to guarantee repayment of the amounts advanced by the dominion. As I stated on a former occasion, the municipalities are completely creatures of the provincial legislature. Changes made in municipal law by provincial legislatures may have the effect of rendering the security held by the dominion in connection with the project completely useless, and for that reason we believe we are justified, where the dominion is putting up 90 per cent of the amount to be invested in a low rental housing project operated by the municipality, in asking that the province should guarantee repayment to the dominion government of its loans in that regard. No such guarantee is asked of the provinces in connection with a scheme operated by a limited dividend housing corporation. Obviously the larger equity, double the amount, renders that less desirable, and from my point of view at least it has this advantage, that those municipalities which desire to undertake low rental housing projects will, I believe, be able to get going with the matter very much more quickly if they can interest public-spirited citizens in putting up 20 per cent of the cost through the medium of a limited dividend housing corporation than they will be able to do, by reason of delay due to changes in law which might be required in some cases before the municipal law would be sufficiently broad to enable them to operate municipally.

What must the municipality do? The municipality must have approved the project, and must have secured the guarantee from the province, if it is to be operated as a purely municipal project. The municipality must also agree that municipal taxes on the low

rental housing project, during the period of its operation under this legislation, while there is any money owing to the dominion, shall not exceed one per cent annually of the cost of the whole project. We ask the municipality also in the case of the limited dividend corporation, in case they prefer this method, to agree that if the administration by that method involves a shortage in the amount due the dominion government, the municipality will reduce taxes still further to enable that amount to be made up. Not having the guarantee of the provincial government, we must there insist upon the closeness of municipal interest in the scheme and a degree of responsibility. The municipality must also agree not to levy taxes on the income of a local housing authority. Also, if the municipality is operating directly a low rental housing scheme, it must put up, as I said before, 10 per cent of the total cost, which of course may be and in most instances will take the form of land for the project. In addition, the municipality may—there is no "must" about this—make additional voluntary contributions to a rent reduction fund, which I shall describe a little later.

What about the rental provisions? No family housing unit in a low rental housing project is to be rented to a family whose family income is equal to more than five times the economic rental of the unit, unless there is no demand for the unit from families of lower income. The logic behind this provision is that a family can afford to pay about 20 per cent of its annual income for rent. If this 20 per cent is sufficient to pay the economic rental of housing accommodation, private enterprise should be able to provide sufficient housing accommodation without any special subsidy from the state. "Economic rental" is defined in the bill as a rental which gives a return of 9½ per cent on the cost of construction plus the annual municipal taxes. Families of low income are defined as families whose total family income is less than five times the economic rental of a family housing unit built as part of the low rental housing project. The annual rental to be charged a family of low income is to be not in excess of 20 per cent of the total income of such family. Provision is also made for the possible establishment of a rent reduction fund by voluntary contributions from the province or the municipality concerned. These contributions are not compulsory; but if it is desired by the municipality to lease the accommodation at lower rates than are made possible by the annual carrying charge of the project, that is at rates low enough to meet the needs of families in the very lowest income group, then the municipality and the province are in a position to reach this objective by making voluntary contributions to the rent reduction fund.

As far as safeguards are concerned, there will be provision that evidence of the need for a low rental housing project must be shown by the municipality concerned. The area must be adequately planned and zoned. The project must be of sufficient size to give reasonable economies. Economic design and sound construction will be required. The management of the local housing authority must be satisfactory. The terms of acquisition of the land must be satisfactory. The terms of the charter of any local housing authority must be satisfactory. The local housing authority must agree to keep the houses in a satisfactory state of repair, and keep books and accounts and make an annual report to the minister. A limited dividend housing corporation must give an option to the municipality to buy the project for the amount of the corporation's paid-up capital and any unpaid dividends. Let me repeat that in another form: If any municipality adopts the limited dividend housing corporation method of dealing with this problem, then the corporation, when formed, must give an option to the municipality enabling the municipality to take over the enterprise at any time, the amount to be paid being fixed by the amount of the paid-up capital of the corporation plus any accrued dividends. Thus those investing their money in low rental housing projects under the limited dividend corporation method are assured that they can at no time get more than 5 per cent return on their money, neither can they hope for any accretion in the capital value of their investment. A further provision is that if there is a breach of contract to pay, the amount of the loan may be declared due and payable or the interest rate may be increased.

Let us now consider the amount of loan which may be made in a municipality for the purpose of low rental housing projects. The total of the loans made in any municipality must not exceed that proportion of $30,000,000 which the population of the municipality bears to the total urban population of Canada on the basis of the 1931 census. That proportion, Mr. Speaker, will give ample opportunity for the development of large scale experiments, particularly in our larger centres, in the direction of low rental housing projects.

There may be some criticism at first sight because of the slightly lower rate of interest which it is proposed to charge a limited dividend housing corporation as compared with a municipality operating directly. After all,

the private persons who organize a limited dividend housing corporation must put up an equity of twenty per cent, which is twice the amount of the equity required in the case of a municipal corporation. The private persons who organize such a corporation will be required to do a vast amount of work in connection with planning the project, supervising construction and managing the project during its useful life. Their dividends are limited to a maximum of five per cent, which is not a very high rate for individuals who are willing to risk a substantial amount of capital for thirty-four or thirty-five years. Then, of course, I have already referred to the other provision which ensures that the limited dividend housing corporation must give an option to the municipality which will preserve the right of the municipality to take over the project at the amount of the capital invested by the limited dividend corporation. Also I believe it desirable to give every inducement to get private capital to cooperate in this task of solving the problem of families with low incomes, on a non-profit basis. I am sure not all but many municipalities would very much prefer to have limited dividend corporations of this sort take up the burden rather than themselves assume responsibility for active participation in a housing scheme and the obligation connected therewith. In this connection, of course, we have the experience of the housing scheme of 1919 and everything connected with it. With one or two outstanding exceptions, such as the city of Winnipeg, the municipal administration of the 1919 housing effort is not something to which we can point with very much pride. However, either method is available to the municipality concerned.

One of the most important reasons, to which I referred briefly a moment or two ago, for making provision for loans at low rates of interest to limited dividend corporations, of course is that they can initiate their programs immediately, in most cases I believe without waiting for the action of provincial legislatures or governments authorizing the guarantee of loans made by the dominion. I suppose some hon. members will be surprised to learn that in at least one of our great cities—in fact I know it is the case in more than one, but in one particularly—the work has been very much advanced along this line. A great deal of preparatory work in planning a low rental housing project has been done already, and I believe the group to whom I am referring will be in a position to get this work under way very promptly: It should be noted also that the limited dividend housing corporation has been tried with conspicuous success in many instances in the United States, in Great Britain and in some other of the northern European countries. Many such corporations have had quite remarkable records, even during the depression. Those who have invested their capital have found not a lucrative but at least a fairly satisfactory investment for their personal funds, and I am hoping that as a result of the present program we may be able to induce leading business men in many communities to devote their time, ingenuity and experience to the organization and management of limited dividend housing corporations. While their monetary dividends will be small I think the dividends they will receive in personal satisfaction through having made a contribution to the solution of the housing problem ought to be ample compensation.

Mr. CAHAN: I should like to ask one question. Under the limited dividend housing scheme the limited dividend will be in addition to the entire cost of administration of the corporation, I presume?

Mr. DUNNING: Of course they must first pay the entire cost of administration before any money is available for dividends, and they may pay only five per cent under any circumstances.

I should now try to give some information as to the rentals which should be made possible under such schemes. It will be apparent, of course, that the rentals will vary as between different communities because of differences in the cost of construction of the average family housing unit. This in turn will depend on several factors; the cost of building materials in the community, the level of wages paid to building craftsmen, the relative efficiency of labour, the skill and ingenuity which are shown in designing and planning the houses, the care and efficiency displayed in supervising the construction in order to keep down costs, the size of the project and the extent to which large scale economies can be secured in the cost of land; also, last but not least, the efficiency of operating management. For the sake of illustration I think I am at liberty to draw on some of the results worked out in one of our largest cities, where building costs are high but where a great deal of time and ingenuity have been devoted to working out detailed plans for what was intended to be a low rental housing project to be built and managed by a limited dividend corporation. The group of responsible business men behind this scheme I think deserve the commendation of Canadians generally for getting down to hard work on a specific project rather

than confining themselves to mere talk about housing, and I hope if this bill passes parliament they will be able to consummate the project on which they have been working for the past two years.

I use this project only as a possible typical instance, because it has been worked out very thoroughly and with great care. It involved the construction of a low rental housing project consisting of four hundred housing units in twenty so called X blocks, located on about twenty acres of land, thus giving ample space for landscaping and for plots of land in the front and rear of the buildings. Apartments of various sizes were planned for families of various sizes, but for the purpose of calculation they used as a basis an average dwelling providing accommodation for five adults or for two adults and six small children. Based on recent conditions as to prices of materials and wages they estimated that the entire project, including land improvement, will cost about $1,080,000, and that the average cost per dwelling will be slightly less than $2,700.

Let us for a moment assume that this project is constructed on this basis by a limited dividend corporation financed under part II of the bill which will be based on this resolution. Briefly this will be the financial set-up. The total cost of the project will be $1,080,000, of which the dominion first-mortgage loan will provide 80 per cent or $864,000. The equity of 20 per cent put in by the proprietors will amount to $216,000. On that basis the annual carrying charges are estimated as follows: interest and amortization on the dominion loan, at 3¾ per cent, which is the aggregate of both interest and amortization, $32,400.

Mr. BENNETT: Is that not too much?

Mr. DUNNING: It works out at about that.

Mr. BENNETT: I thought it was one per cent for amortization.

Mr. DUNNING: It is seven-eighths per cent half yearly for interest and one per cent for amortization; twice 1⅞ per cent is 3¾ per cent. A five per cent dividend on the twenty per cent equity would be $10,800. Municipal taxes at one per cent of the cost of construction would be $10,800. The cost of management expenses, heating, maintenance and repairs, allowance for vacancies, et cetera, has been checked carefully by many interested parties, and is put at $32,000. The total annual carrying charge on the project would be $86,000, which includes a five per cent dividend on the twenty per cent equity

This means an annual carrying charge per average dwelling of $215. The rental per month of a heated apartment would be just under $18. It must be remembered that this is an apartment project and that these rentals cover heating. For an unheated apartment the rental would be between $15 and $16 per month. Of course smaller units could be rented for a proportionately smaller amount. I give this merely for illustration purposes and as evidence of the work that is being done along these lines in some of our larger communities. In other communities where the average family unit could be constructed at a lower figure, proportionately lower rentals would be possible. If still lower rents are desired than are provided for by an estimate such as this, they could be secured by the municipality or the provincial government or both making voluntary contributions to a rent reduction fund. In other words, this program makes it possible for municipalities to attain any results they wish in the way of rent if they are prepared to make the appropriate contributions.

The third part of this bill is unique. It is designed for the purpose of making a direct attack over the next three years on what is believed by many to be the major factor retarding house construction in this country. I may say that the idea back of part III was communicated to me particularly by the hon. member for Halton (Mr. Cleaver) in connection with a small scale experiment which has been made in the town of Burlington, and by other members who have not been following it quite as closely but who have called my attention to what has been made possible through a combination of the old Dominion Housing Act with the principle now laid down in part III of the bill now before the house.

While there are other factors, I think most will admit that the cost of real property taxes in our municipalities is the most important deterrent to the construction of new homes. In many municipalities the taxes are so high that many people prefer to live in a rented house and let the landlord worry about taxes and the carrying charges on his investment. If we ask why taxes are so high we find ourselves in a vicious circle. To an important degree taxes are high because relief costs are high. Relief costs are high because unemployment exists, and unemployment exists because, among other things, there is little construction work being carried on. It follows, therefore, that if we can stimulate the construction industry we will create employment. The creating of employment will decrease the

burden of relief charges upon our municipalities and thus tend to lessen, other things being equal, the burden of taxes upon existing real estate.

It is therefore proposed in part III of the bill now under consideration that the Minister of Finance, with the approval of the governor in council, shall be authorized to pay the municipal taxes levied upon a house, the construction of which begins between June 1, 1938, and December 31, 1940, up to the following amounts:

100 per cent of such taxes for the first year in which the house is taxed;
50 per cent of such taxes for the second year in which the house is taxed; and
25 per cent of such taxes for the third year in which the house is taxed.

Municipal taxes are defined to include the general municipal tax and the school tax, but excluding special and local improvement taxes. The minister pays only the increase in such taxes due to the construction of the new house. The principal conditions to be complied with are relatively simple. As an evidence of good faith, having regard to the dominion's contribution under this part III, we think that municipalities owning considerable numbers of lots suitable for the building of low cost homes should cooperate by making such lots available at a figure not to exceed $50 each to people who want to build low cost homes. Many of our municipalities are doing this already in various ways and we think it should be a condition of the dominion's grant in aid of municipal taxation.

The second condition is that the cost of the construction of the house must not exceed $4,000. Municipal taxation assistance is confined entirely to low cost homes. I should have said in connection with the first condition regarding the municipality making land available that this does not mean that the assistance by way of grants from the dominion is confined to low cost homes built upon lands supplied by the municipalities. The assistance in connection with municipal taxation is intended to apply to the increased municipal taxation brought about by the construction of any home anywhere in Canada which costs under $4,000 to erect. The house must be built by a person for his own occupation and the owner of the house must be released by the municipality from paying any part of the taxes which the dominion pays. Naturally, this taxation subsidy is not given with respect to any house constructed under part II of the bill which deals with low rental housing, but it would apply to houses constructed under part I.

If we can by this means stimulate the construction of new houses which would otherwise not be built, we will have done a great deal to reduce the costs of unemployment and the consequent burdens upon our municipalities. Apart from the vitally important social advantages of restoring the employable unemployed to normal employment again, existing property owners should benefit in a direct financial sense by the consequent reduction in tax burdens for the relief of the unemployed and by the fact that there are being created a larger number of units to carry the burden of taxation. Of course, it is impossible to predict how many houses will be built prior to December 31, 1940, as a result of the stimulus given by this part of the new bill. However, if we assume that the houses eligible for this tax subsidy are constructed during the three years to the value of $100,000,000, we can make certain estimates as to the volume of employment created and the aggregate cost to the dominion.

We assume that as a result of this volume of construction municipal assessments will be increased by the same amount, namely, $100,000,000, and that the average tax rate is two and a half per cent of the cost. When we bear in mind that assessments of improvements are frequently on the basis of 60 to 75 per cent, or less, I think these assumptions are reasonably safe. In that case the total cost to the dominion would be less than $5,000,000 for the three-year period.

It has frequently been estimated that eighty per cent of every dollar spent in house building goes to labour, either direct or indirect. If this estimate be correct, the $100,000,000 spent on the construction of low cost housing during the next three years would provide $80,000,000 in wages to workmen in the construction trades and in the building material and supply industries, and the result would be, if that were true, that for every $1,000 paid in wages the tax subsidy would cost the dominion about $54.70—and that is very much cheaper than relief.

Some members, of course, will regard these figures as extremely optimistic, and prefer to make their own calculations. However, even after making a considerable allowance for a margin of error, I think the house will still agree that if employment can be created by this method it will be amply worth while to the Dominion of Canada.

Now, Mr. Speaker, studying as I have studied during the last three years this housing problem and the manner in which it has been met in various countries, I reached the

conclusion long ago that we would of necessity have to evolve in Canada a plan suitable for Canadian conditions. There is scarcely a country in which an attack has been made on this problem which has not experimented over a long period of years with different types of legislation before finding the best means of dealing with the problem. Indeed, in many countries which are most progressive in this regard there are several different types of schemes in operation. We have had the advantage up to date of our experience only under the Dominion Housing Act, supplemented during the last year with our experience under the Home Improvement Act. We believe that with the best will in the world this parliament cannot make a success of any housing scheme without a broad degree of cooperation from many sections of the Canadian public.

In the first place, to my mind it is most important to rid the mind of the man of small means of the fear which is there now of the responsibility involved in building even a low cost home for himself. Fear is very largely the cause of this depression, and on this continent particularly it is a fear which has not the same justification as it has in Europe. In Europe, close to all of the international difficulties now existing, people fear war. We may fear it on this continent, but at least, Mr. Speaker, the centre of disturbance is five thousand miles away from us. Our fears on this continent rest upon a different basis, and they have been existing now for several years.

The evidences of fear on the part of people of small means who have small savings are found in the growing savings deposits in our banks and trust companies. People in many cases would rather put their money into the safe keeping of institutions which they deem to be safe than attain the ambition of a lifetime by the ownership of a home of their own, involving a commitment for the future, rendered uncertain in their view because of the high taxation, the uncertainty of employment, and this widespread fear of depression.

If the government and parliament of this country can, by the degree of cooperation involved in the three parts of this act, stimulate the man of small means through the knowledge that his parliament and his government have faith in the future of the country, and that the people as a whole are willing to put their credit behind the small man, and are willing to give to him advantages--ease of payments, ease of cost, contributing towards his load of taxation—something worth while will have been accomplished.

[Mr. Dunning.]

I know what it means when a man is contemplating building a small home. The big costs come in the first year; a thousand and one things happen to increase his burden of expenditure during that period. I know what it will mean to thousands of artisans in this country to know that for the first year there will be no tax bill with respect to municipal and school taxes on that house; that for the second year there will be only fifty per cent, and for the third year only seventy-five per cent. I know what it will mean to people of small means to come within the provisions of the low cost housing features of this bill.

One of the great objectives, therefore, is to cooperate to cast out fear on the part of those who must initiate this scheme through their desire to own a home of their own, which is one of the most healthy aspirations in the breast of any man.

Secondly, and this is vitally important, we must have the hearty cooperation of those great trustee institutions of the savings of the people of Canada in the form of life insurance companies. The people of Canada have displayed their faith in life insurance to a degree that is exceeded by only one other nation on the face of the earth, and the sums entrusted to our life insurance organizations are immense. The responsibility for their investment is very great, and I know that those responsible for the investment of such funds feel their responsibility very keenly. I do say that this legislation is designed to cast out fear on the part of those investment institutions also, and to encourage them, as partners with the parliament of Canada, to make advances for the purpose of building homes not merely in our larger great centres where everything is easy, and where salability of property in case of foreclosure is relatively greater, but also in the smaller centres throughout the country. The tendency in the last few years with respect to the financing of homes has been to accelerate the growth of our great communities and to retard the normal growth of those small communities throughout Canada which are still the backbone of our country. We must therefore get the cooperation of the lending institutions. They have a great stake, and I do hope, Mr. Speaker, that they will see their way clear to cooperate one hundred per cent in the carrying out of the objectives of this bill.

Then we also require in connection with certain parts of the bill the cooperation, of course, of the municipalities, in the setting up of the local housing authorities, providing for adequate zoning and planning ordinances, granting the partial tax exemption called for

under part II of the bill relating to low rental housing, and doing real constructive work on the planning of low rental housing objects.

We desire the cooperation of the provincial governments in providing legislation, where legislation is necessary, because of the character of their existing laws; in giving leadership, we hope, and direction to the municipalities within the province, and in giving the provincial guarantee where low rental projects must be carried on by a local housing authority which is municipal in character.

Last, but not least, the construction industry. I hope that none of my friends, members of parliament who may have connections direct or indirect with the building construction industry, will misunderstand when I say that this legislation is a challenge to the building construction industry of this country, and is so intended. It is often stated that of all our industries, the one most laggard in advancing, in taking advantage of possibilities of improved technique, of lowering costs, of the standardizing of commodities, is the building industry. I do not join in that criticism, but I do say that there is one way in which anything this parliament may do in connection with housing can be killed, and that is for the building construction industry, capital and labour, material suppliers and all the rest, to believe that they can, by reason of it, start a steady upward trend in the price of the commodities they have to sell, whether those commodities consist of capital, goods or labour. We require the maximum of cooperative effort from everybody concerned; also, and not least, from leading citizens in every community. In this connection we are doing as we did the other day in connection with municipal improvements; we are stepping into a field which hitherto has not been a field of the dominion parliament, a field which, according to the opinions held by very eminent gentlemen, we have no constitutional right to occupy, and which we can justify entering at all only as primarily an attack upon our great national problem of unemployment. We require, therefore, the cooperation not only of all members of the house, but of all citizens, in what I sincerely believe to be a constructive, long-range, national housing act.

Right Hon. R. B. BENNETT (Leader of the Opposition): It is very interesting to have listened to the admirable address of the Minister of Finance (Mr. Dunning), which more properly might have been made on the second reading of the bill, when we would have had it in our possession and would thus have been able to follow the details of it. I think his original intention must have been to deliver it on the second reading, having regard to the words he used in closing his speech. On the other hand, there are certain promontories that stand out in the legislation, and we are enabled to understand the general drift of it, although so many details determine its success that it will be very difficult to express opinions on the bill until such time as we have them before us.

It is gratifying to know that the matter to which I directed the attention of the Minister of Justice (Mr. Lapointe) the other day was at least foreshadowed by a speech made by a member of the administration in the province of Saskatchewan. It will be recalled that it was indicated that we were to have this measure; and the minister was not quite sure, but "surely there must be some mistake" that the minister had said it would be approximately fifty million dollars. My information on that point, however, was accurate, as indicated by the press reports. In that regard I took the trouble to look up what happened to the Secretary of State for India, who published a telegram in India that had been sent from India to London; on his own responsibility he sent it back to India without consulting the prime minister or the members of the government; it was printed there and telegraphed back to London from India,—much as the speech made the other evening in Saskatchewan as to the intentions of this parliament with respect to a low-cost housing program came by telegraph to Ottawa and other centres of the country and was published before this parliament had been made aware of the proposal. In that case Mr. Lloyd George dismissed Mr. Montagu. A report of the incident will be found in the Annual Register for 1922. These words are rather important:

> In the middle of the month a political crisis of the first magnitude arose owing to the publication of a message addressed by the government of India to Mr. Montagu. The message stated that the government of India felt it to be their duty again to lay before his majesty's government the intensity of feeling in India regarding the necessity for a revision of the Sèvres treaty.

Then follow some details, and the record proceeds:

> The publication of such a message naturally caused a widespread sensation, more particularly when it became known that the publication had been sanctioned by Mr. Montagu without reference to his colleagues in the cabinet. Almost immediately following on the publication of this message came the announcement of Mr. Montagu's resignation. The resignation was announced by Mr. Chamberlain in the House of Commons on March 9.

The report in Hansard of what took place on the 9th of March is wholly beside the issue here. But Mr. Chamberlain took the opportunity to point out that the doctrine of cabinet solidarity was so important that it must be preserved, and that when the Secretary of State for India saw fit to send to India and permit publication through the press there of a message which had not been communicated to the prime minister or the government or to parliament, his resignation should be sought, as it was; and he ceased to occupy his position.

There is an issue here, as I think the Minister of Justice was quick to grasp the other day, an important principle. A very important proposal involving fifty millions of public money is made known to the people of Canada through a speech delivered by a member of the administration in the far-off province of Saskatchewan, which is then telegraphed to this city and to other cities of the dominion. Such, of course, is in contravention of the rules that govern in respect to matters of this kind. I only point out the Montagu case because it happens to be the most recent outstanding case where a departure from the rules governing cabinet solidarity brought about the enforced resignation of the minister who had offended.

The legislation which is to be based on the resolution must naturally be followed with great interest by every member of the house. I think it will be agreed that it will be almost impossible to follow the details of the legislation if you look at the terms of the resolution upon which the legislation is to be based; for the resolution is silent with respect to the details with which the minister has furnished us. For instance, there is no indication of the rate of interest. There are no indications of many other matters on which the success of the legislation depends. I am not complaining as to that. I do not suggest that the minister should be asked to furnish in great detail in a resolution the particulars of his impending legislation; but certainly matters relating to rates of interest have hitherto been held to be matters that should properly be indicated in a resolution upon which legislation is predicated.

Those who were then members of this house and who recall the meetings of the special committee which dealt with the question in 1935, and the discussions in this chamber on the legislation introduced by the former minister of finance, Mr. Rhodes, will recall that on that occasion he pointed out with great clarity that this was after all by way of experiment, and the authorization of ten millions of dollars was intended to be the beginning of the experiment which has resulted, as the Minister of Finance has pointed out, in a fair measure of success, some seventeen millions of dollars being invested in these enterprises. The principle upon which it was thought possible to undertake dominion participation in low cost housing was discussed by a committee of this house, and at length in this chamber. The minister a moment ago referred to our lack of experience in this country. I could not help recalling the words of Tennyson, that we are heirs of the ages. For the minister knows, as do those who are responsible for what has been said as well as what has been printed, that this legislation embodies in terms, with respect to one part of it, the experience of other countries in a similar field of activities. The minister nods his head affirmatively because he made a passing reference to the point in his admirable address. We have then the experience of other countries in dealing with this problem. We have in particular the experience of Scandinavian countries and we have had to a lesser extent the experience of the people of England who, by reason of their form of government, have confined themselves to a smaller number of methods than those which are contemplated by this legislation.

The legislation, Mr. Speaker, to be based upon this resolution contemplates our occupancy of three distinct fields of activity. With respect to one the dominion parliament has given its sanction to our thus occupying the field, and the experiments that have been made in the days that are past have been sufficient to warrant the view, as the minister has stated, that we should continue our efforts in that direction. After all, a year or two is a very short time in which to draw an inference or a conclusion from the operation of any statute, as has been found in practice. But to the extent to which, as the minister has pointed out, our experience warrants it, we certainly would be derelict in our duty if we did not continue the operations of the act of 1935. That act therefore, in its essential features, is to be maintained, but the amount of money to be made available is increased. Broadly, that is the position.

Mr. DUNNING: It is considerably more than that.

Mr. BENNETT: There are certain matters of detail. I will deal with one of them. The minister referred to the liberalizing regulations of 1936. Even in that regard the political aspect must not be overlooked.

He said that the liberalizing regulations of 1936 did something to widen the operation of the statute. Now, there was no amendment to the statute that warranted those regulations; they were within the ambit of the statute as passed in 1935; and the modification of the regulations came about by reason of the experience derived from the operation of the statute, which was the intention as expressed by the minister of finance of that day standing in the position which the present minister occupies.

The other phases of the legislation which are to be modified in the light of experience are changes that have been brought about in consequence of the knowledge which we now possess. I think the minister made that abundantly clear. But when you pass into the second field of our activities as indicated by the act, there you have indeed the application to Canada of principles that have been found useful and effective in other countries. But they have attained their end by different methods. For there are constitutional difficulties in this country as compared with other countries where there is but one legislature to be considered in dealing with these matters.

One must bear in mind, therefore, that there are certainly grave difficulties—if I followed the minister aright—that must be met. Unless the provinces are prepared, through the creatures they have created, namely, the municipalities, as well as by their own act, to take the necessary legislative action, part II will not become effective. I am leaving out for the moment the question whether or not the legislatures will be called together to deal with the matter, but there is one thing that is obvious to every hon. member and that is that no municipality, in the absence of specific legislation, can grant special rates of assessment.

Mr. DUNNING: There are some cases in which it is possible, but very few.

Mr. BENNETT: I am bound to say that in my recollection of the municipal law of this country the essential element upon which the supreme court acted in a well-known case was that the burden of taxation shall be borne ratably and proportionately according to the assessment made, and that no power rests in the municipality, unless specifically given it by the legislature, to make a distinction between one class of ratepayer and another as to payment of taxes only upon a given proportion of the assessment.

Mr. DUNNING: In some cases that authority exists as between the province and the municipality to a degree, though I am not certain that it is to a sufficient degree.

Mr. BENNETT: Bearing in mind the principles that have been applied by the courts in connection with assessments, I think it may be said that as a general rule there can be no such thing in this country as discrimination with respect to the amount of taxation that is to be paid by a given proprietor as distinguished from his contiguous proprietor. Now we are going to do that.

Mr. VIEN: That is correct in Quebec.

Mr. BENNETT: It is generally correct.

Mr. SLAGHT: In Ontario, with the approval of the municipal board.

Mr. BENNETT: As the hon. member for Parry Sound (Mr. Slaght) has said, instead of going to the legislature for many matters within the terms of the municipal board act, the approval of that board is equivalent to the approval of the legislature. That is in Ontario. But there is a limitation upon that, a very clear limitation, namely: the action taken by the board must be within the ambit of the jurisdiction conferred upon it by the legislature. That is a fair statement of its position, and in some instances it is very limited. That contemplates first the conferring of new powers upon the municipality; secondly, those powers can be conferred only by the legislatures; and thirdly, that involves obviously action being taken by the legislatures before this provision in part II can become effective.

I pointed out to the minister the other day how much I regretted that this measure had not been submitted before the legislatures had risen in order that effective action might be taken by them to deal with the matter at their recent sessions. I am not going to traverse the other points made by the minister as to the conditions precedent to the dominion exercising its lending power. I think that in two instances the minister overlooked the fact that guarantees are being given by the dominion to the lending companies in connection with the sums that they invest in these enterprises. There is just one matter to which I would refer, and I am sure it is in the mind of the minister, from what he said. The difficulty of private capital investing in these undertakings—and I do not greatly disagree with what he said with respect to fear—lies in the fear of action being taken by the legislatures which will impair the value of the security. Now, we cannot interfere in these matters ourselves. We have no power

as a dominion to make these conditions except as conditions upon which the loan is made. The minister pointed out what those conditions were. But when they involve legislative action which cannot be taken by a municipality itself, it means that the legislatures of the several provinces must agree to the conditions and terms which we impose. Whether they will or will not is purely conjecture, about which I shall at the moment say nothing.

Mr. ROGERS: That is solely with respect to low rental housing.

Mr. BENNETT: No; both parts II and III are affected by it. I am coming to that in a moment. As to part II it is quite obvious that we have no legislative jurisdiction with respect to the major number of the conditions mentioned by the minister.

Mr. DUNNING: There is no doubt about that, as to part II.

Mr. BENNETT: Yes. The minister very properly has said, by inference, that we propose to make it a matter of contract—that is, acceptance of the conditions—before we will make the grant. That is the only method by which we can do it.

Mr. DUNNING: That is the only door open to us to do our part.

Mr. BENNETT: There would be another way, but that is a way of which the government does not think well, and about which I shall not enter into a controversy at the moment. The imposition of conditions precedent upon the borrower—I use the term "borrower" as a generic term—by the lender is again a matter involving property and civil rights, with respect to which action of the legislature may impair the value of the arrangement made. It is not like banking and commerce, where we exercise ancillary powers, as we did in connection with invading the field about chattel mortgages (Tennant v. Union bank), but here it is not a question of being ancillary within the decision within a more recent case in the privy council in connection with radio receiving sets. This cannot be said in any sense to be ancillary to it. In other words we have no legislative power to start with. Not having legislative power we are seeking to occupy the field by the imposition of conditions in a contract which we make for the purpose of lending the money —a contract not with the province, and not with the municipality, but direct with the borrower himself. The minister said just now that it is the only door open to enable us to operate in this field. I would say there is another method by which it could be done, but that method the government do not desire to follow; they have made it quite apparent that they do not, so we will leave it at that. It will be recalled that this question did arise in this parliament in the days of the assistance given to highways, and in the case of one other statute as well. It is not necessary to traverse that ground this afternoon.

With respect to parts I and II, I think I can summarize the position in a few sentences. First, antecedent to the exercise of our power, which must be by way of imposition of conditions under a contract, we have no legislative jurisdiction in the premises. That is apparent. Second, in the exercise of the powers we shall have to insist upon conditions being observed which, after they are merged in a contract, will not be subject to our legislative control. The minister nods his acquiescence.

Mr. DUNNING: Therefore the provincial guarantee.

Mr. BENNETT: I was just going to say, that is why the minister repeated to-day what he said a few days ago, that we must have a provincial guarantee. The reason given for it is, shall I say, ample from one angle, but it is a dangerous one from another angle, as the minister at once observes and understands, without going into details. I think however it is fair for me to say that having acquiesced in the principle in respect to part I in 1935, in the light of what the minister has said I see no reason why we should depart from the support of that principle. With respect to part II the principle is sound. But just how under our constitutional structure it can best be applied, I am not at the moment going to express an opinion, because the speech that was made was, as I say, more properly a second reading speech; for we would then have had before us the printed bill and thus be able to follow the details.

Mr. DUNNING: Perhaps my right hon. friend will let me explain why I did not do that. I felt that I could not ask the house to pass the resolution without giving the particulars.

Mr. BENNETT: I appreciate that the minister departed from what was in his mind originally, and gave the house the benefit of his lucid exposition of the details; but it was quite obvious that the house could not follow it unless they had before them the printed bill. They will have to take Hansard and apply it to the printed bill. That will obviate the necessity of the minister making his speech

over again on second reading. And he probably has afforded opportunity for the people of the country to have some knowledge of the proposal, although I doubt if they will have as clear an understanding as they might have had if the bill had been printed and the speech made on second reading.

With respect to the third field which the minister proposes to occupy, I shall be very brief. I need hardly say that the question of the federal government assuming taxes in municipalities is nothing new. The minister said it was unique, but during the last ten or fifteen years I venture to say there has not been a month during which communications have not been received from municipalities asking that local improvement taxes on crown property be paid by the dominion and that the property be made subject to municipal taxation. For instance corner lots are frequently occupied by federal buildings, and such lots when in the possession of other owners are heavily taxed for local improvements—that is, sidewalks, sewers, and the like. It will be within the memory of some that we have from time to time voted sums of money through the Department of Public Works for the purpose of providing some of these taxes. One of the submissions made to the so-called Rowell commission was that dominion property should pay municipal taxes. Now we propose to pay the whole of the tax for the first year after the construction of the new buildings. I point out that to do that, if it is on the basis of the ordinary assessment, which would be thirty mills in some communities, would call for a larger sum than the minister contemplates paying. That necessitates authority being given to the municipality to lessen and restrict its power of taxation with respect to properties covered by this bill, namely those other than part II. It will require some act of legislation.

Mr. DUNNING: To enable us to deal with part III we require legislation.

Mr. BENNETT: I have not any doubt that it will, for this reason; the minister does not propose to pay the tax on the basis of the normal assessment rate.

Mr. DUNNING: Oh, yes.

Mr. BENNETT: But in his speech he placed a limitation upon it.

Mr. DUNNING: We intend to pay the amount by which the municipal and school taxes have been increased by the erection of the building. The figures I used were based upon a calculation of cost rather than of assessment; they were used for the purpose of illustration. Whatever the taxes are we will pay them.

Mr. BENNETT: But not the whole tax.

Mr. DUNNING: No, the amount by which the taxation has been increased by reason of the erection of the building.

Mr. BENNETT: That is the point exactly. Two factors complicate the situation. Taxes are on the basis of assessment, not cost. And the minister very properly pointed out that improvements are taxed in some municipalities at fifty or sixty per cent of their cost, in other cases a little higher. It would therefore follow that there must be an adjustment in each case, based upon cost, for the purpose of determining what our contribution should be.

Mr. DUNNING: No.

Mr. BENNETT: It could not be otherwise.

Mr. DUNNING: The only regulating factor is that we will not pay on a house which exceeds $4,000 in cost.

Mr. BENNETT: Quite; that is simple, and you are not going to pay the whole of the taxes.

Mr. DUNNING: We will pay that portion of them represented by the taxes on the building.

Mr. BENNETT: Precisely; you are not going to pay the whole of the taxes.

Mr. DUNNING: The taxes are usually divided under two headings, land and buildings.

Mr. BENNETT: The municipal tax notice that I receive for a piece of property in Calgary is for all the services that are supplied to me, or to my house, by that city. It involves many matters; sidewalks—

Mr. VIEN: Land and buildings.

Mr. BENNETT: I am coming to that. It includes sewers, sidewalks and so-called improvements, the latter being the buildings erected on the land. Under this measure the government propose to pay the taxes only on the difference that is shown by the cost of the building on that assessment.

Mr. DUNNING: No, by the assessment on the building, which was not there before, remember.

Mr. BENNETT: The minister made it perfectly clear that we are not going to pay all the taxes. That is the first point. The second point is that the portion of the taxes we are going to pay is that portion which would be represented by the increase in taxes consequent upon the construction of the building—

Mr. DUNNING: That is it.

Mr. BENNETT: —as assessed by the city, of course.

Mr. DUNNING: Surely.

Mr. BENNETT: It is conceivable that this would mean only half relief where the taxes are as high as fifty and sixty mills. I only point that out to the minister now, because it will be a matter requiring very careful consideration in committee when we come to deal with the bill itself. I know that in some of our municipalities the tax rate has risen to as high as fifty mills, and I believe in some parts of Canada—I am speaking now from my memory of Doctor Brittain's record—the municipal taxation has gone as high as sixty mills.

Mr. HEAPS: It all depends on the nature of the assessment.

Mr. BENNETT: It also depends to some extent on who makes the assessment, but at any rate that is true. What I have to say with respect to part III is that however anxious we may be, as I think we all are, to give some stimulus to the building industry and to create an interest on the part of people to have homes for themselves, to help in tying themselves to their communities more securely than otherwise they would, we have to remember what our constitutional limitations are.

Mr. DUNNING: That is an awkward thing to have to remember, but we must remember it.

Mr. BENNETT: I agree with the minister that it is an awkward thing to have to remember; yet we must remember it. That is why I have been so anxious that we should have a constitutional conference for the purpose of discussing the question of the amendment of our constitution. But I am not going to do more than reserve the right to discuss the details in the fullest possible way when the measure is before the house, and I shall content myself by merely saying that as to the general principle I should think there would be no conflict of opinion in any part of this house. But I must say that as the undertaking has been outlined here to-day I think our right to act is dependent upon too many conditions over which we have no control; and which, if acceded to by those with whom we deal contractually, are still subject to the very difficulties the minister quite properly pointed out, namely the question of the right of the legislatures or of their creatures legally authorized so to deal with the subject matter of the security as to render it practically valueless from our standpoint, having regard to the extent of our advance.

The question of the amount of our advances under different circumstances, and the question of the creation of corporations really with preferred stock not entitled to receive more than 5 per cent in interest, are really matters which concern the methods adopted to accomplish the purpose. In my judgment they may be improved upon by this house, by timely suggestions that may be made when the bill is in committee. We adopt the broad principle by supporting the resolution. We reserve in full the right to determine how best we may be able to achieve that end, having regard to the constitutional limitations which exist. Certainly at the moment I am not disposed to give my approval to an acceptance of the methods indicated by the minister, as being sound either in practice or in theory, as applied to this particular type of case, although I recognize that the minister has adopted one of two methods. There are only two methods open, and the method adopted is the imposition of conditions upon the exercise of a power, which conditions are to be embodied in a contract between the individual and the state, which contract is still subject at least to the general law-making power alike of the province and the dominion. In that way we may create a situation of grave difficulty from the standpoint of the country itself and in the administration of the legislation.

I want to make just one observation as to something which is sometimes forgotten by my friends who talk about cheap money. I think the largest of the building societies operating in England is the Halifax society. I believe at the moment its assets—

Mr. DUNNING: There are one or two nearly as large, but I imagine the Halifax society is the largest.

Mr. BENNETT: There are two very much alike, but I think that is the largest one If you look at the hoardings in London to-day you will find they are advertising money at 5 per cent, and they are getting the loans at 5 per cent.

Mr. McGEER: They raised the rate to 5 per cent, and building stopped in England.

Mr. BENNETT: I am only referring to what happened some two years ago, when building was at its height. I was not over there this year, but I was there last year. The English plan brought into being over a million houses and the building societies have never made as many loans. The rates that have prevailed have been between 4 and 5 per cent, and on the hoardings the advertisements gave the rate as 5 per cent. I merely mention that because it is doing a wrong to the people of this country to induce them to believe that

money can be obtained in England for nothing or next to nothing. All you have to do is look at one of the handbooks recently published, having to do with the year 1937, and you will find what I have said abundantly demonstrated.

It is not correct to say that building stopped under those circumstances. That is not what happened. What happened was that the plan which had been enacted by parliament had completed its operations, and the building societies are doing a great business in every part of the kingdom, both in deposits on the one hand and in loans on the other. I merely mention that because sometimes I have heard men talk about the cheapness of money loaned by the building societies in Great Britain, and I made the matter the subject of definite and particular inquiry.

Mr. VIEN: Is the 5 per cent inclusive of sinking fund?

Mr. BENNETT: The loans are predicated upon monthly repayments, which in most cases involve amortization. I cannot say in detail whether that is so in all cases, but in many cases there is involved the making of 120 payments of so many dollars each, based upon an interest charge at the rate of 5 per cent per annum.

Mr. VIEN: That would be inclusive of amortization.

Mr. BENNETT: Quite.

Mr. DUNNING: Not always; only under some plans.

Mr. BENNETT: Certainly; it is a matter of contract. That is a fair way to put it.

There is just one other thing I desire to say to the minister. I doubt if any wooden house would stand a thirty-five year amortization plan. I merely mention that because certainly it is a departure from the rule that is observed in other countries with respect to wooden houses. Other countries do not do much in the way of building wooden houses now. All these houses in England were of brick. The joists were not steel; they were wood, but the houses themselves were brick. In that case the amortization was not as high as thirty-five years. In most of the continental countries, especially in the Scandinavian countries, the houses are of brick; the joists and girders are not of steel, but of wood. Thirty-five years is a long term amortization.

Mr. DUNNING: Thirty-five years was mentioned in connection with the low rental housing scheme. Apartments might be built under part II.

Mr. BENNETT: I am dealing with part II. It seems to me that this is all that I can usefully say at this time. I should like to study the details of the bill which I consider to be of much more importance than the acceptance of the principle. In other words, there is no difficulty about the principle; but there may be tremendous difficulty, having regard to our constitutional limitations, in working out the details.

Mr. A. A. HEAPS (Winnipeg North): Mr. Speaker, it would be extremely difficult for any one to discuss the proposals made this afternoon by the minister without having before him a copy of the bill. One can discuss the question only in a general way. May I say at the outset that I desire to commend the minister and the government for the step they have taken in this resolution. In 1935 a report submitted by a committee of this house proposed a comprehensive national scheme, but nothing was done at that particular time. At last we are coming to grips with this most important question. In many parts of Canada house construction has lagged. Housing accommodation is required in many of our large industrial and urban centres. I believe the legislation to be based upon this resolution will give a decided fillip, may I say, to the building industry of Canada. It will provide homes and create employment. In addition it provides a self-liquidating scheme which will prove of inestimable value to many people in the Dominion of Canada. Some of the details referred to by the minister will have to be gone into quite carefully. The minister referred to municipal taxation, but this question is so involved that I would prefer to see the bill before passing any judgment upon the point. The minister stated that the taxation could not exceed one per cent of the value of the house built.

Mr. DUNNING: Under part II, one per cent of the cost of the project.

Mr. HEAPS: In other words, if a house costs $4,000—

Mr. DUNNING: Part II covers low rental housing schemes, and the one per cent relates to the total cost of the whole project. A project might include a number of houses or apartments, as the case may be.

Mr. HEAPS: Even so, the point I wish to make is the same. I have always objected to the creating of a preferred class of citizen in any community, especially in connection with taxation. Under this plan we are creating a class which is to be given preferential treatment over other sections of the community.

The minister has pointed out that under this scheme homes or apartments will be rented at from $15 to $18 a month. If those are suitable for accommodating small families, I believe that we shall be meeting the situation in a reasonable way.

Mr. BENNETT: Not by apartments.

Mr. HEAPS: If we can provide homes or apartments for the rental mentioned by the minister, I think we shall be going a long way to meet the situation. In many of our large industrial centres many people prefer to live in apartments rather than in self-contained homes. In other communities the reverse may be true, and the people may prefer the self-contained home to the apartment. In the colder parts of the country where people have to withstand the rigours of the climate, many of them do prefer to live in apartments where heat is furnished. If, as has been stated by the minister this afternoon, we can provide such accommodation for $18 a month, we shall be working toward a desirable objective.

Mr. DUNNING: I hope my hon. friend does not take my remarks this afternoon to be in any sense a guarantee. I gave an illustration which was based upon two years of work in one of our largest cities. The figures I gave had been evolved by a committee comprised of all classes of society and also experts. I took those figures and applied to them the interest rates and the conditions of the bill in order to arrive at an approximation of what that scheme would cost at the present time. That is why I made the reference to the importance of keeping costs down. It was just an illustration.

Mr. HEAPS: I feel the estimate given by the minister was a little low. It might be possible in certain parts of Canada where buildings do not have to withstand too cold a climate to furnish accommodation at that cost, but I think the cost might be slightly higher in those parts of Canada where the weather is more extreme.

Mr. VIEN: It would have to be on a large scale.

Mr. HEAPS: About twenty years ago I saw certain plans which might fit into a scheme such as was suggested by the minister this afternoon. I do not agree with the stipulation as to the income of the family. I do not think the minister should hedge the scheme around with too many "ifs" and "buts." I do not think it is fair to stipulate that the accommodation to be made available at from $15 to $18 a month shall be available only to those earning up to $90 a month. The man who is earning $100 or $110 a month should not be debarred from the opportunity of renting a low-cost house.

Mr. DUNNING: He would be debarred only if there was some fellow earning as low as $90 a month who wanted it.

Mr. HEAPS: I do not think we should have even that stipulation. We should allow a little more discretion to the municipalities in choosing tenants. In my humble opinion the success of such a scheme depends upon the type of administration. As the minister pointed out probably the only municipality in Canada that was able to make a success of the housing scheme of 1919 was Winnipeg. I was a member of the council when the provisions of that act were put into operation. We borrowed money at 6 per cent and lent it to the borrowers at 7 per cent. With the difference in the interest rates that city has been able to make a slight profit on the undertaking all through the years. Many of the homes have been paid up. When we look back over the years it is almost inconceivable that certain municipalities got into the difficulties they did. My main purpose, however, in rising was to say that I am pleased indeed that the government has introduced this resolution, which is to be succeeded by a bill. I need hardly say that we will give it our wholehearted support.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I have had some experience with housing programs as head of a city, one in 1913. I opposed one in 1919. The city of Toronto negotiated with the federal government in 1919. A large sum of money was borrowed and many houses were built, but for the most part the scheme was a failure. The money was paid back by Toronto and the other municipalities. The result was that the general body of the taxpayers had to shoulder the deficit burden. In my humble opinion it would be far better if this government would give a certain portion of the income tax, say one-third, back to the municipalities by way of a subsidy, bonus or subvention and so aid building and construction. I think that would lead to more actual building of all kinds and construction than anything else. This bonus or subsidy to the municipalities should consist of thirty-three and a third per cent of the net federal income tax collected by the dominion and would help out real estate and bring lower taxes. In that way the municipality could prepare the way and build municipal institutions of all kinds looking to future requirements, as

Italy has done. In the past four years Italy has been building various municipal institutions with federal aid of all sorts to take care of municipal expansion for the next forty years in that country and so aid recovery and give work. But in Canada our municipalities have been starved; they have had no money for any public works. Go over any municipal public building and you will see old paint, old doors, and a dilapidated building. No new construction can be undertaken, and the result is that taxes on real estate are such that nobody wants to own it. The average tax on property in a large city is a rent in itself, as every member knows, and through no blame to our municipal councils who get no aid and have their revenues taken from them.

I think the minister should do something about the mortgage and lending companies in Ontario. I live in the district of Eglinton, North Toronto, and at one time more than half the homes there, if necessary, could be taken over by the mortgagee. They are not worth the price of the mortgage. If the minister could rap on the doors of some of these large lending companies and force them to bring the interest rate down—6½ per cent is the prevailing rate in that locality where thousands of houses have been built and most of the owners cannot pay their taxes—he would be doing something worth while, and get cheaper money for mortgages.

A housing committee was appointed by this house in 1935 and it did good work as far as it went, but the committee was somewhat handicapped. One good thing it did was to go to the Ontario government and ask them to give municipalities the power to pass by-laws to allow renovations to homes to be undertaken, on the grounds of public health and to stimulate building activity. Much good was done in Toronto. The municipalities were allowed to make loans for that purpose, and hundreds of properties were renovated without expense to the federal government. But it would not have been so hard on the owners of the homes if renovations had been helped by a federal bonus, or subsidy as an aid to housing.

There should be some other form of subvention provided to assist the municipalities because people in the cities who are out of employment cannot possibly pay their taxes and are often out the rent, and it would be far better if the minister dealt directly with the larger municipalities and handed them back some of the money they have paid in income tax, and so aid municipal recovery and expansion and real estate.

As to the type of building, I have seen something of this class of construction, which no doubt will be built by local concerns under this bill, in the city of Cleveland, where large apartments have been built by the local authorities with federal aid. But one consideration, Mr. Speaker, is that the average workman will not move from the slums to another district. He wants to stay with his neighbour and the person from whom he gets his house supplies. That was brought out in the evidence before the l ousing committee in 1935 and was so in the case of Leeds, England. They want to deal with the same grocer and the same butcher and get credit, and so they hesitate to move to some new district where the local authorities are receiving governmental assistance in housing projects; they could not pay the rents anyway. The question of transportation also comes in for the suburban worker. It is one of the main factors in housing and slum clearance and all other factors depend on it.

I asked the government early in the life of this session if they were going to bring down any housing or slum clearing legislation, and the minister said no; there would be only the housing act and the home improvement plan legislation, and now at this late date this large sum of money is being provided.

I have read the text of the resolution, and in my opinion it will be a good thing for some people, and the loan companies, but the property owners are becoming very much scared of legislation of this kind. It is class legislation for the benefit of the big loan companies and other large institutions; that is all it is. If the minister wants to do something to help the building and construction industries, let him hand back one-third of the income tax to the large cities, as a bonus or subvention to industry, the income tax which they have paid. The cause of the suburban worker is also being forgotten, the man who owns his own little place. I fear the new deal will not be an improvement.

Mr. DENTON MASSEY (Greenwood): Mr. Speaker, I am sure it was with a good deal of satisfaction that those of us who have been particularly interested in this great national question of housing surveyed the resolution which is on the order paper to-day, and which has been so ably spoken to by the Minister of Finance (Mr. Dunning) this afternoon. I quite agree with the right hon. leader of the opposition (Mr. Bennett) when he said that there should be no objection in any part of the house to the purpose of the bill which is to be brought down by the minister.

The house will recall, Mr. Speaker, that it was my privilege last session to introduce a

resolution urging upon the government the necessity of considering this vital question in a practical and direct way, and accordingly it is with a good deal of personal satisfaction to-day that I have listened to the remarks of the minister. There are, however, one or two points that I should like to discuss at this stage and present to the minister for his consideration prior to the bringing down of the bill. I do not intend in any way, shape or form to discuss now the details of the bill because, despite the clarity with which the minister this afternoon has presented its purpose and principles, it is indeed a complex subject which cannot readily be grasped in the course of one hour, even though it has been so clearly presented.

But one point which I think is of extreme importance is the method of application of the moneys available to the municipalities on the basis of population. If one city has five thousand of a population and another city has five thousand of a population, in the one municipality, as a result of conditions in the last few years particularly, housing may be a serious problem, while in the other municipality of the same size, so far as population is concerned, housing may present no problem. There could be no more money granted in the one case than in the other, which seems to me to be inconsistent with the situation that may readily exist.

Mr. DUNNING: The criterion in this bill is the urban population of Canada.

Mr. MASSEY: Yes, and I am speaking of a city. It may be a city of fifteen thousand people, any city the minister may conceive of, with a housing situation which is acute as a result of certain local conditions in that urban area, whereas in another city in another part of the province or in another part of the dominion, as a result of conditions prevailing there, there may be no housing shortage at all. Yet the first municipality, in which there is a housing shortage, and which needs more money than the second municipality, in which there is no housing shortage, can get no more money than the second, and that seems to me to be inconsistent with the situation which may readily exist. In other words, there should be some terms in the bill relative to the need of the municipality besides the consideration of population only, which is a cold-blooded-on-paper fact.

Mr. DUNNING: If my hon. friend will permit me just a word of clarification, I doubt very much whether a large enough scale low rental housing project under part II would be possible by a small municipality, for the reason that the costs incident to a small scale project would render it prohibitive for the purpose which part II seeks to serve.

Mr. MASSEY: I agree; but I was thinking particularly—and the minister will appreciate this, I am sure—of a municipality where, say, some new industry had moved in, and as a result there has been a sudden demand for housing, with no houses available in answer to that demand. The result is that you have a population inadequately housed even though the municipality may be small. There are such places in Canada where perhaps a mill, or whatever it may be, has been built, bringing in new workers and causing a demand for houses. I was going to suggest to the minister that he give consideration to that contingency arising and insert in the bill such sections as will deal with that particular point.

In the second place, the minister will be aware, from his knowledge of what has been done in other countries, that in Sweden particularly, and in the United Kingdom as well, large tracts of land in the suburban areas of municipalities have been purchased by the municipalities for the purpose of purchase by individuals for the erection of small homes. If this is to be done by municipalities under this legislation, the taxes from these newly purchased areas are found money to the municipality. True, the lands have been purchased; money has been laid out to purchase the land; but taxes on that land have not been received by the municipality at any time because it has not been within the boundaries of the city. According to the minister's statement, as I understand it, the portion of the taxes that is accruing as a result of the improvements to that land is to be paid by the government 100 per cent the first year, 50 per cent the second year, and 25 per cent the third year. Am I correct in that? On the other hand, these are new taxes accruing to the municipality. In the case of Sweden and, I believe, in the United Kingdom, although I cannot speak with authority there, these taxes have been absorbed by the municipality as not having existed before. Perhaps it might be possible in drafting this measure to bear that fact in mind; for it has been of tremendous benefit to the new home owner in a suburban area.

Mr. DUNNING: That is, that the municipality would absorb what the dominion did not absorb?

Mr. MASSEY: Exactly. In other words, the municipality carried its own burden.

Mr. DUNNING: That is worth thinking of.

Mr. MASSEY: Yes; I think that is a point the minister might bear in mind.

The next point is that a tremendous advantage has been given the small home owner in the way of price as the result of standardization of plans. One does not like to think of a row of houses, each one exactly the same as the one on either side of it. On the other hand, various plans have been presented by architects in countries such as the United Kingdom, Sweden and Denmark where the house is a standard house in the main as far as its construction is concerned, although there have been various changes here and there which have altered the outside appearance of the house so that it gives the impression to one who passes it of being a house different from the one next to it, although actually they may be the same. They have gone probably to greater lengths in that regard in Sweden, where they have three distinct types of house for various sizes of family. Further, in the development of their suburban areas they have made provision so that the houses are not located on the properties in exactly a straight line. In some instances the houses are staggered slightly; in other instances they are set forward or backward, as the case may be. But that is beside the point.

It would seem to me desirable, in view of the fact that this legislation emanates from the federal government, that some thought should be given to the question of obtaining designs for small low-cost standard houses.

Mr. DUNNING: We have that now.

Mr. MASSEY: I know we have that now, but not down to $2,500.

Mr. DUNNING: Oh, yes.

Mr. MASSEY: As low as $2,500?

Mr. DUNNING: Yes. The last competition was specifically for that class, and produced quite remarkable results. My hon. friend will have to pay for it, I am afraid, but he can get a set of the designs.

Mr. BENNETT: They are copyrighted.

Mr. MASSEY: I have seen the designs. But I understood there was some question whether or not the houses could be built in all parts of this country for the figures estimated.

Mr. DUNNING: That, of course, will always be a debatable question.

Mr. MASSEY: A $2,500 house in Halifax may not be a $2,500 house in Vancouver. The aim was to have a $2,500 house. I fully understand that. But I was thinking more of the pre-fabricated or partly pre-fabricated houses, and it seemed to me that some thought might be given to that suggestion. It would have to be worked directly in connection with the municipalities where the houses are to be built. In the case of Sweden, where so much pre-fabrication is done, the houses are built of wood, whereas in England the same cannot be done, because the houses are built of brick. It might be worth considering that the government should work directly with the manufacturers or the mills in the matter of production of, for example, casements, frames and so on, which can be built to standard specifications. All these things tend to reduce the cost of houses.

I listened carefully to the minister's remarks, but I failed to hear anything with reference to any consideration to be given to the man who wished to assist in the building of his own home. There is a feature which, as the minister well knows, has been a most attractive one in Sweden, that if a man provides labour in the building of his own home, all that goes towards reducing his obligation, pro-rated, if you will—

Mr. DUNNING: It is possible.

Mr. MASSEY: —and because he supplies $200 worth of labour, the amortization is just that much less as far as he is concerned.

Mr. DUNNING: It is possible, under part I.

Mr. MASSEY: It is possible under part I? Again, I am not criticizing; I was just suggesting this, not having seen the bill. I am very glad to hear what the minister says.

Lastly—for I do not wish to delay the house any longer—it seems to me to be unfortunate that we introduce a bill to deal with this great national question of housing and neglect the blot which is upon the escutcheon of this country, namely our slums; for I can find nothing in the minister's remarks this afternoon that dealt with this ghastly situation. The minister well knows that those who are at present compelled to live in the slum areas of our cities will not find it possible in any way, shape or form under this measure to build their own homes.

Mr. DUNNING: Part II is designed especially for them.

Mr. MASSEY: But these men have no money whatsoever. They cannot shoulder 10 per cent and build their own homes.

Mr. DUNNING: My hon. friend has completely misapprehended the scheme.

Mr. MASSEY: I think not.

Mr. DUNNING: Part II does not involve any investment at all on the part of the individual. It is wholly a low rental housing proposition for just the precise class of people to whom my hon. friend has now referred.

Mr. MASSEY: Quite.

Mr. DUNNING: Part II is intended specifically to take care of the problem to which he has referred.

Mr. MASSEY: To attack the position of those who now live in slum areas, those who at present are on relief, those who have no incomes, those who have no jobs? They are to be permitted to go to these new areas with nothing at the back of them, and no prospects?

Mr. DUNNING: The municipality can go even that far if it wishes.

Mr. MASSEY: But this rests with the municipality entirely.

Mr. DUNNING: They can go even that far.

Mr. MASSEY: But the minister will admit it is up to the municipality? How uncertain!

Mr. DUNNING: To a point. Does my hon. friend think there is any possible scheme of building houses for people to rent for nothing? That is what we come down to. If the only way to clear slums is to provide houses for people with no income at all to get them without paying anything for them, then I must confess I am stumped. I cannot face that one.

Mr. MASSEY: I do not think the minister is stumped by any manner of means; for if he looks to Sweden he will find an answer to that. That is exactly what has happened in Sweden. The municipality has built the houses. They found it cheaper to build the houses and move those who were in the slum areas to those houses than to attempt to maintain them where they are.

Mr. DUNNING: The municipality can do that under part II of this bill.

Mr. MASSEY: Exactly, but will the municipality do that?

Mr. DUNNING: Well, this parliament cannot make them.

Mr. MASSEY: Of course that is beyond the minister's control. I admit that. But here is a scheme which is designed primarily to assist the one who would be a small home owner, but on the other hand is there anything within this scheme which will assist the municipality itself to become the landlord?

Mr. ROGERS: Yes. Part II.

[Mr. Massey.]

Mr. MASSEY: That is within the bill? I am glad to hear the minister make that comment.

I think we may congratulate the minister, not only upon his presentation of the scheme this afternoon but upon the fact that it has been brought down in the way in which it has been. I was greatly relieved to see the scheme in view of the fact that last year, as reported on page 748 of Hansard, during the course of the debate on housing the minister said:

> From the time of confederation all measures with respect to the building of houses have been provincial laws or municipal bylaws passed under authority of provincial legislation. We might as well face that fact. Recently we have been put in our place by a very high authority with respect to our powers. Our powers with regard to matters of this kind are limited very largely to paying out the money of all the people of Canada for the benefit of some of the people of Canada, under conditions which are largely affected if not governed by provincial jurisdiction.

Mr. DUNNING: That is it. That is precisely the condition.

Mr. MASSEY: It would seem to me, then, that that difficulty has been overcome.

Mr. DUNNING: Really, that is all we can do.

Mr. MASSEY: "That is all we can do," says the minister. One may hope then that this scheme will be accepted by the provinces; for if it is not accepted by the provinces, then the municipalities within those provinces which may not accept the plan will suffer as the result of the lack of action of the provincial legislatures. I wonder then, if when the bill is introduced the minister will be prepared to state what he considers to be, as a result of the contacts he has had with the various provinces, the chances of the provinces accepting the terms of this bill. In view of the fact that throughout the length and breadth of Canada this bill has been heralded, first in Saskatchewan, and now in this house, a tremendous amount of interest is being taken in it; the hopes of many people are being raised; and it would seem to me to be very unfortunate to raise the hopes of those who anticipate that day when they will be able to build and occupy their own home, only to have their hopes dashed by the action of some stubborn legislature in this dominion which fails to cooperate as we sincerely hope they all will.

An hon. MEMBER: What else can they do?

Mrs. MARTHA LOUISE BLACK (Yukon): May I say a few words, as probably the only member who can hope for nothing from this bill? It has been said that at thirty-five years of age the house would be too old. Our homes in Dawson are built largely on a glacier. The home in which I live, a frame house, is almost forty years old. It still stands; it is still comfortable and I expect to live in it as long as our people up there send us here.

Mr. O. B. ELLIOTT (Kindersley): From the experience of the last three years' operation of the Dominion Housing Act it would seem that it is almost hopeless to look for any loans from the lending institutions, apparently because the returns to the insurance companies have not been sufficient to induce them to take part in this work. I was glad to hear the minister refer to the insurance companies Last year I tried to obtain a loan personally from different insurance companies in Edmonton for the purpose of building a home for myself. I was prepared to put up more than the twenty per cent equity and to comply with all the regulations. I had plans for the home and I approached several of the insurance companies as well as mortgage companies, but they would not give the cooperation they promised in connection with the Dominion Housing Act. I even went to the mayor of the city of Edmonton and called up several insurance companies, but with the same result. They say they have not made loans for the last seven years in Alberta, and that suggested to me that it was not because of any opposition at that time to the social credit government.

The city of Edmonton during the fall embarked upon a plan with money obtained, I believe, from the dominion government for unemployment relief. The plan was quite successful. They built several apartments and private homes, apparently to the satisfaction of those who were in charge of the project. Of course, as the minister pointed out, the city has a large number of vacant lots and these were utilized for the purpose. The only fly in the ointment is the increase in the price of materials that have been going into homes. There has been a constant increase, in the western provinces at any rate, in the price of materials, especially plumbing. The remarks of the minister in that respect are therefore opportune and I wish at this stage to commend the government. I think they are to be congratulated on bringing in this legislation, because it is certainly required in the western provinces in both the urban and the rural municipalities. The municipalities themselves can make good use of the money. I would ask the minister what the maximum amount of interest will be to the private individual who builds a home. Will the maximum be 1¾ or 2 per cent?

Mr. DUNNING: I should prefer to answer questions when the Speaker leaves the chair.

Mr. ELLIOTT (Kindersley): I will close by commending the minister, because I believe that this legislation will be beneficial.

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

Mr. DUNNING: With respect to part I, the rates of interest remain, as under the old Dominion Housing Act, subject to arrangement between the dominion and the lending institution. The rate under the Dominion Housing Act is now five per cent on the combined amount—five per cent to the borrower, brought about by the dominion's contribution going in at a lower rate, as it has from the beginning, enabling the lending institution to collect slightly more than five per cent on its part. I shall have more information in that regard. It remains a matter of agreement. So far as part I is concerned, the rate to the individual borrower will remain at five per cent. With respect to part II, that is a community undertaking; no rate to the individual borrower is involved at all. I explained in my remarks the rates of interest which will be applicable in that regard.

Mr. ELLIOTT (Kindersley): Has cooperation been promised by these insurance and loan companies?

Mr. DUNNING: To be frank with the house, I did not feel that I could discuss the precise terms of this legislation with any one of those at present under agreement with the minister under the old statute, before presenting the matter to the house. What has been discussed with a number of them has been the broad criticism that has arisen in the operation of the Dominion Housing Act, and I have listened to everybody's ideas. From the views expressed to me by representatives of lending institutions with regard to this, that and the other improvement that they think might be desirable, I have very high hopes that most of those who now cooperate will continue to do so more actively as a result of the changes made. But I have no direct assurances with respect to that feature. My hon. friend is speaking, of course, of part I of the bill. It can be readily understood that in listening to the

views of many lending institutions there will be a large variety of opinions among them as to what will be the most effective and suitable method.

Mr. BENNETT: Depending upon what they pay for their money, some of them.

Mr. DUNNING: Yes, and depending upon the precise nature of their operations and sometimes geographical limitations. Hon. members of this house can do one service in connection with this act—I mentioned it once before when speaking of the old Dominion Housing Act. The parties who could render great service and who render the least are those local institutions, local to various parts of the country, which have direct and peculiarly personal connections with people of given localities, provinces in some cases and counties in others. They are the most difficult to get to cooperate in this matter. The great national institutions have given a good deal of effective cooperation—many of them, not all—but it is characteristic of the smaller localized institutions that, with the exception of the Caisse Populaire in Quebec and one or two others here and there throughout the dominion, in general there is a problem where local institutions which are most closely in touch with the local people will not come into our scheme.

Mr. ELLIOTT (Kindersley): In respect to these corporations, would a credit union be considered such an institution?

Mr. DUNNING: The caisses populaires in Quebec are credit unions. For the minister to enter into an agreement with any institution, credit union or otherwise, it must be able to carry out its own end of the business.

Mr. BENNETT: It must have a local habitation and a name.

Mr. DUNNING: Exactly, and it must be able to advance the money. The caisses populaires in Quebec which are under agreement with us have demonstrated their ability to advance the money to build a small number of houses under the scheme. I remember in one case a caisse populaire indicated that it desired to enter into an agreement, but its whole assets would not provide the money for one house. I did not feel justified in entering into an agreement with that institution because it did not seem to me that it could function as the housing act or parliament intended. A credit union having sufficient assets, being empowered to do this kind of business by the legislation creating it, and having a habitation, as the leader of the opposition said, and the ability to do the job, I see no reason why I should not enter into an agreement with it.

Mr. ELLIOTT (Kindersley): It could make a direct agreement with the government, one not requiring to be endorsed by the province?

Mr. DUNNING: There is no endorsement by the province of agreements with lending institutions. Lending institutions must satisfy the minister of their ability to do what is contemplated by the legislation.

Mr. BENNETT: The minister is talking now about part I.

Mr. DUNNING: About part I entirely. There is no provision in parts II and III for agreements with lending institutions.

Mr. BENNETT: And the province does not figure in part I.

Mr. DUNNING: The province does not figure in part I at all. But when the hon. member asks whether a credit union would qualify, I cannot answer that question any more than I could if he asked me whether a life insurance company would qualify. It depends entirely on the situation of the institution. For instance, has the credit union the power under its incorporation to do that sort of thing? Certainly there is nothing to prevent a credit union, because it is a credit union, from entering into an agreement with the minister. As I say, I have agreements already with caisses populaires in Quebec in two or three instances, and they are credit unions. They are the best type of credit union we have in this country.

Mr. BENNETT: I believe that is true. There is one matter that I think the hon. member for Kindersley (Mr. Elliott) has overlooked in the case he put to the minister. There is in Edmonton, for instance, a life insurance company which has substantial sums loaned on mortgages. Owing to recent legislation in Alberta the solvency of that company is threatened. Therefore insurance companies have now, I think, practically concluded that it is unsafe to make any further loans in Alberta. The minute legislation was passed which took from insurance companies two per cent of their mortgages, they having predicated their reserves—that is the measure of their ability to meet their responsibilities—on the expectation of life according to the mortality tables and on a three per cent rate on their investments, this had the effect of reducing their capital by two per cent. And the other provision does away with payment of interest. The result is that the companies which have to maintain a reserve will not put it into mortgages in Alberta. That is the real trouble.

Mr. DUNNING: As far as Alberta is concerned.

Mr. BENNETT: My hon. friend was speaking about difficulty he had in making application for a loan himself. Hardly a day goes by that I do not receive communications, and I think one of the difficulties the minister should face fairly is the fact that the old spirit with respect to local institutions is gone. You cannot bring it back by merely invoking the spirit of the past; it will not come back.

Mr. DUNNING: I am afraid that is true.

Mr. BENNETT: I am sorry it is true. I will explain why it is true. Taxes. Our federal tax touched these companies just as much as it did the great companies. A case came to me; I cannot help but think about it; a man had a small private bank, and he had all the funds he borrowed invested in real estate mortgages. Between the operation of the Farmers' Creditors Arrangement Act and other legislation he is ruined; he is through. It closed him up. The mortgages cannot be realized upon. The minister knows that the business of life insurance companies does not permit of experiments being made in connection with these matters. They have to know that the investment of the premiums received from their policy holders will return sufficient to pay their claims on the estimated dates when they become due according to the mortality tables. If they fail to do that, they come within the punitive provisions of the law. I think the minister should keep in mind that the local institutions can no longer be relied upon; in fact they are getting out of business just as fast as possible.

Mr. DUNNING: Not the local trust companies, in the maritimes for instance.

Mr. BENNETT: Well, the maritimes have two or three. They have the Eastern, but it has an office in Montreal, it is no longer a local institution as it was when it started. Another one has an office in three of the provinces. The reason is that it is no longer possible for local business to carry on successfully.

Mr. DUNNING: They have to expand or die.

Mr. BENNETT: Yes.

Mr. BERTRAND (Laurier): Would this legislation apply to the building of summer homes? Around Montreal a number of people with very small incomes have been building homes outside the city. There is a small town called Plage Laval which was started a few years ago, nothing but summer homes there, but to-day I think there are between 1,500 and 2,000 houses.

Mr. DUNNING: Summer homes can be dealt with under part I.

Mr. BENNETT: There is no limitation of any kind.

There is one question I want to ask the minister. I did not quite follow him when he said 3¾ per cent. I understood him to say the rate is 1¾ per cent with respect to the 80 per cent advance, plus one per cent amortization, which would make 2¾ per cent. With respect to the 90 per cent, where the risk is greater, the rate he said was two plus one which would be three per cent.

Mr. DUNNING: Perhaps my right hon. friend might await the report, because he has confused two things, which it is quite easy to do because of the necessarily complex nature of the remarks I had to make. The 3¾ per cent represented a calculation of the cost to a limited dividend housing corporation operating under part II. Its interest cost would be 1¾ per cent, and its amortization would be two per cent.

Mr. BENNETT: I thought the minister said only one per cent.

Mr. DUNNING: One per cent half-yearly. seven-eighths plus one per cent half yearly. I may have got twisted on that myself.

Mr. BENNETT: I rather think the minister said one per cent per annum.

Mr. HEAPS: The minister referred a few minutes ago to the money being lent at 5 per cent. Is it 5 per cent to the borrower, or 5 per cent that the government are going to charge?

Mr. DUNNING: Five per cent to the borrower, under part I.

Mr. BENNETT: That is what the rate now is.

Mr. HEAPS: At what rate is the government going to give that money to the loan companies?

Mr. DUNNING: Does my hon. friend mean, what is the dominion's share costing the loan company?

Mr. HEAPS: No. The money is to be lent to the borrower at 5 per cent. What rate is the government charging the loan companies that give this money to the borrower?

Mr. DUNNING: We do not charge the loan company anything. At present we make up 20 per cent of the total amount. Under the new part I we shall advance up to 25 per cent of the total amount lent; that is, the dominion will actually put that money in.

The rate which has been used, up to date, with respect to the dominion's share, if my memory is right, has been 3¼ per cent or 3½ per cent.

Mr. BENNETT: The profit, so to speak, has been from one to 1½ per cent.

Mr. DUNNING: Yes. I shall have all that information when the bill is in committee; but at the moment, speaking from memory, I think the dominion's proportion is calculated on the basis of a cost of 3½ per cent.

Mr. HEAPS: There is just one other point. In his statement to the house to-day the minister said the average amount of the mortgages was $4,000. That is the total amount loaned by the mortgage companies on the homes built?

Mr. DUNNING: The average now is something over $4,000.

Mr. MITCHELL: I am sure the right hon. leader of the opposition did not wish to leave any false impression when he was speaking of the effect of the two per cent securities tax recently imposed in Alberta. I understood that was the tax to which he was referring.

Mr. BENNETT: He certainly endeavoured to leave the impression that it had had a most injurious effect upon the credit of the province, and that it had made it impossible for the insurance companies to lend money in Alberta. I want to make that perfectly clear.

Mr. MITCHELL: That is exactly the impression I understood the right hon. gentleman to wish to leave. I want to point out to the committee that the hon. member for Kindersley said definitely that last year, before that securities tax was imposed, he had attempted to borrow money and had been told by the various companies he approached that they had not been making loans in Alberta for the past seven years, at least such loans as he required, in connection with a home in Edmonton. I hope the right hon. gentleman will not object to my pointing out this fact in this connection.

Mr. BENNETT: I am obliged to the hon. member for Medicine Hat. I did not intend to imply that the application of the hon. member for Kindersley last summer was dealt with in the light of legislation passed this year; if my remarks were open to that construction, I very much regret it. What I did desire to say was that the legislation, even prior to this year, had had a most injurious effect upon lending by loan and insurance companies. It is a matter of knowledge to me they have indicated that in view of the legislation which had been passed with respect to foreclosures, with respect to the acquisition of equities of redemption and the undesirability of owning property with the taxes that prevailed, the directors had made up their minds that they would be derelict in their duty to their policyholders if they took the premiums and invested them in real estate mortgages in Alberta. That is the position.

Resolution reported, read the second time and concurred in. Mr. Dunning thereupon moved for leave to introduce Bill No. 145, to assist the construction of houses.

Motion agreed to and bill read the first time.

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

Thursday, June 9, 1938

The house met at three o'clock.

MISCELLANEOUS PRIVATE BILLS

Fourth report of the standing committee on miscellaneous private bills.—Mr. Boulanger.

HIGH COMMISSIONER'S ACT

AMENDMENTS WITH RESPECT TO PROVISION FOR SALARY, ETC.

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved for leave to introduce Bill No. 146, respecting the High Commissioner for Canada in the United Kingdom.

Some hon. MEMBERS: Explain.

Mr. MACKENZIE KING: It has been the practice for some years to pay a part of the salary of the High Commissioner for Canada in the United Kingdom, under the statutory authority given by the High Commissioner's Act, and a part of it as a vote in the estimates of the Department of External Affairs. The principal object of this bill is to repeal the statutory authority contained in the High Commissioner's Act, so that the whole of the high commissioner's salary may, in future, be included in the departmental estimates. This change will establish a uniform practice with respect to the salaries of the representatives of Canada abroad.

As certain other minor amendments to the High Commissioner's Act were also desirable, it was considered advisable to repeal the existing statute and to renact it in the revised form, which would bring it into conformity with present usage and terminology.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

ILLEGAL USE OF THE MAILS

Mr. FERLAND:

How many persons in Canada are actually forbidden the use of the mails?

Mr. EULER: It is difficult to furnish a definite figure, as the number fluctuates continuously. Upon evidence being received indicating that the mails are being used for the transmission of illegal matter, mailing facilities are withdrawn from the person or organization concerned. When this action is taken the illegal enterprise is either abandoned, or discontinued in so far as the use of the mails is concerned, or an endeavour is made to circumvent the post office action by use of different or fictitious names. As the new names and addresses connected with illegal uses of the mails are ascertained mailing facilities are withdrawn.

During the twelve months ending May 31, 1938, instructions were issued withdrawing mailing privileges in Canada from approximately 1,450 persons and 50 organizations. During the same period mailing facilities were restored in about 150 cases.

NARCOTIC DRUGS

APPROVAL OF CONVENTION FOR THE SUPPRESSION OF ILLICIT TRAFFIC IN DANGEROUS DRUGS, SIGNED AT GENEVA, JUNE 26, 1936

Right Hon. W. L. MACKENZIE KING (Secretary of State for External Affairs) moved:

That it is expedient that parliament do approve of the Convention of 1936 for the suppression of the illicit traffic in dangerous drugs (Geneva, June 26, 1936), signed on behalf of Canada by the plenipotentiary named therein, and, that this house do approve of the same.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, the convention was brought down only yesterday and I have not had a chance to study its provisions as carefully as I should like. Perhaps it would not be asking too much to have the motion stand for approval until to-morrow.

Mr. MACKENZIE KING: I am quite prepared to have it stand.

Mr. BENNETT: I did not get a copy of it, and my colleague says that he did not.

Mr. MACKENZIE KING: I may say to the right hon. leader of the opposition (Mr. Bennett) that the Minister of Pensions and National Health (Mr. Power), at the time of introducing his bill respecting opium and narcotic drugs in February last explained the convention very fully. The bill was in the nature of legislation to implement Canada's undertakings with respect to the convention. At that time the house, I think, had before it the convention, which I have since tabled. I shall be pleased, however to see that copies are sent to the leader of the opposition.

Mr. BENNETT: I do not think it was printed. It was tabled yesterday, was it not?

Mr. MACKENZIE KING: I formally tabled it yesterday, but I thought it was before the house at the time the minister introduced his bill.

Mr. BENNETT: A reference was made to it, because my memory is that the completed document was not before the house until yesterday.

Mr. MACKENZIE KING: That may be correct, yes.

Mr. BENNETT: I looked among my papers this morning and could not find a copy, and thought it might have been overlooked, but the hon. member for St. Lawrence-St. George (Mr. Cahan) says he has not one, so possibly it has been overlooked.

Motion stands.

SUPPLY

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

DEPARTMENT OF LABOUR

International labour conference, $15,000.

Mr. NORMAN McL. ROGERS (Minister of Labour): When this vote was before the committee previously, the hon. member for Leeds (Mr. Stewart) asked a question regarding the amount of the expenditure on the Washington textile conference. The item was before the committee for only a few moments, and I promised I would secure that information. The amount voted for the special conference at Washington was $5,000. The amount actually expended was $3,355.71. As I explained to the committee before, this conference was in the nature of a preparatory conference for the international labour conference which was held in June of last year.

Mr. CHURCH: What duplication is there in this item? The provinces do similar work. What does the dominion do?

Mr. ROGERS: There is no duplication in this item. It is pertinent for my hon. friend

to suggest that there may be duplication in certain other items of the estimates before the committee. This item is intended to meet the expenses of the delegation from Canada which attends each year the international labour conference which meets in Geneva.

Mr. MacNEIL: Who are the delegates at present?

Mr. ROGERS: The government is represented by a delegate and advisers; the workers and the manufacturers respectively are represented in the same way. Each year we make the selection on the basis of nominations which come to us from the trades and labour congress of Canada, for the workers in Canada, it being the most representative labour organization, and also we accept nominations from the Canadian Manufacturers' Association with respect to the delegates of the employers. The government delegates, of course, are appointed upon recommendation of the Minister of Labour. The government delegates this year are Mr. Hume Wrong, who is Canadian representative in Geneva, and Mr. Gerald Brown, the assistant deputy minister of labour.

Mr. BENNETT: Anybody else?

Mr. ROGERS: The manufacturers' association is represented by Mr. Goldie, of Hamilton, who has attended the conferences for a number of successive years. The trades and labour congress of Canada is represented by Mr. Bengough of Vancouver. Those are the delegates attending this year.

Mr. CHURCH: I have been following this labour movement for a great many years, and am a strong supporter of union labour, but I fail to see what good these conferences are doing. They seem to provide patronage for the government with the official set in the trades and labour movement. This last week, for example, we read in the press that a gentleman from Vancouver is selected as "foreign ambassador"; he selects a man down here in Montreal as "technical adviser." Advice about what? Would it not be far better for the minister and the department to get jobs for Canadians in Canada instead of having all these Cook's tours which are made to these various conferences? They do not benefit the workers of this country a five cent piece, and I can tell you this, the quicker the government strike out some of these side shows and side trips from the estimates, the better provision they can make for jobs for Canadians in Canada. I am in favour of the trades union movement, but I have noticed that for years some of the same people have been going from Canada to this conference; it has been a fine side trip for them. Tens of thousands of dollars of the taxpayers' money have been spent, with no value whatever for the expenditure. The present Labour department in Canada is full of fads and frills, but it has no power. You ask the department to do something practical when a strike begins, and what happens? Last year they appointed a commissioner to go out and investigate with regard to coal. Whatever he did, he forgot all about the consumer. I fail to see why we should have these delegations to Geneva. All the countries of Europe send delegates to these meetings, but I cannot find five cents' worth of value in the report. If you cut the vote down to a dollar it would be about all the value it is worth. I know a lot of practical labour men who are not politicians and can never get on these trips, and they think they are of little or no value whatever.

Mr. ROGERS: The hon. member is incorrect when he states that this is a conference which has no value to this country. As a matter of fact, provision for the international labour conference was made in the treaty of Versailles, and this government has from time to time ratified conventions which have been adopted by the international labour conference for the amelioration of labour conditions throughout the world.

So far as appointments are concerned, as I explained a few minutes ago, we accept under the provisions of the act nominations of recognized organizations of employers and employees. The government has a selection only with respect to the choice of technical advisers, and for some time past these advisers have been taken from other labour organizations of the country.

Mr. HEAPS: Who were the delegates last year?

Mr. ROGERS: The delegates last year were: government delegates, Doctor W. A. Riddell, Mr. W. M. Dickson; advisers to government delegates, Mr. C. R. McIntosh, Mr. N. S. Dowd, Mr. Alfred Charpentier, Mr. Zenon David; employers' delegate, Mr. A. R. Goldie; adviser to employers' delegate, Mr. H. W. Macdonnell; employees' delegate, Mr. R. J. Tallon; adviser to employees' delegate, Mr. D. W. Morrison.

Mr. HEAPS: Has this years' delegation been appointed?

Mr. ROGERS: I gave the names a moment ago.

Mr. MARTIN: How many conventions are there not ratified by Canada, and what is being done in respect to these?

Mr. ROGERS: I have not that information immediately available. A great many conventions have been accepted by the international labour conference and a number of them have been ratified by Canada. A considerable number of these conventions have been outstanding so far as Canada is concerned. Obviously the dominion government has a rather limited power in the implementing of these conventions because of the fact that the jurisdiction over industrial matters rests very largely with the provinces.

Mr. SPENCE: Will the minister give the expenses of each delegate that he has named?

Mr. ROGERS: If it would satisfy the hon. member, I have the individual expenses for the delegation of 1936. There is no material difference in the expenses from year to year.

Mr. SPENCE: I cannot see why the minister should not have the expenses for 1937; we are well into 1938 now.

Mr. ROGERS: It is a matter of securing the information from the auditor general's report. I have the report for the year I have mentioned.

Mr. BENNETT: It would not be in the report yet.

Mr. ROGERS: No. I have the total expenses but not the individual figures, inasmuch as the auditor general's report for the last year is not available.

Mr. CHURCH: When the minister is cutting down on the municipalities for food for those on relief, I fail to see what value there is in this item. What qualifications have these technical advisers? Are they diplomats, ministers extraordinary or ministers plenipotentiary? What qualifications have they? Some labour man in Montreal is appointed; will he and the others travel by Canadian routes to go to the conference? What are the allowances and expenses?

Mr. ROGERS: The remuneration to the members of the delegation is $20 a day and travelling expenses. That has been established for a great many years. I am entirely in disagreement with the hon. gentleman when he suggests that the technical advisers are not qualified. They are chosen because of their familiarity with industrial conditions in this country, and generally speaking they are chosen from labour organizations.

Mr. STEWART: When the minister gave the personnel of the delegation I thought I heard him mention the name C. R. McIntosh. Is that right?

Mr. ROGERS: That was last year.

Mr. STEWART: Is that the member of this house who was chairman of the committee on industrial relations?

Mr. ROGERS: That is correct.

The CHAIRMAN: Shall the item carry?

Item agreed to.

Labour Gazette and other publications authorized by labour department act, $50,980.

Mr. BENNETT: Why the increase?

Mr. MacINNIS: What is the circulation of the Labour Gazette?

Mr. ROGERS: In 1937 there were 114,335 English copies and 25,245 French.

Mr. MacINNIS: For the whole year?

Mr. ROGERS: Yes.

Mr. MacNEIL: On what basis are the key cities selected as to cost of living?

Mr. ROGERS: I shall be glad to get that information when we come to that item.

Mr. MASSEY: On page 98, giving the details, I find that the cost of printing and binding the Gazette has increased from $24,000 to $30,700. Is that due to increased circulation?

Mr. ROGERS: It is due in part to increased circulation and in part to the increased size of the Gazette.

Mr. MASSEY: Is it being published any more frequently?

Mr. ROGERS: No. It has followed the same course for a great many years.

Item agreed to.

Industrial Disputes Investigation Act, $20,000.

Mr. BENNETT: Perhaps at this point the minister will give us a short statement regarding the operations of this statute. The courts said the Lemieux act was ultra vires. We did certain things purporting to be done under its authority. Then the provinces passed legislation. I should like a statement of how it stands at the present time, because the other day I was asked in regard to something that was happening, and apparently I have not as clear an appreciation of it as I thought I had. Perhaps the minister will state how it does work in practice.

Mr. ROGERS: I believe the answer would be that after the decision of the judicial committee in the Snider case the authority of the compulsory sections of the Industrial Disputes Investigation Act became limited to the setting up of boards to deal with disputes

in dominion undertakings or interprovincial undertakings. That meant in effect that its operation was contracted with respect to disputes which previously had fallen within its scope, namely, disputes occurring in public utilities wholly within provincial jurisdiction. To meet that situation my understanding is that, following the decision in the Snider case, provincial legislatures enacted enabling legislation which gave the industrial disputes act full force and effect with respect to disputes arising on public utilities within provincial jurisdiction. I believe two provinces since then have enacted legislation which has had the effect of withdrawing disputes in provincial public utilities from the Industrial Disputes Investigation Act—British Columbia, and, New Brunswick.

Mr. BENNETT: That then clearly raises the issue to which I wish to direct the minister's attention. Is it competent for the legislatures of the various provinces to enact legislation which would have the effect of amending the constitution as interpreted by the court of last resort? And secondly, what is the effect of the withdrawal of two of the provinces by statutory enactment, if as suggested the effect of the original action was to confer jurisdiction in what had been decided by the courts to be an unconstitutional field for the dominion to occupy?

Mr. ROGERS: As to the first point, the right hon. leader of the opposition is more competent to express an opinion than I am on the legal question involved. But so far as I am aware no objection was ever taken to the efficacy of the provincial legislation, which did bring industrial disputes of the character described within provincial jurisdiction under the provisions of the Industrial Disputes Investigation Act. I know of no case before the courts in which that question was ever raised. Certainly since the decision in the Snider case the industrial disputes act has been invoked in practically all provinces. I should think that the withdrawal of the two provinces I have mentioned would have no effect other than to restrict the operation of the act within their respective boundaries.

Mr. CAHAN: The withdrawal was simply the nullification of the provincial legislation passed.

Mr. ROGERS: Exactly.

Mr. MacINNIS: Do I understand the minister to say that the Industrial Disputes Investigation Act does not now apply to British Columbia?

Mr. ROGERS: It does not apply to utilities within the provincial jurisdiction. It applies otherwise.

[Mr. Rogers.]

Mr. CHURCH: I fail to see why $20,000 is necessary for this in view of the Snider decision. I was acting for the people at the time. If that decision had not been as it was there would not be a public utility municipally owned in Ontario to-day. It is all right to have this amount of money provided for work on the dominion government properties or railways, but the minister must not forget that by the Snider case property and civil rights, the law of employer and employee and the law of contracts are involved. Why did the minister interfere in the Oshawa case? It seems to me this department is very largely a technical department. It is difficult to get any satisfaction when there is any real dispute on; they back out and leave it to the province.

Mr. BENNETT: Before the minister answers I should like to make one statement. I confess that this matter is one of great difficulty. I have myself, without analysing it more carefully than I have been able to do from time to time, the very gravest doubt whether by acts of all the legislatures you can change the constitution of this country. Certainly there is no power to amend the British North America Act lodged in any parliamentary organization or institution other than the parliament at Westminster. To say that a legislative act on the part of all the provinces could have the effect of conferring constitutional power upon this parliament which the courts have said it does not possess is a proposition which I regret to say I cannot accept. In view of a conversation I had I looked up section 94 of the British North America Act, to which I think Professor Scott of McGill made some reference. This clearly applies to three provinces only:

> Notwithstanding anything in this act, the parliament of Canada may make provision for the uniformity of all or any of the laws relative to property and civil rights in Ontario, Nova Scotia and New Brunswick, and of the procedure of all or any of the courts in those three provinces, and from and after the passing of any act in that behalf the power of the parliament of Canada to make laws in relation to any matter comprised in any such act shall, notwithstanding anything in this act, be unrestricted; but any act of the parliament of Canada making provision for such uniformity shall not have effect in any province unless and until it is adopted and enacted as law by the legislature thereof.

I cannot think this is one of the statutes that falls within the provisions of that section. Therefore I question whether we have any right at all—and I think that was the view held in my time by certain of the law officers—to undertake industrial disputes investigations except with respect to—(a) matters

within the exclusive legislative jurisdiction of the parliament of Canada, and (b) such matters as relate to the operation of industrial or other activities in two or more provinces. That is my understanding of it.

This is a matter of some importance at the moment. Recently I noticed in one of the morning papers that some difficulty had arisen in connection with one of our canals, and the tie-up of one of our ships. Obviously canals are solely within the jurisdiction of this parliament. A canal is a public work owned by the Dominion of Canada. I have no doubt about our jurisdiction in that regard under this statute, and I cannot think that the province has any jurisdiction at all with respect to it, although their officer did go down.

Mr. ROGERS: If my right hon. friend will permit me to interrupt, I do not think an officer of the Department of Labour in Toronto went to Cornwall.

Mr. BENNETT: No, the officer went down for the purpose of maintaining law and order.

Mr. ROGERS: I believe that is correct.

Mr. BENNETT: My information, gained from reading the press, was that an investigation was ordered by this government, by the Minister of Labour. And since I read it, certain papers were sent to me, and I propose to mention the matter at the appropriate time. This could not seem to be the time, because the Department of Transport is also involved; it is not a matter relating solely to the Department of Labour. But I am interested in the large question of jurisdiction. It is constantly arising. It did not arise for the first time with this government, but ever since the Snider decision that question has arisen. It was the opinion of certain of our legal advisers that we had no jurisdiction in one case, although we thought that peradventure we did have, and the province thereupon took the appropriate steps to conduct an investigation. The reason I ask is that in consequence of certain correspondence I was asked what the present position is. I have stated my understanding of it to the minister; but I have added to it this, that I do not believe it is competent for the legislatures of the provinces of Canada, in effect, to confer upon this parliament legislative jurisdiction with respect to a matter which the courts have said is beyond our constitutional competence. In other words you cannot indirectly effect an amendment to the British North America Act, which in my judgment can be brought about only by an act of the parliament at Westminster.

Mr. ROGERS: The point raised by the leader of the opposition is pertinent and very interesting. In the application of the act, as set out in the text—

Mr. BENNETT: Is that since the decision?

Mr. ROGERS: Yes, this is since the decision.

Mr. BENNETT: That is the federal act?

Mr. ROGERS: Yes. I think I should read that in the first place, because it may throw some light on the other question; the scope of the act is defined as follows:

(i) works, undertakings or business operated or carried on for or in connection with navigation and shipping, whether inland or maritime,

(ii) lines of steam or other ships, railways, canals, telegraphs and other works and undertakings connecting any province with any other or others of the provinces, or extending beyond the limits of the province,

(iii) lines of steamships between a province and any British or foreign country,

(iv) ferries between any province and any British or foreign country, or between two provinces,

(v) works, undertakings or business belonging to, carried on or operated by aliens, including foreign corporations immigrating into Canada to carry on business,

(vi) such works as, although wholly situate within the province, have been or may be declared by the parliament of Canada, or for the advantage of two or more of the provinces—

Mr. BENNETT: I do not think we question the "have been" but we do question the "may be."

Mr. ROGERS: Quite.

(vii) works, undertakings or business of any company or corporation incorporated by or under the authority of the parliament of Canada;

(b) Any dispute which is not within the exclusive legislative authority of any provincial legislature to regulate in the manner provided by this act;

(c) Any dispute which the governor in council may by reason of any real or apprehended national emergency declare to be subject to the provisions of this act;

(d) Any dispute which is within the exclusive legislative jurisdiction of any province and which by the legislation of the province is made subject to the provisions of this act.

The last, I take it, is the particular clause that raises the point in the mind of the right hon. leader of the opposition. Obviously the Minister of Justice would be in a better position to express an opinion on this point than I am.

Mr. BENNETT: There have been varying views with respect to it, but I would not ask the hon. gentleman to define the legal position. That would not be fair.

Mr. ROGERS: Quite so, but I wonder if this is not the case. Take the province of New Brunswick, for example, before it passed recent legislation taking this authority to itself. If a dispute occurred in a public utility in that province, such as a coal mine, it is true that we would set up a board under the provisions of this act, but I would assume that such board would derive its authority from the provincial statute.

Mr. BENNETT: I would have agreed with that were it not for the fact that the federal power exercise the appointing power, and they cannot do that as delegates of the executive of a province. Do I make the point clear?

Mr. ROGERS: Yes, I understand that; but evidently, in order to remove the possibility of doubt, you also have this section in the dominion act. How far that is effective I am not in a position to say, as my right hon. friend realizes.

Mr. CAHAN: What is the date of that act?

Mr. ROGERS: The original act was passed in 1907.

Mr. BENNETT: But this is since the decision?

Mr. ROGERS: Yes, this is in the revised statutes of 1927.

Mr. BENNETT: The minister has placed upon the statute the construction that I should like to see placed upon it if it were valid, but I doubt the validity of such construction; for I think we will all agree, layman and lawyer, that a province cannot set in motion by its legislation the exercise of its power by the federal executive, and the federal executive is exercising a discretion which cannot spring from provincial legislation but which in fact is said to owe its origin to provincial legislation. That is, the province has passed a statute which in terms confers upon the federal power a right to do something which the privy council said the federal power could not do, and the question whether or not a provincial legislature can clothe with effective executive authority a federal body, namely the governor in council of the whole dominion, is a proposition to which I am sorry to say I cannot give assent. I wish I could; for I tried to use it and failed in connection with the marketing act. We were under the impression that there should be no difficulty in getting over what seemed to be an obstacle, the one I mentioned, by suggesting that they would have the power to make us their agents only, and thereby not involve the exercise of the executive authority; because there is a vast difference between creating an agency and authorizing the exercise of discretion. That is, the provincial legislature can hardly press a duty on the federal executive, but the provincial legislature should be able to authorize any branch of the public service in the dominion to act as agent if it would so act.

I must say I have never thought the case was put fairly before the courts. I cannot see why, if the minister, acting as a federal power, desires me as a provincial power to act as his agent, I should not do so; and, e converso, there should be no reason why I, as a provincial power, should not, if the federal power is willing, authorize and request them to act as my agent. That was the basis of what we endeavoured to do with respect to the marketing act. As I say, I hope I am not being unfair, but in reading such reports of the arguments as I was able to obtain I do not think that point was clearly put to the court, either here or in England. I cannot, I repeat, see why the minister, speaking for the parliament of Canada, should not say to me as a province, "Will you act as my agent in connection with this matter"? I say, "Yes." Nor can I see why I, acting as a province, should not say to the federal power, "Will you act as my agent in connection with this matter"? And the dominion says, "Yes." That would ensure certain results which we were endeavouring to ensure in connection with the marketing of products.

Mr. CAHAN: That would be inconsistent with section 94.

Mr. BENNETT: I read section 94 just now; it refers only to three provinces, and there is no provision for other provinces being included under it. Obviously it did not include Quebec, because of the civil law.

Mr. CAHAN: I think there is strong ground for the argument that it includes all the provinces except Quebec.

Mr. BENNETT: Mr. Scott referred to that in an article published recently, and I am bound to say that I found it inconclusive, though of course that does not say the argument may not be sound. I am only putting to the minister the difficulty I see in our utilizing this act under those circumstances; for if the proposition is sound that by this section we can amend the constitution of the dominion, obviously the theory under which we have been operating is invalid. We have always believed that it required a statute of the imperial parliament to amend the act.

I think it would relieve the Prime Minister, for instance, of a great deal of worry if he felt that he could amend the constitution in that way, because it does not require all the provinces to do it; it requires only three of them, those three being Ontario, New Brunswick and Nova Scotia.

Mr. ROGERS: I believe a number of the provinces, if not all, reenacted the provisions of the industrial disputes act.

Mr. BENNETT: If they did they left the executive discretion to be exercised here.

Mr. ROGERS: There is an executive discretion.

Mr. BENNETT: In the province as well.

Mr. ROGERS: In certain contingencies. As my right hon. friend is aware, the selection of the members of a board is made rather by the parties to the dispute.

Mr. BENNETT: Yes, and that was so before the courts decided as they did.

Mr. ROGERS: Yes, quite true.

Mr. BENNETT: There is no change in the result.

Mr. ROGERS: True.

Mr. BENNETT: The argument as put now by the minister merely means what we all agreed upon, that it is competent for a province to pass legislation exactly in terms with the federal legislation, and, the federal legislation being declared to be invalid, obviously the other would be valid. Whether or not they can be both valid, by reason of action of that kind is a proposition to which I direct attention, but to which I cannot accede.

Mr. MacINNIS: When was British Columbia taken from under the industrial disputes act?

Mr. BENNETT: It took itself out.

Mr. ROGERS: By legislation enacted a year ago by the province. It was done entirely by the province, and of course applies only to disputes arising within provincial jurisdiction. It does not extend to dominion undertakings.

Item agreed to.

Employment Offices Coordination Act, administration, $63,925.

Mr. BENNETT: Mr. Chairman, I really think the minister, who occupies a very peculiar position by reason of his distinguished academic training, should be made aware of the fact that these employment offices have become purely partisan establishments. The men who occupied positions in them were dismissed when a new provincial government came into office, and the people in those communities—and I will give him illustrations if he wishes—can obtain employment only through the committees of the Liberal executives in communities where they exist. That in my opinion is exactly contrary to what was intended when this statute was enacted. It places in the hands of governments a power which was never intended with respect to employment.

I have a large number of instances under my hand, which I brought down, of cases which state what was required to be done to find employment. It is hardly to be expected that a minister would keep in mind all of them, or remember where those various places may be. No one expects a minister to do the impossible, but I will mention to him one in his own community of Kingston. I refer to a person in Kingston who was the representative of the government—appointed by the province, it is true; I wish to make it clear the minister is not responsible for that—but who was dismissed with the change of provincial administration, and another man put in. Well, the minister knows the difficulty in connection with the other man. Open charges are made, and there is a willingness on the part of people to prove them, with respect to his conduct and the conduct in the transaction of business. It has become just a little partisan organization. I do suggest that we should not put ourselves in that position at a time like this. I do not wish to use harsher words with respect to it, but I would ask the minister if he does not think that he could show a great example to the community at large by enforcing his personal views, against his political views, in a matter of this kind. Despite all that may be said, it threatens the life of this democracy at the moment. Especially is that true when you have in a house a very small minority opposed to the government. And it becomes doubly important that if possible the administration should be free from any such disputes, having regard to the fact that these offices came into being by virtue of an international arrangement.

Mr. ROGERS: International?

Mr. BENNETT: Yes, they were really part of an international agreement. In the peace treaty itself were made certain provisions with respect to labour, and at the labour meeting at Washington we undertook to do certain things, some of which we could do and some of which we could not do. We made a compromise which involved, shall I

say, joint action on the part of the dominion and the provinces. And that joint action was for the purpose of ensuring, so far as it might possibly be done by joint action, that employment bureaux should be established for the purpose of providing opportunities for employment to men who were unemployed. I believe that, shortly, is a fair way to put it.

If we introduce the partisan element into the institution we not only destroy the purpose for which it was created, but we create such conditions as make it impossible for governments in this country to function. That is really what it gets down to. Of course in good times no one bothers much about questions of partisanship and patronage, in that sense, or in the sense in which I am now using those terms. But everybody knows that in days like these, when there is depression, when employment is difficult to get and when opportunities for gainful work are denied so many, it is a terrible thing if an institution set up by a government for the purpose of providing employment shall be subject to the control of the representatives of a political party.

It is to that end I direct the minister's attention to the matter without going into a great wealth of detail involving discussions which might necessarily be acrimonious and would not serve the purpose I have in mind. If by a moderate statement of the evil I could induce the minister to direct his mind to its suppression, I think it would be far better than any advantage which might arise from the exposure of conditions in various parts of this country which I believe are working injury to the body politic.

Mr. ROGERS: I may say without hesitation whatever that I would prefer to see the employment service of Canada, or employment services, conducted from offices absolutely beyond partisan control.

Mr. BENNETT: I believe that.

Mr. ROGERS: I say that without hesitation.

Mr. BENNETT: And I believe it.

Mr. ROGERS: As a matter of fact, under the Unemployment Insurance Act, which was declared ultra vires, provision was made whereby the employment services would ultimately be under the control of a commission.

Mr. BENNETT: Quite.

Mr. ROGERS: And certainly it has been my view, as expressed on various occasions, that if we were able to establish an unemployment service which could be truly national, it would be preferable to have it, as allied with a scheme of unemployment insurance, under the control of a commission.

I will not say for a moment that complaints have not reached me with respect to employment services—not in one province, but in various provinces.

Mr. BENNETT: Yes, quite; I said that.

Mr. ROGERS: And on the basis of those complaints I am inclined to agree that from time to time employment services have been used for political purposes.

Mr. BENNETT: Yes, there is no doubt about it.

Mr. ROGERS: How that can be controlled I am not prepared to say. As my hon. friend is aware, the dominion government does not control any appointments.

Mr. BENNETT: But we pay the money.

Mr. ROGERS: Yes, but—

Mr. BENNETT: Not the whole of it.

Mr. ROGERS: A rather small proportion of it, as a matter of fact. I believe it is about one-third. We pay about one-third of the total in the province, under the provisions of the—

Mr. BENNETT: I think it is between a third and a half.

Mr. ROGERS: Yes; as expenses have gone up our proportion has tended to decrease. In the beginning I think it was more.

Mr. BENNETT: Yes, as the expenses not under our control made by the provinces have increased, our amount has proportionately decreased.

Mr. ROGERS: Exactly. I can recall some time ago receiving protests with respect to the dismissal of the head of an employment office in one of the provinces. I believe there is no reason why I should mention the name here. There was nothing which we as a dominion government could effectively do in the matter.

Mr. BENNETT: I said that, yes.

Mr. ROGERS: The appointment was made by the province, and it rests entirely in the discretion of provincial governments to make dismissals as they see fit. The matter has given me, I may say, some concern because of the various complaints that I have received. Obviously, whether or not there is justification for them, they should go to the provincial governments concerned and be dealt with accordingly. I realize also that with

respect to relief work it is very important that the employment service should act in a non-partisan way. There again the problem is not as easy of solution as appears at first glance.

Mr. BENNETT: Not as long as the province exercises the control which now it has over these offices. That is clear.

Mr. ROGERS: That is true. It is simply a matter of where the responsibility lies. But I certainly will not go so far as to say that in all provinces there has been a failure to recognize that obligation.

Mr. BENNETT: Neither would I.

Mr. ROGERS: I would also suggest that in all provinces there are employment offices which are conducted on an efficient and satisfactory basis.

Mr. BENNETT: That is true.

Mr. ROGERS: I know that in certain instances attempts have been made to set, for example, a quota of those who should be employed through the employment service,—

Mr. BENNETT: —of a political character.

Mr. ROGERS: —which I do not like.

Mr. BENNETT: I discovered that myself.

Mr. ROGERS: I do not think it is at all a satisfactory way of dealing with the situation.

Mr. BENNETT: It certainly is not. It is a wrong standard.

Mr. ROGERS: It is a wrong standard to apply. I am not prepared to say just what method should be adopted to correct the situation, short of the dominion taking over the responsibility; and even that does not solve the problem in every case. You do not, as we have discovered on several occasions, solve a problem by transferring it from one jurisdiction to another.

Mr. BENNETT: I have a suggestion to make to the minister in that regard. Let it be known that we do not propose to pay unless the conditions which the minister has outlined are observed. That may have some effect. It is the only way that is left to us. It is perfectly obvious that we have no right at the moment, having regard to the decision of the privy council, to exercise general control. I cannot but regret it. On the other hand I do think we have power to say, despite the provision of the statute that we shall make a certain contribution, that we are not to make it blindly, that the expenditures must be made to our satisfaction. The minister knows just as well as I that one or two cases are little short of a scandal, and also in one or two cases the offices are conducted so efficiently and effectively as to occasion no cause of complaint by anybody. The one illustrates how well it may be done; the other illustrates how badly it may be done.

The minister is quite right; there are in my judgment several in which the duties of those in charge are performed with as high a regard to the public weal as any of us can possibly ask for, and no political consideration has governed in connection with the work. I am glad the minister anticipated what will have to be dealt with later, the question of relief matters, because that is where the most glaring examples have occurred. If the minister thinks we have no appreciation of his difficulties he is entirely in error, because I know in detail some of the cases to which he referred. For instance, I remember very distinctly this quota being put up to the cabinet. It was said "The vote last time was so and so; we will have 15 of one type and we will have 35 or 40 of another type of political faith, and that will satisfy the situation."

Mr. ROGERS: I believe that a quota was actually followed for a time.

Mr. BENNETT: I was told that it was followed, and I believe it was. Obviously that does not enable us to get one hundred cents value for the expenditure of a dollar of the public money, and it is not a standard that should be applied with respect to it. It is merely an invitation to go on the payroll on the basis of an understanding arrived at between political parties and has nothing to do with the character of the service rendered for the money paid, apart from every other consideration. I think the statute is broad enough to enable us to make some limitations of our obligation to pay, unless at least the ordinary rules of conduct in times like these are observed.

Mr. CAHAN: I suppose it is not worth while for me to repeat a view which I hold, and which I am probably the sole member of the house to hold, that the evils which have occurred arise out of the fact that the parliament of Canada has endeavoured from time to time to entrench upon the political autonomy of the provinces and to assume the right, by votes of money, to deal with matters, connected with, for instance, labour, which are not under the legislative jurisdiction of this parliament. We have gone the wrong way, and we have gone very far; and the time must come at no distant day when parliament shall attempt to recover the ground

which it has lost, and take solid footing on matters which are within its legislative competence.

The evils are very many. We vote large sums for relief. I do not know how matters have been adjusted, but I know that when we were in office in one city of the dominion over $2,000,000 of federal money had been expended and there were no vouchers obtainable from the provincial government or from the municipality with regard to these expenditures. How they have been dealt with since I do not know.

Mr. BENNETT: Some, I see by the reports, have been adjusted—not all.

Mr. ROGERS: Oh, no. Some are outstanding.

Mr. CAHAN: Furthermore, take the political aspect of it. Money voted by this parliament for relief in the provinces is in fact being distributed by the aldermen of the cities. The aldermen of a city will obtain, in each aldermanic ward in which that money is distributed, a strong political influence, which may be used against members on one side of the house or on the other, but which should not be available or be used for the purpose of securing the election of federal members or for preventing the election of federal members.

Take the city of Montreal to-day. Hon. members on the other side of the house who represent constituencies in Montreal, in order to ensure a reasonable prospect of being elected at the next federal election, must endeavour to secure so far as possible the support of the aldermen in their federal constituencies who have control of the distribution of federal funds in matters of relief. I attempted not long ago in connection with an election in Montreal to take the civic lists of those who were receiving relief and the boundaries within which those lists were compiled, and I believe I arrived at a fair computation when I say that between four and five thousand of those who were entitled to vote in that election were in receipt of dominion relief, inasmuch as the money or a large part of it came from the dominion. Yet that money was distributed by municipal agencies over which this parliament has no control at all, and in many instances the distribution by municipal agencies is made for partisan political purposes. This is a condition which cannot continue without strong protest, and the solution of the difficulty must be found in a firm decision on the part of this parliament, which, I suppose, parliament would be afraid to take before the general election, because any person who voted either one way or the other would probably be subject to reprisals in the electoral district which he represents.

But parliament must either acquire control over industrial employment and over certain elements of the labour situation, or it must withdraw from the field and refuse to vote large sums of money for the purpose of enabling a provincial or municipal authority to distribute it. We had better reconsider the matter. We have got to face it. At the present time it affects hon. members on the other side of the house far more than it affects those on this side. A larger number of constituencies are represented on the other side of the chamber. I am dealing with the province of which I am one of the representatives, as it affects many of the existing constituencies in the city and island of Montreal. It affects very closely many of those who represent those constituencies and who must again apply as candidates for political support in general elections and in by-elections. Now, that condition is wrong. If I employ a stenographer in my office to do my work and she types my letters during an election campaign, she is deprived of her vote, because she is paid by me for writing letters which are mailed to notify my constituents where they vote or to notify them of public meetings which I hold. If she writes those letters and then votes for me, she is doing an illegal act. Many employees refuse to vote under those conditions, even if their employment is permanent employment and they are on a monthly or yearly wage. But here we have a vast expenditure, amounting to millions of dollars, going to electors who now have the full right to receive those moneys and to vote in federal elections under the persuasion of the distributors of those funds. There is something wrong there, grievously wrong, and if we wish to avoid a general system of electoral corruption—and such corruption seems to be increasing—the government, as the leader of opinion in this house, whose duty it is to formulate public policies, must reconsider the situation and deal with it, and, I trust, will deal with it effectively.

Mr. MacINNIS: The evil of patronage is becoming very serious in this dominion. The question is not one that I am greatly concerned with personally; I have very few complaints and I am not often approached in cases where patronage can be or is being used. But I do not think we can complain about patronage in provincial affairs when we accept it in our dominion affairs. If we desire to do away with patronage in the provincial

sphere, and expect as a parliament to have any influence in this direction, we shall have to make first a definite clean-up of our own house. I have often felt, and I suppose it is natural shyness about approaching certain people which has prevented me from following the impulse, that I should personally approach the Prime Minister and the Leader of the Opposition and ask them to use their great personal influence with their followers to try to do away with this deadly evil. By common consent we say in this house that patronage or political partisanship should not apply to relief work, and yet in the same breath we say that it is quite natural that patronage should apply in public works. Well, public works and relief works are financed by the taxpayer's money—Liberal, Conservative, socialist, cooperative commonwealth, communist and what-not—and if it is wrong to allow patronage in relief works it is equally wrong in public works. So that until we are prepared to go the whole way and abolish all patronage the evil will grow despite the sporadic efforts we make to scotch it now and then. I appeal to those who have great influence in their parties, such as the Minister of Labour, the Prime Minister and many others on the other side of the house as well as the leader of the opposition and the hon. member for St. Lawrence-St. George, who are all, I am quite satisfied, opposed to this policy, to use their great influence with their party followers in order to eradicate this evil from our political life.

Mr. GREEN: What coordination is there in the work of the employment offices in the different provinces?

Mr. ROGERS: The expenditures of the dominion government under the Employment Offices Coordination Act are applied to the maintenance of an office in Ottawa which acts as a clearing house for the records in the different provinces. We have also undertaken, under the special arrangement following the war, whereby certain placement officers were attached to a number of offices in the larger cities, to give special assistance to disabled war veterans. Our expenditures are confined to these two functions: the maintenance of an office here, which is a clearing house for information from the provincial employment offices, and the special provision of these placement officers.

Mr. GREEN: We might help to solve this problem of the transient unemployed by having employment offices say in Ontario in close touch with the offices in British Columbia. There may be opportunities here to take care of some of these men. Is there no system of cooperation between the offices in the different provinces?

Mr. ROGERS: There is cooperation particularly between adjoining provinces, and in addition to that information is supplied by the federal office, which receives data from the employment offices in all of the provinces.

Mr. BENNETT: There is practically no shifting of labour in this country.

Mr. ROGERS: Mobility of labour has suffered greatly, partly as a result of relief regulations.

Mr. GREEN: Is there any way in which the cooperation could be improved? Could parliament not do something to strengthen it? It would help a great deal in regard to the transient unemployed problem.

Mr. ROGERS: I know of no handicap suffered by the transient in applying for employment in a particular province. There is no restriction, apart from provincial public works, which would prevent transients securing employment generally within a province. If such a transient came from Manitoba to Ontario and applied at a branch of the employment service, he would, as I understand it, be under no disability as compared with residents of the province in his application for work.

Mr. GREEN: The unemployed cannot go to an employment office in Vancouver and ascertain whether there is work in Manitoba, under the present arrangement.

Mr. ROGERS: There is really no difficulty in the Vancouver office securing that information because the dominion office exists in part for that purpose, and it would need simply a telegraphic request for information.

Mr. CAHAN: The fact is that there is a dearth of employment for the so-called transients. I am not speaking in any way as lauding my own efforts, but for twenty years I have known a great number of young men growing up from boyhood and they throng my office to seek employment. Take the months of August and September and early October of last year. I believe I could have secured employment for 2,000 young men if I could have found them—young men with such training in manual employment that they could perform elementary work in the mechanical trades in the operation of machines. But there is now no way in which they can secure employment. Most of the employers are willing to give employment, but under the existing trade union arrangements and agreements they are not able to take them on as

apprentices to learn the elements of employment in their particular industries, and so the young men who are untrained do not obtain employment. In many cases employers, in charge of manufacturing and industrial employment generally, are unable to secure the right kind of employees to start with.

When I was a lad in Nova Scotia, the boys of nearly every family were taught for a year or two by apprenticeship the elements of industrial work so as to fit them for earning their own livelihood in case other employment into which they later entered proved unsuccessful. But at the present time we are not educating the youth for manual work and the trade union arrangements do not permit of the employment of apprentices to learn the industrial trades as they did in the past. That is one reason why so many young men in a large city like Montreal find it practically impossible to secure a start in industry in which manual education or apprenticeship is necessary. If the Minister of Labour could bring about an agreement between the employers of industry and the employees so that both would recognize the duty of assisting in giving elementary work in industry to the youth of the land and so encourage and enable them to qualify themselves for industrial employment, he would be doing more to obtain relief from this so-called prevalence of unemployment than any vote of money that the minister could possibly get to assist in technical training. You cannot, under the present arrangements between the labour union and employers, secure employment for young men in the elementary work which they formerly secured by apprenticeship, even if you train them in your technical schools for that purpose. If the minister has any influence with labour unions and with employers of labour in industry I wish he would bring to their hearts and minds a full appreciation of the responsibility which they both have for the conditions of distress which prevail in many of the large cities owing to the unemployment of youth.

Mr. MASSEY: It would be of great interest if the minister would be good enough to give a sketch of the functional activities of the various offices. For instance, how does a man register and what happens after he registers?

Mr. ROGERS: I am not sure that I can answer my hon. friend except to say that the service rendered by the employment bureau is one of receiving applications and making placements where possible. The process of registration is one which is based upon forms which are uniform throughout the service. I should have mentioned that the dominion government also assists in that direction in arranging that there shall be uniform forms available for registration purposes. The extent to which the employment service is able to make placements depends of course upon the degree to which it is utilized by industry. On the whole the record of the employment service in Canada, with respect to placements, compares favourably with employment services established in other countries. It is still true, however, that many of the larger industries prefer to take on personnel through their own personnel offices rather than work through the employment service of Canada. As a matter of fact I have had representations on a number of occasions from the manufacturers' association and chambers of commerce suggesting that the employment service of Canada as at present organized was not serving industry to the extent that it might. I am not prepared to say how far that is due to the employment service itself or how far it is due to the unwillingness of industry to give its full cooperation to that service. No doubt a part of the fault lies in each direction.

Mr. MASSEY: One receives at times various complaints regarding almost everything, but it has been stated to me by many different persons that they have registered for a certain class or kind of work and weeks have gone by and they have heard nothing. In the meantime several others have been placed who came later and registered subsequently to the time of registration of the persons to whom I refer. Does the federal department exercise control over these offices, or are they entirely in the hands of the provinces?

Mr. ROGERS: That aspect of it would be, but if any complaints of that kind are received I see no reason why they should not be brought to the attention of the provincial authorities by the director of employment service in Ottawa.

Mr. MASSEY: To what lengths does the office go to ascertain whether the claims made by a man as to his experience and training are bona fide? If a man registers as a skilled mechanic with nineteen years' experience with a certain type of lathe, for example, does the office satisfy itself that he is a mechanic of that class or kind, or does it simply take his word and send him to an industrial firm with the recommendation that he is a mechanic of that type?

Mr. ROGERS: It would depend upon the officials in charge of the employment office. Some officials would have the means of determining qualifications of the kind described

by my hon. friend; others would obviously not be able to determine such qualifications. In that situation it would really rest with the industry to which the man had been sent.

Mr. MASSEY: If a man were to present himself to one of these offices with credentials or recommendations or references or letters "to whom it may concern," saying that he had held some reasonably important position, would he be likely to get a preference over a man who had registered a month before but who had not the same qualifications?

Mr. ROGERS: That is so obviously a matter of internal administration that I cannot give a definite answer. I should certainly assume that in making selections for openings those in charge of the employment office would be guided by priority of application and the qualifications of the candidates.

Mr. MASSEY: Has the minister any figures as to the numbers who were placed through these offices during the last year?

Mr. ROGERS: Yes. It might be useful to place these numbers on Hansard. This is from the beginning. The Employment Offices Coordination Act was passed in 1918, and I have the figures from that date forward:

1919 (10 months)	305,905
1920	445,812
1921	355,756
1922	393,522
1923	462,552
1924	366,132
1925	412,825
1926	410,155
1927	414,769
1928	470,328
1929	398,367
1930	368,679
1931	471,508
1932	352,214
1933	352,097
1934	406,091
1935	353,802
1936	331,450
1937	389,526

The number has fallen off to a marked degree as from 1928.

Mr. MASSEY: How many offices are there altogether?

Mr. ROGERS: There are across Canada 69 centres in which offices are established. In larger cities there are three or four offices.

Mr. MacNEIL: In some respects the national employment commission put its finger on certain definite needs in the service. At page 19 it recommends:

> Prompt establishment of a modernized employment service, under national direction so far as all broad principles and policies are concerned, but with such measure of decentralization as will provide effective handling of problems peculiar to each province. This service to provide the administrative local units required to bring about the separation of employables from unemployables, and to formulate such local plans as will increase "employability." To this employment service would be attached regional and, where necessary, local advisory committees, of community-minded citizens, including representatives of employers and labour, in order to ensure that such plans are really practical instead of theoretical.

My experience has been that the service has abandoned the policies which were inaugurated by the late Senator Robertson back in 1919-20. At that time there was formed The Employment Service Council of Canada to advise the Minister of Labour. In several provinces steps were taken to form provincial advisory committees thoroughly representative of employing interests and labour, and in some cities committees were formed. In that way the employment interests felt some responsibility to cooperate with the service. At that time it was possible to secure agreement to abandon the independent employment agencies which were in competition with the government offices, with results which in some ways were disastrous. Is it not possible to implement the recommendations of the commission in such a way as to revitalize this employment service, making some effort to establish the regional and provincial, as well as national, advisory committees, see that the work of the service is properly publicized, and that there is effective cooperation on the part of all interests? In connection with the remarks of the hon. member for Vancouver South (Mr. Green), is it not possible to return to the effective exchange of information between all points in Canada, so that if a shortage of labour exists at one point and a surplus at another a quick and effective exchange may be accomplished; also to deal effectively as far as possible with the seasonal labour requirements in Canada? I think there is much to be said for the terms of this recommendation.

Mr. ROGERS: As to the exchange of information, I am informed that that is done at the present time. Obviously in these last few years the information respecting available employment has been rather limited, and in most provinces has extended rather to certain trades than to general labour, in which, and particularly in the building trades, there has been a surplus rather than a shortage. But the facilities exist for the exchange of information.

As to the setting up of these advisory committees, I agree that there is much to be said in support of the idea, but our experience with committees of that kind has been that if they are to succeed they must be focussed on some

concrete task. Simply to have a general advisory committee to deal with the employment service would not be very effective. The national employment commission in making its recommendation had in mind that the employment service would also be utilized in connection with youth training plans and the rehabilitation of the unemployed. I am far from saying that even in the existing organization more might not be done in that direction; I simply point out that in setting up these committees, if one expects results from them it is very important to see that they are focussed on the particular task.

Mr. TAYLOR (Nanaimo): Would it not be possible to obtain greater efficiency by having a national clearing house to which these various offices would send their returns? Is that done?

Mr. ROGERS: Yes, that is done. That is one of the functions discharged by the dominion office.

Mr. GREEN: Is there no possibility of the dominion government taking over the employment service, as the Purvis commission so strongly recommended? Why can we not establish our own dominion employment agencies in the different provinces, or, if some provinces did not want it, let them carry on as they are? I am sure that certain provinces would be willing to allow the dominion to take over the field.

Mr. ROGERS: That is a question I have had occasion to discuss before in this house. It is true that there are certain provinces that would even now consent to the employment service being taken over by the dominion. It so happens however that these are provinces in which the problem of unemployment is less acute with respect to industrial labour; I refer particularly to some of the western provinces. I would question the desirability of the dominion setting up a competing system of employment service. From time to time this government and other governments have been attacked on the ground of duplicating services. I have discussed this matter with a number of the provinces. I am bound to say that while some would be agreeable, others are definitely opposed, and while some of the larger industrial provinces are opposed to having the employment service nationalized, I question the wisdom of our proceeding in a piecemeal way.

Mr. MacNEIL: What steps are being taken to coordinate the work in the various provinces. The minister is aware of the necessary movement of labour from point to point between the great lakes and the Pacific coast to take care of seasonal requirements. Is there any coordination so that men move as efficiently as possible from one job to the next as it may open up, without being released in large numbers and then picked up again in a more or less haphazard way? Is there a general plan in effect in that respect between the four western provinces?

Mr. ROGERS: An effort is made to collate all information with respect to available employment and seasonal opportunities for employment. For example, special arrangements have been made with the railways to see that when there is definite promise of employment no man shall fail to reach that employment by reason of the fact that he is unable to meet the railway charges.

Mr. MacNEIL: Is the service equipped to deal with a situation such as that in Vancouver to-day? It has been suggested that work is available at various points and that these single unemployed men should apply for it. Can we safely give assurance that work is available for them?

Mr. ROGERS: I would not suggest for a moment that one could say that on a given day all of a certain group of men can be given employment in one province or another. The employment office in Vancouver would be advised of possible opportunities for employment in other provinces. But as my hon. friend fully realizes, in the past few years in most of the provinces there has been, generally speaking, a surplus of general labour and of workers in the building trades. We are hoping that this situation will be very largely rectified shortly. Of course it does not follow that all employment in a city or province must be obtained through the Employment Service of Canada.

Mr. LOCKHART: Having regard to the apparent evils that are in the minds of all hon. members and have been expressed to the minister, would he from his contact with the provincial officers up to the present time express an opinion as to whether such abuses are being rectified? Is there a willingness on the part of the employment offices to cure some of the evils that have been so apparent, and that I know are in the minds of those who are in close touch with employment offices? Does the minister feel like expressing an opinion as to whether there is any indication on the part of the employment offices that they are ready to assist in eradicating these evils, or are they indifferent to the whole situation?

Mr. ROGERS: Certainly I would not go the length of saying that the directors of the employment offices in the various provinces are indifferent to the situation or are not desirous of correcting such abuses as exist. On the other hand I would not feel myself in a position to pass censure upon the employment service as it existed generally in a particular province. Undoubtedly there are weak points; possibly there are weak points in all provinces, and I would imagine that in all provinces there is a growing opinion that the employment service of Canada should be modernized, as suggested by the national employment commission, and made even more useful than it has been in the past. In all this criticism I think we should recognize that generally speaking the Employment Service of Canada has done a very good job with respect to placements for a number of years, but undoubtedly much can be done to improve and modernize it. If that cannot be done by nationalization it ought to be done by more effective cooperation between the employment services in the various provinces.

Mr. LOCKHART: There are one or two points in particular I have in mind, and no doubt the minister has encountered places where perhaps greater evils have crept in. Are definite efforts being made by the department to have difficulties eliminated at particular points that may have been brought to the attention of the minister? I imagine he is familiar with certain points. I know of one or two. Is a real effort being made by the minister to impress upon those in charge at those points the importance of having the difficulties remedied, difficulties that have been so apparent particularly within the last year or two? Is the Department of Labour bringing its influence to bear upon points where evils have crept in?

Mr. ROGERS: The answer to that question would be that the Department of Labour is and will be anxious to bring about an improvement in the Employment Service of Canada, and to correct any weaknesses that may exist. So far as personnel is concerned I have explained to the committee that it is effectively beyond our control, but certainly I would not say that the difficulties as to personnel are confined to any year or any period of years, and I am sure my hon. friend will agree with that. Possibly difficulties with respect to personnel in some respects go back to the beginning of the service. Certainly we will do whatever lies within our power to improve the service, but the question of personnel is one that actually lies within provincial control.

Mr. MacNEIL: May I ask exactly what facilities are available to a transient in British Columbia, now unemployed, whose domicile is in Saskatchewan or Manitoba? Can he go to the office in Vancouver and register, even though he is not a resident of British Columbia, and secure definite advice or assistance in connection with employment that may be avilable in the province of his domicile?

Mr. ROGERS: Clearly that would be a matter of internal administration. Personally I would feel that if the information were available which would disclose possibilities of employment in the province of domicile, he would be assisted by the officer of the employment office towards obtaining such employment. I cannot go beyond that.

Mr. MASSEY: A few moments ago the minister very kindly gave the number of jobs that had been obtained through these sixty-eight offices throughout the dominion. Has he any record of the number of applications that were handled, in order that we may have an idea of the success of these offices?

Mr. ROGERS: Perhaps it would serve the purpose of my hon. friend if I gave the number of applications in a given year and the number of placements in the same year.

Mr. MASSEY: Yes.

Mr. ROGERS: The year is from March, 1936, to March, 1937, inclusive. The number of applications was 680,183. The number of placements was 332,195.

Mr. MASSEY: Would the 680,183 be different individuals, or might an individual apply two or three times in the course of a year?

Mr. ROGERS: These would be the actual placements. A man might be placed several times in the course of a year.

Mr. MASSEY: And the same would apply in regard to applications?

Mr. ROGERS: One man might be placed a number of times in the course of a year, and each time would be included as a placement.

Mr. MASSEY: The 680,183 would be the total number of applications, and a man might apply several times in a year?

Mr. ROGERS: Yes.

Mr. MASSEY: Would the minister be good enough to tell the committee if the offices in the various centres advertise that they have registered with them mechanics, drill hands, and so on, whatever may be the

various types of skilled labour available? Do they advertise at all in the daily press in order to notify employers that they have available men of the type referred to a short time ago by the hon. member for St. Lawrence-St. George.

Mr. ROGERS: I do not believe they advertise.

Mr. MASSEY: They do in some centres.

Mr. ROGERS: They may in some centres; that would be entirely a matter of provincial administration, as to whether money was available for that purpose. But apart from that, as my hon. friend knows, all employment offices have a bulletin service, and to some extent that meets the need.

Mr. MASSEY: On page 32 of the final report of the national employment commission these words appear:

> The national employment commission feels, however, that it would be failing in its responsibilities if it did not record its opinion, formed out of its experience with problems of unemployment and "relief" that since the dominion government has already invited the cooperation of the provinces to achieve a national system of unemployment insurance it would be in the interests of sound and economical administration that a unified and coordinated system of nationally administered unemployment insurance, unemployment aid and employment service be instituted.

That would seem to me a recommendation that all these employment offices be placed under federal control. Would the minister care to state to the committee whether he personally feels that that should be done?

Mr. ROGERS: I believe I have already stated—

Mr. MASSEY: In a particular way, I mean.

Mr. ROGERS: —to the committee that I can see many advantages in having a national employment service, but I do not believe one can answer that question without regard to the control of other industrial conditions which now lies within provincial jurisdiction. I refer particularly to the fact that under our federal distribution of powers the provinces are in effective control of working hours and conditions; and in fact the provinces generally are in more constant contact with industry than is the dominion. That recommendation of the national employment commission was made in such a way as to indicate clearly that in the future if we had a national system of unemployment insurance we could have an effective national employment service. It is generally agreed that with a national system of unemployment insurance, and the employment service that would be established as a corollary of unemployment insurance, there would be established a continuing contact between the employment service and industry in a way which would not occur otherwise. I do not see that the dominion could establish an effective employment service without at the same time having either a national system of unemployment insurance or a control over other industrial conditions.

Mr. MASSEY: In connection with the suggestion recently made to various provinces for an unemployment insurance plan, was it suggested that the unemployment services be given over to the dominion, or was that assumed to be the case?

Mr. ROGERS: In the original letter—and I am speaking from recollection—the reference was to unemployment insurance, and to employment offices as a necessary corollary of unemployment insurance. But in the letter which referred to the constitutional amendment the reference was rather to unemployment insurance. However, it was the opinion of the law officers of the crown that with the power to deal with unemployment insurance there would be no question as to the power to set up employment services.

Mr. BENNETT: Ancillary to it.

Mr. ROGERS: Yes, employment services ancillary to it.

Mr. TAYLOR (Nanaimo): It must be recognized that these placements are costing the dominion government a considerable sum. In 1937 the placement of 389,000 cost forty cents a placement. That is a big item, and unless the minister is perfectly satisfied that the organization is really doing good work it seems to me it is very costly. There must be some better way by which placements can be effected.

Mr. ROGERS: I suppose it is a matter of opinion as to whether or not a service is costly, when it means an expenditure of forty cents per placement. I would not agree with the hon. member in that regard. I have not compared the figures in connection with unemployment services with other countries, but I would feel that a cost of forty cents per placement was not by any means excessive.

Mr. GREEN: In what way are young men and women receiving youth training helped by the employment agencies? Is there any tie-up which enables the agencies to help these young people?

Mr. ROGERS: Perhaps that question might better be reserved until we discuss an item

in the supplementary estimates. However, if the hon. member wishes I shall deal with it now. In the past we did seek to have special placement officers attached to the employment service to deal particularly with those who received training under the plans for unemployed young people. This year I feel still more strongly that this service should be improved and possibly extended, because clearly the final justification of plans of that kind is the placement of those who have received the training. I am not suggesting one could reasonably expect that all could be placed in employment, but I would agree entirely with the hon. member when he suggests it is important that training be linked up with placements through the Employment Service of Canada, or in some other way.

Mr. GREEN: Are all those young people registered with the employment offices?

Mr. ROGERS: I am quite sure when they have received their training they are registered with the Employment Service of Canada. Perhaps the hon. member would allow that question to stand, and I shall secure the information and give it to him when the other item is before the committee.

Mr. MASSEY: The minister has said that he feels the services of the various employment offices should be extended. In view of the fact that the administration of these offices is in the hands of the provinces, how does he go about seeing that those services are extended?

Mr. ROGERS: Well, Mr. Chairman, there are always the powers of suggestion and persuasion. I suppose in our agreements with the provinces we could under the statute require that the services be extended in certain particulars. If we did so I suspect the provinces concerned would say, "Very well; we will conduct the service if you will pay for it." Of course that would involve the question whether or not the dominion government should increase its present allowance for the maintenance of the employment service in Canada.

Mr. MASSEY: Do I understand that in the granting of this vote, amounting this year to $63,925, we make no inspection of those offices at all, and leave the matter entirely to the provinces?

Mr. ROGERS: Inspections are made from time to time. The director of employment services does visit the employment offices and makes a report, a portion of which is usually included in the report of the Department of Labour.

Mr. MASSEY: Is the visit anticipated, or does he just arrive?

Mr. ROGERS: My information is that he arrives unheralded.

Mr. MacNEIL: It is extremely important to consider the operation of the service, particularly with relation to a crisis such as we have in Vancouver. Is it possible through the facilities of the employment service to make a quick survey of other provinces, and to determine whether or not work of any type is available for the men who have concentrated in Vancouver? Was there any definite tie-up between the government service and the forestry camps, prior to the release of the men from the forestry work?

Mr. ROGERS: I am not able to say at this time whether there was a connection established between the forestry conservation camps and the employment service of British Columbia. I would assume—and I believe the hon. member so stated the other day—that when those men left the forestry conservation camps they registered with the employment service in Vancouver. Again I can see no reason at all why those in charge of employment services in Vancouver could not be advised of employment opportunities in other provinces. In other words, transients who were non-resident, and whom it was proposed to return to their own homes or places of origin, might have received information as to possible employment opportunities. But again I believe it is important to point out that the information available in employment offices would not necessarily limit the employment opportunities in any province, because there are a great many employment opportunities which are filled otherwise than through the Employment Service of Canada.

Mr. MacNEIL: Is it correct to assume that even in this present serious crisis the minister has not been advised as to whether or not the employment service is able to offer any work to non-residents, through the Vancouver office?

Mr. ROGERS: Well, it is quite evident I believe that in almost every province where unemployment exists at the present time no head of an employment service could give an assurance that there is work available for all. The availability of work would depend upon the qualifications of the applicants and also upon the priority of the application.

Mr. MacNEIL: Does that not boil down to this, that if an agency such as the government service is unable to indicate employment opportunities, actually no work is available for those men?

Mr. ROGERS: No, I would not say that.

Mr. MacNEIL: What evidence exists that there is work anywhere for them?

Mr. BENNETT: That is the whole trouble.

Mr. ROGERS: The only answer I can make to the hon. member is the one I have already given, namely that many men, to the number I have indicated, are placed regularly through the Employment Service of Canada. But we know that there are many others who are placed directly through their own applications, either to industry or to other employers of labour. So that it does not follow of necessity that because the Employment Service of Canada cannot state that men can be placed at work in a given province, no opportunities for employment exist in that province.

Mr. MacINNIS: Does it not follow, though, that if there were employment in any province generally speaking the employment offices would know about it? If employers were seeking workers, and those positions were not filled, it would seem that an approach would be made to the government service. As the hon. member for Vancouver North has said, if there are no positions with the employment service it would seem to be a clear indication that employment is not available. It is quite true that a person may obtain employment—and many do—without approaching the government service. But if the agency cannot supply all those who make application for jobs I think it is a clear indication that work is not available, and that there is a residue of unemployed persons who cannot find jobs.

Mr. MacNEIL: Is it not true that at the present time in every office of the employment service in western Canada there are more men registered for work than there are positions available?

Mr. ROGERS: I have not that information at hand. May I say that for many years at any given time a considerable portion of our population has been unemployed. That is so because of the seasonal nature of much of our employment.

Mr. MacINNIS: But is there not this difference between the present situation and that which obtained in other years, namely, that in other years the amount of work was sufficient to carry the men from one job to another, whereas at present the wages made at one job are eaten up before the men can get to another. They are out of clothing and are behind in their rent—provided they have some one who trusts them for rent. All those payments have to be made out of a job, and when that job is completed they are on relief again, or have to obtain employment in some way. Is it not really that which makes unemployment a matter of concern to the government? When a worker could maintain himself from one job to the other, unemployment was not regarded as something bad; it was considered useful because it enabled employers to buy labour cheap. But the situation is altogether changed when the unemployed man cannot carry himself from one job to another and becomes a burden upon the government or upon the state.

Mr. GREEN: Perhaps the minister will excuse me if I bring up the question as to when the summer training camps, the forestry training camps, will be opened in British Columbia. I understand they will provide for a great many of the younger men, and presumably some of the men who are sitting in the post office at Vancouver will be elegible for these camps. When will the camps be opened?

Mr. ROGERS: I would assume that they would be opened in the very near future. I have no definite information on that point. My hon. friend knows that the training camps, as distinct from the forestry conservation camps which have been in operation during the winter months, fall within the youth training plans. There is no reason that I can see why the training camps should not be opened in the very near future.

Mr. GREEN: They will accept men up to thirty years of age, will they not?

Mr. ROGERS: There is a possibilty of accepting them up to thirty years of age. Normally the age limit would be eighteen to twenty-five.

Mr. GREEN: Well, if these men will be eligible for those camps, and the camps will be open in a very short time, would it not be possible for the government to make some arrangement to care for these young men in the interval? It will be only a matter of two or three weeks or perhaps a month. Could they not be cared for in some way or another, perhaps by having one or two of the winter camps opened, and the young men who would be eligible for the training camps placed in these winter camps meanwhile?

Mr. ROGERS: I see no reason why some of these young men may not be eligible for training in the forestry camps. As to their care meanwhile, those who would be eligible would be residents of British Columbia, and any care extended to them meanwhile would be a matter entirely of provincial administration.

Mr. GREEN: Of course it is an unfortunate situation that exists in Vancouver, and it affects the whole dominion. I think it would help a great deal if arrangements could be made to take out that particular class of young man. Surely the government could go that far. It might solve the whole difficulty if two or three hundred of these younger men could be gotten out in this way. Cannot something be done along that line?

Mr. ROGERS: I have already presented to the house a copy of a telegram which set out very clearly that single unemployed men would be upon the same footing as others in a similar position, with respect to their eligibility for youth training plans or employment offered on public works projects. I cannot go beyond that statement.

Mr. GREEN: Could steps be taken to find out now what proportion of these men in the post office and the art gallery are eligible for such training? That at least would show that steps are being taken, and I believe the fact that some move was being made by the government would help a great deal.

Mr. ROGERS: The answer to that is that the information is already available so far as the men who are in the forestry camps are concerned. All were registered while they were in these camps. It is known where they came from. It is on the basis of that information that the offer of transportation was made to them in order that they might return to their places of origin.

Mr. MacNEIL: I do not wish to be unduly insistent or to be unfair to the minister, but I fail to understand his unwillingness to accept suggestions that special action be taken to deal with an urgent situation. It is difficult to interpret the minister's remark that he recognizes the gravity of the situation in Vancouver at this time. I am receiving daily resolutions from responsible persons and organizations. For instance, I have one under my hand now, signed by Archbishop DePencier of Vancouver, who is extremely perturbed about the situation. The minister says he is relying on provincial government advice and it is purely a matter of provincial government administration; but by this vote we are contributing to the maintenance of this service, under an agreement which gives the minister some degree of supervision of the operation of the service. I fail to understand why some special effort may not now be made to meet this situation. May I point this out, that the federal government will no doubt contribute in part to the expenditure of a considerable sum of money for transportation of these men—they have already offered it—to various other provinces. Surely, if that money is to be expended, it is reasonable to suggest that it be expended on a business-like basis, and that when a man receives transportation through the facilities of a particular service he will have the assurance of assistance to his destination and a share of any employment that may be available. He should not be simply removed to another point and cast adrift.

Another point I wish to stress is that if some action is not taken, an increasing number of men will be sent to gaol; it costs the provincial government over a dollar a day to maintain a man at the Oakalla gaol, and that is not good business, quite apart from the fact that the men are thrown into association with hardened criminals.

Here we have an employment service. Surely it is possible, with the facilities existing in this service, to set in operation some plan to meet the situation, first with regard to those who are resident in British Columbia, and then to move those who are non-residents to points where they will either be offered work or receive food and shelter under some suitable arrangement.

Mr. ROGERS: I have tried to say to my hon. friend, although I may not have succeeded, that the facilities of the Employment Service of Canada have been available from the beginning with respect to these men, are available now, and will be made available to them, but upon the same basis as such services will be made available to others who are in the same condition of unemployment. It is not possible to go beyond that.

Mr. MacINNIS: What are those conditions? If the Employment Service of Canada cannot find jobs for these men, its service is finished, is it not? Is there anything further it can do? When the minister says that the Employment Service of Canada is available to these men on the same basis as to others, what use is it to these men or to others if no jobs are available?

Mr. ROGERS: The purpose of the employment service, my hon. friend is aware, is not to create employment—

Mr. MacINNIS: I am quite aware of that. It cannot create jobs.

Mr. ROGERS: Exactly—but rather to offer assistance to place unemployed in such opportunities for employment as may be available. That service will certainly be extended to those in British Columbia.

Mr. MacINNIS: I am sure the minister will not be under any misapprehension of my

understanding of what the employment service is. I assume it is a place where employers can register that they have places available for men, and where men can register for jobs. If there are no jobs available with the employment service, that is the end of it as far as any aid it can give to the men is concerned. I suppose this is true, that were it not for the fact that men are compelled to register before they can get relief, there would be far fewer registrations in times of intense unemployment than there would be in normal times, because once the men have registered and have received no results from the registration they are not going to go there from day to day. I know that from experience in visiting these employment agencies and finding out the circumstances for myself. I think the minister must admit that work is not available for these men in British Columbia. The other day I read a letter from the mayor of Vancouver stating that conditions were worse than they were last year, and that because of the arrangement between the province and the dominion the city is carrying a greater burden. Unless the minister can demonstrate in some effective way that there are openings for employment, I cannot see how these men can be denied relief.

Mr. MacNICOL: For some time I have been wondering whether this particular expenditure is not more or less wasted.

Mr. BENNETT: Hear, hear.

Mr. MacNICOL: In the old country, of course, the branch which corresponds, although in name only, to this department does a great deal of work. I assume that what is done in the old country under the branch of the labour department which looks after the same work that this is supposed to look after, is done in this country by the provincial governments. I have been wondering for what purpose we give these sums of money, large in some provinces and small in others, to the provincial labour departments. In 1937 a little less than $4,000 was given to Nova Scotia. What could the federal representatives in Nova Scotia do in assisting in the administration of the labour department in that province in connection with the employment business when they had only $4,000? I do not find anything in the auditor general's report to show what was done with that $4,000, and I cannot see what could be done. I believe there is an office in Toronto?

Mr. ROGERS: Yes, several offices.

Mr. MacNICOL: An unemployed man passing the dominion government labour office naturally assumes that he will at least learn something about employment. He goes into the office and says that he is a carpenter or machinist, or whatever he is, and is looking for a job. What does the federal representative in Toronto do?

Mr. ROGERS: There is no federal representative in the employment office in Toronto except for the handicapped ex-service men. The personnel in the employment service in the province and the whole administration of it are looked after by the provincial governments through their departments of labour. The dominion government under the Employment Offices Coordination Act assists the provinces through a grant in aid to maintain the employment service. Under the same act we also provide for a clearing house of information at Ottawa.

Mr. MacNICOL: It is really not a clearing office in the sense that such a labour department in the United Kingdom is. I have sat in a labour office in London for many hours watching how they operate it, and I have discussed matters with the officials and with men coming up to the counter, because the officials were kind enough to let me sit behind the counter and talk with the men. What I cannot understand is what the Canadian federal offices do with a vote like this. We grant to Ontario nearly $62,000. What does the provincial government do for that sum, which is granted by this government for a service which the province is already carrying on inasmuch as it has its own offices everywhere? I shall be glad to support anything that will help men to get work, but it seems to me this is another instance of duplication and we are throwing away $150,000 a year for practically nothing. I do not know when it was started; but the time has come, seeing that we are getting no results, to change or put a stop to it and put the money to better use.

Mr. ROGERS: It has been in existence twenty years. This is not a case of duplication but a grant in aid made by the dominion government to assist in establishing an employment service right across the dominion.

Mr. MacNICOL: Does the federal government pay the salaries?

Mr. ROGERS: The federal government contributes on the basis of actual expenditures in each province in relation to the total expenditures across the dominion. In other words, the $150,000 we pay is allocated to the provinces on that basis, and in addition to that we maintain an office here for the purpose of collecting information from all the provincial employment offices in order that there may be this clearing house of information with respect to employment opportunities.

Mr. MASSEY: The total amount of the vote is about $114,000, which, incidentally, is 11·4 per cent of the total amount which was voted last year for the vital item of youth training. This amount of $114,000 is a substantial sum of money, and it is reasonable to expect a substantial return for it. The success or failure of the employment offices, as suggested, rests with the service they can render to those who employ labour. After all, if they can convince employers of labour that the men whom they have registered with them and whom they will send to employers are men such as are asked for, then the offices will be working in close cooperation with industry. Several employers whose word I must rely upon have told me that there have been times when the men whom they have asked for have not been the men they have received. Let me cite one instance of a man who applied to the employment office in one city with a request for a workman who was capable of operating an automatic lathe. He said the reason he wanted a man for a short period was that the regular operator was away ill, and he was in the midst of a rush job and wanted a highly skilled mechanic for the position. He was informed that such a man was available and would report the next morning. The man reported; but he turned out to be a drill hand, utterly unfamiliar with the operation of that lathe. One or two experiences of this sort have had such an effect on that particular employer that he no longer has any confidence in the employment office in his particular municipal centre, and the result is he is seeking men from some other source.

As the minister told us a short time ago, the inspectors occasionally visit these offices, unheralded, it is true; but that is really not good enough. It is highly desirable that the department should conduct a proper survey of all these offices, to see whether or not this money we are voting is applied to the fullest possible advantage; and by that I mean the advantage of the men, because after all the whole purpose of these offices is to obtain jobs for the men. We vote this money with that idea in mind. The most effective way in which these offices can carry out their purpose is by establishing contact with employers of labour—and such contact as has proved itself to be of value. When men have two or three experiences such as the one I have related, they tend to lose confidence in the employment offices. I asked whether any advertising was done, and the minister properly answered that that was in the hands of the local office, and that if the province was willing the money should be spent for advertising, and skilled labour was available, it would be done; otherwise it would not be done. As the hon. member for Davenport has said, however, one cannot help feeling that in some ways this money is not used to the fullest possible advantage, unless it is used in such a way as I have suggested. Would the minister be willing to state that in the past this money has been applied to the best possible advantage; that the provinces are cooperating fully, and that the offices are discharging their functions as well as possible for the benefit of those who apply to them.

Mr. ROGERS: I believe I have already answered or tried to answer that question on a number of occasions. I fully agree that in the administration of the employment service in some sections of the country—I am not prepared to say how extensive the weakness may be—such a weakness does exist. As a matter of common knowledge it does exist in some sections and ought to be corrected. I believe that we as a federal Department of Labour should do what we can to see that such abuses are corrected, but it is quite another matter to say when the abuses began. Possibly they began from the inception of the service itself. Certainly I would not say, nor would my hon. friend say, that these abuses have come into existence only in the last two or three years.

Mr. MASSEY: Certainly not.

Mr. ROGERS: We have had periodic inspections. I had a report a year ago from the director of the employment service after a journey across the country. There are certain improvements that ought to be made, but whether they should be made by increasing the dominion grant in aid is another question. I should doubt very much whether that would accomplish the desired result, but undoubtedly we have a power of suggestion and perhaps of persuasion which has been exercised before and will be exercised again. Our one desire is, if we contribute to a service, to see that it is made as efficient as possible.

Mr. MASSEY: Has the minister any idea what proportion of the money is spent for administration, how much for rental of offices, advertising and so on? Is there any break-down?

Mr. ROGERS: That detail would appear in the provincial accounts. We have a certain item for our central administration. There is, in addition, $150,000 a year which is paid to the different provinces in the pro-

portion which their expenditures in carrying on their employment services bear to the total expenditures of the employment services throughout the dominion.

Mr. MASSEY: Then the item of $63,925 is the federal expense? That does not go to the provinces at all?

Mr. ROGERS: No; the $150,000 goes to the provinces.

Mr. MASSEY: How is that apportioned among the various provinces?

Mr. ROGERS: That is what I just explained. It is divided on the basis of the expenses of a single province in maintaining its employment service, in relation to the total expense of maintaining employment services in all provinces.

Mr. MASSEY: That is, in accordance with the existing set-up?

Mr. ROGERS: Yes.

Mr. MASSEY: In other words, the minister does not suggest, if province A provides perhaps a better service than province B, that there should be greater service extended in province B and the grant be increased proportionately?

Mr. ROGERS: No.

Mr. MASSEY: Is that not a reasonable suggestion? Assume that province A has conducted its service in a highly beneficial manner and rendered much greater service than province B.

Mr. ROGERS: The province which spends most, and which by inference is most interested in maintaining the service, will receive a larger grant from the dominion.

Mr. MASSEY: True, but though it may spend most, it may get fewer results; it may be because more have achieved success in getting a job not in industry but in the employment office itself. The amount of expenditure does not necessarily indicate the ratio of success. After all the measure of success is the number applying and the jobs obtained.

Mr. BENNETT: I come back to my old question. I should like the minister to give effective assurance that conditions which now obtain will be discontinued. I am not at this moment going to give names, but I have the papers and can give the names of the individuals I have in mind. A returned soldier applied to the employment office for a position. He knew of a vacancy. He was told to go and see the chief of the Liberal organization in the community. He went to him and told him the situation. He went back with a letter from the chief of the Liberal association to the job which was being carried on. There they rather laughed at him, because there seemed to be a fair understanding that that was not going to get him anything. He was not able to get anything to do. The minister has said—what I expected he would say—that he does not approve that sort of thing. But I suggested an alternative method of dealing with it as far as we are concerned. It may be that under the terms of the statute and the agreement which we made we are precluded at present from lessening our contribution. The minister did not make this arrangement; it was made before he came. The late government did not make it, it was made immediately after the war. In 1918, I think, we undertook to make a grant, and according to my memory the grant has been $150,000 direct, in addition to a varying sum depending upon administration, which I understand is our administration cost. Is that right?

Mr. ROGERS: Yes.

Mr. BENNETT: We are dealing with expenditures of the dominion government with respect to this item. And the next item we have been considering with relation to it is the payment of the $150,000 which we do not expend but which is expended by the provinces. Now, having regard to the terms of the agreement of 1918, I realize the difficulty of the minister saying, We are not going to make this payment. But I do ask him to say definitely that this sort of thing must stop. And it is easily stopped. All we have to do is to have someone who represents us with respect to these undertakings. The undertaking I have in mind involves an expenditure well on to a million dollars. The work is on a cost-plus basis. It is monstrous—I use that word again, at which the minister sometimes smiles—that a poor unfortunate cannot get a job because he cannot get a letter to the employment office from the head of the Liberal organization.

The other day the Prime Minister made his position clear, and the minister has done so again this afternoon. But that is no good. What I want is some action; and the minister can give it if he will. He knows quite well how to stop this sort of thing if he wants to do so. It can be stopped. We who pay at least half the money for the job are not going to permit someone to tell us that a man cannot get a position unless he does certain things, and even then it does not always get him the job. I would ask the minister to give some assurance that this sort of thing is going to stop. The other evening,

as I say, the Prime Minister on behalf of the government made his position perfectly clear. He said that this sort of thing should stop. We were dealing with a specific case, but he went far beyond that.

The conditions under which we live have so changed that when you find a minister thinking it necessary to write letters to a selected list of people only, saying, "We are going to buy so many onions and so much canned goods, etc.," you are going to have trouble. Who are the largest taxpayers? Not members of the Liberal party alone. I am a very heavy taxpayer, and I am told that my taxes cannot be used to pay for the work of a man who wants employment and cannot get it because he is a supporter of mine. And I am told furthermore that a man who lived in Calgary for only a few months and who was a candidate running against me is determining whether or not men shall get a job. They must be Liberals, and my money in the form of taxes must pay them, but my friends cannot get work. Under conditions of normal prosperity there might be a different attitude. But this is laying the foundations for anarchy. Mark it!

Mr. ROGERS: My right hon. friend is not suggesting for a moment that this practice has begun within the last two or three years?

Mr. BENNETT: No.

Mr. ROGERS: I think he ought to make that perfectly clear to the committee.

Mr. BENNETT: But I make it perfectly clear that to my knowledge it was not done under the relief administration.

Mr. ROGERS: I am afraid it was.

Mr. BENNETT: I can only say in my own constituency it was not. The names were put in a hat and drawn out by the mayor of the city.

Mr. MUTCH: How were the names put in the hat?

Mr. BENNETT: The names of all the unemployed were taken just as they came along. If you desire information on that point all you have to do is to write to the city clerk of Calgary. I am speaking of what I know.

Mr. ROGERS: That was not true in Kingston, absolutely not.

Mr. BENNETT: It may not be, but conditions have become so intensified. Sometimes I wonder whether our friends realize that we are living on the edge of a volcano in this country. I am not going to take the time, but I could start at Vancouver island and go to Cape Breton and point out what is happening in this country. The worst case is that occurring in the Vancouver post office. The hon. member has made it clear again this afternoon. It is apparent that there is no place to which those men can be sent in this country and get a job. There is no sense in getting into an acrimonious discussion with the minister, but I can give him the names and addresses, of the men and the day they went to get a job and were told they could not get it unless they got the imprimatur of the head of this organization. This man of whom I spoke is a returned man, going to be turned out of his house because he cannot pay his rent; he cannot pay his rent because he could not get work, and he could not get work because he did not support the present administration. I am bound to say that the president of the association gave him a letter, but when the contractor got it he just laughed. Whether or not he had been communicated with by telephone, he said, "You are not one of ours." That was the sense of it.

Mr. ROGERS: The contractor said that?

Mr. BENNETT: Well, the foreman.

Mr. ROGERS: I am surprised at that.

Mr. BENNETT: Well, there are many surprises, I am sorry to say. For instance, I had a letter from a man arising out of the discussion we had the other day. He said he had talked to a gentleman who is a minister of the crown, and he had told him to keep in touch with the head of the Liberal organization. He said, "I have done it, but I cannot get anything to do."

All I ask the minister to do is to give this committee some assurance that the policy indicated by the Prime Minister the other evening to be the policy he believed in will be made effective, and that this sort of thing will be stopped. There are no words to describe it adequately. It is a rather serious thing, in view of the burden of taxation imposed on the people of this country, to say that because a man does not support a particular political party all the taxes paid by a man who opposes that party must be available only for those who oppose him. That is what it means. Surely there are some humanitarian principles left in this country somewhere. I can give case after case proving that it has been noticed in various parts of Canada. We should not say much about social credit and promises of $25 a month in view of what has happened in Saskatchewan during the last month. That also must have repercussions throughout this country. Do hon. members realize that this is the first time in the history of democracy when a majority of the electors are on relief? Never before in Canada have

we had such a condition. And we have those who are responsible for providing the relief telling them that if they do not vote Liberal they will be hungry. The effect of that upon the institutions of this dominion I put to this committee.

Mr. ROGERS: Surely that is a reflection as well upon those who are on relief. Does my right hon. friend suggest for one moment that because a man is on relief, even if there were dictation of that kind it would be submitted to? I suggest that is an impossible statement.

Mr. BENNETT: I at once say yes to my hon. friend's question; and what is more, I know. A man with a wife and family is not taking chances on their starvation. I know about what I am speaking. I have had them tell me; I have their letters. Very reluctantly they have been compelled to take this step; but when a man looks upon his wife and children and is told that they must suffer want unless he is prepared to give allegiance to a particular party, you know what he will do. It is all right to talk in these high-sounding phrases and say this is a reflection upon them. It is human nature. The man is driven by a force he cannot possibly withstand; it is his wife and family against his convictions. So he says, "I will sacrifice the one to save the other." That spells anarchy in this country in the end.

Mr. MACKENZIE KING: Will the right hon. leader of the opposition give the committee the name of a single individual who stated to anyone that unless he voted in a certain way he would go hungry?

Mr. BENNETT: The hon. member for Regina City is reported in the press to have said that the reason why the electors of Saskatchewan should return Liberal candidates in that province in yesterday's election was that they had obtained more money than they would have obtained if there had not been a Liberal government there and a Liberal government here; that they had been supplied with feed and fodder, clothing and things of that kind.

Mr. MACKENZIE KING: The right hon. leader of the opposition is now talking about something that is reported in the press. A moment ago he said he was talking of something of which he knew of his own knowledge. I ask again: Does he know of his own knowledge of any case where a man has been told that unless he voted in a certain way he would be allowed to go hungry?

[Mr. Bennett.]

Mr. BENNETT: I said I was not going to read these cases, but I shall read one letter in that respect from a man who lives in the neighbouring city of Kingston. He writes:

> I heard of an opportunity to get a place at Barriefield, working at camp 42. I went to the employment bureau and was told to see Mr. A. E. Stansbury. He gave me a letter to the foreman but when I gave him the letter he only laughed, for I am known to be a Conservative, and so I was not wanted.

Mr. Stansbury's letter is now in the possession of a friend of his, whom he names.

Mr. ROGERS: What is the signature?

Mr. BENNETT: I was not going to give the signature, but I will:

> I am a war veteran without pension. It is almost impossible to get work because I am not a Liberal, and am about to be put on the street for arrears in rent. I would like to ask if there is any possible way of you be able to help us by your influence to obtain work of some kind to enable my family to be able to have a home without being put out, because relief won't pay rent when we are out of work.
>
> Yours very truly,
>
> R. E. Rollands,
> 23 Elgin Street,
> Kingston.

And there are other letters here from Kingston to the same effect. Some of them have asked me to say this, but that I should not use their names, because the effect of it would be that they would lose any possible chance of any kind to get anything to do. These are not isolated cases; I could give others. I also have a file as large as this in regard to Saskatchewan.

Mr. ROGERS: Well, Mr. Chairman, on that point, since the right hon. gentleman has raised it now, would he suggest for one moment that there were not similar cases, which presumably he would regret equally, under his own administration, and with respect to the administration of relief camps at Barriefield?

Mr. BENNETT: With respect to Barriefield I cannot say, but I do say this, that because I heard of just such evils as these to which I refer I did endeavour to prevent them. In my own community I know that effect was given to that endeavour by putting the names in a hat and having them drawn. I can assure my hon. friend to my right that he is in error when he suggests that all the names were not put there; the names of all the people who were unemployed, with the numbers, were put there. At the appropriate time I shall read what happened the next spring, when they were finishing those bar-

racks on top of the hill, and give the names; I am permitted to do that. They had to have letters from the defeated candidates before they could get jobs, as compared with what they had done before. I do not say for a moment that evils did not exist, but I do say we endeavoured to stop them.

Mr. ROGERS: In what way did my right hon. friend endeavour to stop them?

Mr. BENNETT: Just the way I have mentioned without regard to the political faith of the individuals the names were drawn to determine where they should work.

Mr. ROGERS: Will my right hon. friend suggest at the same time that in connection with the administration of relief camps and the very large purchases made by the relief camps, of many kinds of material, the names of those who were allowed to tender were drawn out of a hat?

Mr. BENNETT: No, not for a minute.

Mr. ROGERS: Was it not based upon a preferred list consisting entirely of friends of my right hon. friend?

Mr. BENNETT: Not entirely, to my knowledge.

Mr. MacINNIS: Is that any reason why it should be done now?

Mr. BENNETT: But remember, this is the thing that was not going to happen. This is where my hon. friend was going to change it all. This is where the professor was going to see that decency prevailed. That is the way I put it.

Mr. ROGERS: I shall speak with a little less heat than my right hon. friend, but possibly with a little more light. The right hon. gentleman has dealt with this question on three different occasions.

Mr. BENNETT: And he is going to deal with it again.

Mr. ROGERS: Quite so, and his whole purpose has been, by a number of vague charges in the beginning, which I have no doubt were designed to bring more definite charges, to seek to create the impression that I as Minister of Labour had definitely connived at the violation of the terms with respect to employment under relief agreements.

Mr. BENNETT: And he will prove it in this house.

Mr. ROGERS: When my right hon. friend brought the matter up in the first place I said definitely and categorically that as far as relief work in my own constituency or elsewhere was concerned, politics had not entered into it with my knowledge or consent. I stand absolutely by that statement. But I went further and said that there were two different kinds of employment provided in Kingston, and probably in other constituencies as well. There were works covered by relief agreements with the provinces, in which there was a definite undertaking that there should not be discrimination of the kind I have described. That was one type of work. With respect to that I said that I was absolutely in accord with that provision against discrimination, and would seek to see to it that it was observed. But with respect to other employment, casual vacancies occurring in the administration of various departments, I said I had accepted recommendations from my local executive and had sent those recommendations on with my approval, and I would not be hypocritical enough to say I had done otherwise. It would be dishonest to myself and to this house to say that I had done otherwise.

Mr. BENNETT: And you will remember that I said I agreed with you.

Mr. ROGERS: I do not think my right hon. friend said he agreed with me at that time. Then my right hon. friend mentioned the name of Mr. Stansbury, who at the present time happens to be president of the Liberal association in Kingston. In the first place he suggested that Mr. Stansbury was a director of the Frid Construction Company, which had the contract in connection with the restoration of Fort Henry. I immediately dealt with that question; I preferred to get accurate information before making any statement in connection with it. I secured the information, and later my right hon. friend made a retraction and admitted that his recollection was faulty when he said that Mr. Stansbury was a member of the Frid Construction Company.

Mr. BENNETT: Quite.

Mr. ROGERS: But it was the most ungracious retraction to which I have ever listened.

Mr. BENNETT: Yes, because I know a great deal about Mr. Stansbury's dealings. That is the reason.

Mr. ROGERS: Very well, but what the right hon. gentleman then said was that there were several other construction companies; there was the Campbell Construction Company and the Frontenac Construction Company, his whole purpose being to leave the inference that Mr. Stansbury was connected with one of these other companies; and he was not.

Mr. BENNETT: I was not suggesting that he was.

Mr. ROGERS: To my knowledge Mr. Stansbury has had no connection whatever with any one of these contracting companies. To my knowledge he has not had any part in the awarding of any government contracts from which he has benefited in the slightest degree. But his predecessor—

Mr. BENNETT: We shall see about that. What about his garage? What was it built with? Where did the stone come from?

Mr. ROGERS: He has no garage, to my knowledge.

Mr. BENNETT: Near his house, on his lot?

Mr. ROGERS: As to that I do not know.

Mr. BENNETT: Well, find out.

Mr. ROGERS: Certainly my right hon. friend seems to have made a special purpose of conducting a minute investigation in the constituency of Kingston, if he is now coming down to the question of the garage in the yard of the president of the Liberal association of that constituency.

Mr. BENNETT: If he built it with public property, that is my duty.

An hon. MEMBER: Did he?

Mr. BENNETT: He certainly did.

Mr. ROGERS: Let my hon. friend make a charge and I will make an investigation. Probably my right hon. friend is no more correct in that information than he was in his earlier information. I am quite content to have the matter investigated at once; I want to make that perfectly clear.

Mr. BENNETT: What is more, there has been interference with the course of justice with respect to it.

Mr. ROGERS: With respect to those other appointments, casual vacancies which have occurred from time to time in the operation of the departments, it is a matter for this house to determine whether or not all these appointments should be brought within the Civil Service Act. If they are brought within that act, then certainly it becomes our duty to observe that act. But my right hon. friend may recall an order in council which gives the Prime Minister certain prerogatives having to do with the appointment of deputy ministers, senators and judges. My right hon. friend was also Secretary of State for External Affairs. He had it within his power to determine who should be appointed to high diplomatic posts. What is patronage? As I understand patronage—and I endeavour to deal with this thing in the open, not in the language of scribes and pharisees—patronage is giving preference to friends of the political administration in office. Will my right hon. friend describe it otherwise? And if that is so, is he prepared to rise in his place and say that with respect to these high appointments he did not exercise patronage in that sense of the word? My right hon. friend smiles. Why does he smile? Is it prerogative for the rich and patronage for the poor? Is that the explanation? Or, if that is not the explanation, what is it? The whole truth of the matter is—

Mr. BENNETT: That is good.

Mr. ROGERS:—that it is infinitely better that we should deal with this question frankly and openly. I told my right hon. friend when he first brought it up—and he will agree with me in this—that so far as these relief works are concerned, there is a clause providing against political discrimination, and I am for the observance of that. It is my duty and my inclination. So far as these other appointments are concerned, while they remain outside the civil service I have accepted the recommendations of my executive; and I doubt if there is another member of this house, whose party has been in power, including the right hon. the leader of the opposition, who has not done precisely the same thing. I think that should be understood distinctly while we are discussing this question.

Mr. BENNETT: I was careful enough when I first spoke of this matter to point out that I was not hypocrite enough to say that those who desire to deal with patronage in the ordinary sense had a right to do so. The minister has merely repeated what I said. I made that exception. I made it in his favour because I realized just what the situation was. But I might remind the minister that it is a little unfortunate that my own party friends have blamed me because they said I did not, when I had the right to exercise certain appointing powers, select sufficiently strong partisans.

Mr. STREIGHT: You did pretty well.

Mr. KINLEY: That is a common complaint.

Mr. BENNETT: That has been the complaint of my own friends.

Mr. McCANN: The common complaint. Your record will stand on that.

Mr. BENNETT: Yes, indeed it will. I am happy to say it will. Men with fitness were appointed, and not men whose great claim

was that they had political pull. I will say that right away. With respect to the appointment of judges may I say that I notice in England they have the habit of discussing in the public press the fitness of men for positions. One great appointment was discussed at great length, even in the columns of the Times itself. I am prepared to discuss every judicial appointment that was made during the time I held office.

Mr. ROGERS: If my right hon. friend will permit me; I am not suggesting his appointments were not good; I am suggesting his appointments were restricted to the supporters of a political party.

Mr. BENNETT: I am bound to say that is not so with respect to judicial appointments, and complaints were made on that account by my own political friends.

With respect to senators, in the main it is assumed that they are supporters of the Conservative party. I am bound to say complaints were made in that regard also, and the minister perhaps knows the occasions on which complaints were made.

With respect to high diplomatic posts there remained in office at Paris and Tokyo two gentlemen both of whom had been violent opponents of the Conservative party. And if my hon. friend will remember what the Minister of Justice said last session, he will understand why that right hon. gentleman at least would have recalled one of those men, had he been similarly situated, and the gentleman had been his political opponent.

But what I complained about was the ordinary—I used the word "casual"—appointments. I was not concerned with those which are beyond the civil service commission.

Mr. ROGERS: If my right hon. friend would permit me on that—

Mr. BENNETT: Just read the exact words.

Mr. ROGERS: —he referred specifically to a return of certain appointments which were casual appointments outside the Civil Service Act. He took exception to the fact that recommendations with respect to those casual appointments had been made by A. E. Stansbury, whom he described as president of the Liberal association. And I say with respect to those appointments I would not deceive the house for a minute by saying that I had not received such recommendations and had not endorsed them.

Mr. BENNETT: It was not the minister who made the recommendation; but my point was that on the records of this house occur six or eight times, one after the other, the answer to the question, "On whose recommendation"? was "A. E. Stansbury."

Mr. ROGERS: I would remind my right hon. friend that the president of his association in Kingston did precisely the same thing. I do not know how long the practice has been established.

Mr. BENNETT: But he did not make a recommendation to the government. He made them through his member, it may well be; but the answers to the questions asked in this house as to the source of the recommendations were, not the Minister of Labour, or the hon. member for Kingston, but that the recommendations had come from A. E. Stansbury, who turned out to be president of the Liberal association.

Mr. ROGERS: Exactly.

Mr. BENNETT: The ministry should accept the responsibility, as I understand it always has, since the earliest days of this country. What I was referring to in that particular case was the fitness of one man who found employment, was appointed on October 1, and spent the nights of the third and fourth in gaol for impersonating an elector in the provincial elections. That is what I was talking about.

Mr. ROGERS: Of whom I had no knowledge whatever.

Mr. BENNETT: It was in the newspapers. The name of the appointee was there. The name of the recommender, Stansbury, was there. He was an impersonator, came in and impersonated another man at an election, and was taken and locked up. So far as the records show, he is still in the public service. I believe he is wearing the uniform of the country at the present time, if he has gone to the branch of the service to which he was destined. That, I say, is where a recommendation coming from an outside individual, and not a member of parliament or a minister, is wrong. I am quite content that casual appointments be made by a minister, and I have made it quite clear that I have no objections to that practice. I am content that recommendations be made by a member of parliament in regard to casual appointments not within the civil service. I am content with respect to matters other than relief work. But on relief work there is one consideration only, and that is, "Has a man a job?" If he has not a job, and there is work to be had, he should have it, regardless of what his affiliations may be, have been, or anything else. There is only the necessity for a job. That is what relief is for; it is not to apply to a preferred class.

It was rather unworthy of the minister to talk about prerogative and patronage, rich and poor, when men have gone so far that

they do not know where they will get their next day's bread, and are unable to get a job because they are not members of a certain political party and cannot command the support and the recommendation of the president of an association.

Mr. ROGERS: That is not true; I will deal with it later.

Mr. BENNETT: What is not true?

Mr. ROGERS: Certainly it is not true to say, as my right hon. friend has implied, that one cannot obtain a job on the relief work done in that constituency except through being a Liberal.

Mr. BENNETT: Excepting he had the recommendation of the president of the Liberal association.

Mr. ROGERS: Or even that.

Mr. BENNETT: Well, then, I am going on; the minister has answered the question himself. He knows as well as I do that when he puts that provision in the contract it was the province which made the contract, not the dominion, and he had no control over it at all.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. BENNETT: Mr. Chairman, there does not seem to be a quorum of members. The rule seems to be standing order No. 3, but section 48 of the British North America Act is the section that governs. That section reads:

> The presence of at least twenty members of the House of Commons shall be necessary to constitute a meeting of the house for the exercise of its powers; and for that purpose the Speaker shall be reckoned as a member.

Standing order No. 3 reads:

> Whenever Mr. Speaker adjourns the house for want of a quorum, the time of the adjournment, and the names of the members then present, shall be inserted in the journal.

The CHAIRMAN: Order. Item No. 108 was under discussion. Now the objection will be in order.

Mr. BENNETT: Mr. Chairman, it is not a question of objection. Unless there are twenty members in the house, the house cannot transact business; if there are twenty, it can.

The CHAIRMAN: I will ask the assistant clerk to count the members.

And there being only sixteen members present, including the chairman, the chairman reported accordingly to the Speaker.

Mr. SPEAKER: I shall ask the clerk to count the house.

Mr. NEILL: Would it not be possible to adjourn the house for half an hour?

Mr. SPEAKER: No.

Mr. BENNETT: That is one of the things you cannot do.

And there being only seventeen members present, including Mr. Speaker, the names were taken down and the house adjourned, without question put, at 8.10 p.m.

Friday, June 10, 1938

The house met at three o'clock.

PETITION

Petition of A. A. McLeod and 8,219 others, praying that an embargo be placed upon the shipment of war materials to Japan.—Mr. MacNeil.

NARCOTIC DRUGS

APPROVAL OF CONVENTION FOR THE SUPPRESSION OF ILLICIT TRAFFIC IN DANGEROUS DRUGS, SIGNED AT GENEVA, JUNE 26, 1936

Right Hon. W. L. MACKENZIE KING (Secretary of State for External Affairs) moved:

> That it is expedient that parliament do approve of the convention of 1936 for the suppression of the illicit traffic in dangerous drugs (Geneva, June 26, 1936), signed on behalf of Canada by the plenipotentiary named therein, and that this house do approve of the same.

He said: Mr. Speaker, as I mentioned yesterday, the subject-matter of t'e convention was considered by the house at the time the Minister of Pensions and National Health (Mr. Power) introduced his bill with respect to opium and narcotic drugs. That was in February of this year. The bill was to implement any obligation on the part of Canada which might be incurred under the terms of the convention. Its main purpose is to make more severe the penalties which have existed in the past with respect to illicit trafficking in opium and other drugs.

The convention was drawn up by the international conference for the suppression of the illicit traffic in dangerous drugs which met in Geneva under the auspices of the League of Nations. The objectives of the conference were, first, to secure international cooperation in stiffening penalties for breaches of legislation implementing the earlier opium con-

ventions of 1912, 1925 and 1931, and, secondly, to strengthen police efforts to repress the illicit traffic in narcotic drugs.

The draft before the conference was the result of two years' preparatory work initiated by the opium advisory committee. A first draft had been submitted to all governments signatory to the opium conventions in 1934. Their observations and criticisms were taken into consideration in preparing a revised draft which was circulated in 1935. It was only after this thorough canvass of the competent national authorities had established the expediency of endeavouring to draw up an international convention that the decision to hold the special conference was taken.

The Canadian government was represented at this conference by Colonel C. H. L. Sharman, chief of the narcotics division, Department of Pensions and National Health, who is also the Canadian representative on the opium advisory committee and who had taken an active part in the preparatory discussions of the draft convention.

The convention requires ratification. It will enter into force ninety days after the secretary general of the league has received the ratifications or accessions of ten states.

It has been signed on behalf of thirty-two countries and ratification has been completed, up to date, by India, China and Belgium.

When parliament has approved the convention the governor in council will authorize ratification.

I do not know that I need say much more. If hon. members wish to know the main provisions of the convention I can give them by quoting one or two of its articles. The convention itself has been distributed among hon. members, and that may not, therefore, be necessary.

Motion agreed to.

JUDGES ACT AMENDMENT

PROVISION FOR ANNUITIES ON RETIREMENT AND REDUCTION OF SALARIES OF SUPERIOR COURT JUDGES RETAINING OFFICE AFTER AGE OF SEVENTY-FIVE

Hon. CHARLES A. DUNNING (for the Minister of Justice) moved that the house go into committee of the whole at the next sitting to consider the following proposed resolution:

That it is expedient to amend the Judges Act to provide certain annuities upon retirement, to judges of the Supreme Court of Canada, the Exchequer Court of Canada, and the superior courts, and for reduction in the salaries of superior court judges retaining office after reaching the age of seventy-five years.

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.

BANK OF CANADA

ACQUISITION BY THE GOVERNMENT OF SHARES NOW IN HANDS OF THE PUBLIC

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to introduce a measure to amend the Bank of Canada Act inter alia to provide for the redemption by the Bank of Canada of the 100,000 class "A" shares of the Bank of Canada of the par value of $50 each at the price of $59.20 per share and accrued dividends; to reduce the capital of the Bank of Canada from $10,100,000 to $5,000,000 divided into 100,000 shares of $50 each; and to authorize the Minister of Finance for the purposes of such redemption and reduction of capital to surrender to the Bank of Canada 102,000 class "B" shares of the Bank of Canada of the par value of $50 each, of which 2,000 shares shall be cancelled and 100,000 shares shall be exchanged for 100,000 new shares of $50 each to be issued by the Bank of Canada to the Minister of Finance and to pay to the Bank of Canada the additional amount necessary to pay the difference between the purchase price of the shares to be redeemed (excluding any amount paid by way of dividend) and their par value.

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.

BUSINESS OF THE HOUSE

MOTION FOR COMMITTEE OF SUPPLY

Right Hon. W. L. MACKENZIE KING (Prime Minister): It will be observed that in to-day's orders of the day, under government orders, there does not appear the usual item, "House again in committee of supply." This is due to the circumstance that the committee of supply was compelled to rise yesterday for want of a quorum and consequently did not report progress nor ask leave to sit again. A motion must now be made

for the house to resolve itself into committee of supply and I therefore beg to move, seconded by Mr. Dunning:

That this house do now resolve itself into a committee to consider of a supply to be granted to His Majesty.

Motion agreed to.

THE BUDGET

ANNOUNCEMENT AS TO PRESENTATION ON THURSDAY NEXT, JUNE 16

On the orders of the day:

Hon. CHARLES A. DUNNING (Minister of Finance): I should like to state to the house that I hope, all being well, to be able to bring down the budget next Thursday.

UNITED KINGDOM MUNITIONS

REPORTED PROGRAM FOR CANADIAN INDUSTRIES—QUESTION OF FOREIGN POLICY AND BRITISH COMMONWEALTH RELATIONS

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): In this morning's Gazette I notice the report of an announcement that United Kingdom war orders to the amount of $200,000,000 are being given to various Canadian industries. The dispatch indicates that this will mean the necessity of Canada making more definite decisions with regard to foreign policy and our relationship to the British commonwealth. I should like to ask the Prime Minister: Are the arrangements with regard to these orders for munitions made direct with the industries? Are they made with the sanction of the Canadian government, and does the program commit Canada to any supplementary or complementary arrangements?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Possibly I had better allow the Minister of National Defence to answer the question. I am in a position to answer it but I should prefer to leave it to him.

Hon. IAN MACKENZIE (Minister of National Defence): I have seen the article referred to by the hon. member for Winnipeg North Centre (Mr. Woodsworth) and I wish to assure him at once that the Department of National Defence has played no part either directly or indirectly in these negotiations. With reference to any orders to be placed in Canada, we have no more information than is in possession of the hon. member who asked the question. I think that that is as definite as I can make the statement.

[Mr. Mackenzie King.]

PRIVILEGE—MR. GOLDING

RECORDING OF NAMES ON ADJOURNMENT ON JUNE 9 FOR WANT OF QUORUM

On the orders of the day:

Mr. W. H. GOLDING (Huron-Perth): On a question of privilege, I wish to draw the attention of the house to the votes and proceedings in which are listed the names of members who were present last evening just before the house adjourned. I wish to say that I was in my seat when the count was taken and on looking over the list I find that my name is not there recorded. I do not know what the system is of recording the names of those present on such an occasion, but I do think that this house ought to have some system under which an injustice cannot be done to an hon. member who is in his seat when the count is taken. I wish to call attention to this matter and have it corrected.

Mr. R. W. GLADSTONE (Wellington South): One of the most faithful in attendance in this house is the hon. member for Huron-Perth (Mr. Golding), and if it were necessary at all to vouch for the accuracy of his statement—

Some hon. MEMBERS: No!

Mr. GLADSTONE: —I can assure the house that I saw him in his place last evening.

GOVERNMENT HARBOURS AND PIERS

APPOINTMENT OF WHARFINGERS FOR WHARVES ADMINISTERED BY DEPARTMENT OF TRANSPORT

On the orders of the day:

Mr. W. K. ESLING (Kootenay West): May I ask the Minister of Transport (Mr. Howe) whether it is the intention of the government to appoint wharfingers for all the wharves throughout the dominion which are not directly under the control of the national harbours board. If so, to whom shall such applications be made?

Hon. C. D. HOWE (Minister of Transport): The appointment of wharfingers is mandatory under the Government Harbours and Piers Act. It is quite separate from any legislation relating to harbour boards. The Government Harbours and Piers Act makes it mandatory for the Department of Transport to appoint wharfingers to all wharves placed under the department for administration and the department endeavours to carry out its obligations under the act in all parts of Canada.

Mr. J. S. TAYLOR (Nanaimo): In view of the reply given by the Minister of Transport, and realizing the fact that many wharves

are incapable of producing revenue from the actions of any wharfinger, is it the intention to bring in an amendment to the Government Harbours and Piers Act this session?

Mr. HOWE: A matter of government policy is not usually discussed, but I may say that this department has no further legislation for the present session of parliament.

NATURAL RESOURCES

CONFIRMATION OF CERTAIN AGREEMENTS BETWEEN DOMINION GOVERNMENT AND PROVINCES OF MANITOBA, SASKATCHEWAN AND ALBERTA—CONCURRENCE IN SENATE AMENDMENTS

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 106, to amend the Manitoba Natural Resources Act, the Alberta Natural Resources Acts, and the Saskatchewan Natural Resources Acts.

Right Hon. R. B. BENNETT (Leader of the Opposition): The amendments made in the Senate are really for the purpose of meeting what I conceive to be a valid objection as to the exercise of its powers by this parliament. Whether or not that is being done I am in doubt. The proposed amendments provide that this act shall be read and construed as one with the following acts: The Manitoba Natural Resources Act, the Alberta Natural Resources Acts, and the Saskatchewan Natural Resources Acts. The effect of that is to seek to remedy the difficulty to which attention was directed and treat the amendments now made as though it were part of the original agreement, so that they should be read together as one agreement. Whether or not that is achieved I have some doubt, but certainly it does give a semblance of authority to this parliament to deal with it by endeavouring to make it appear that the proposals now made were proposals that appeared in the original agreements. To that extent I am certain that it does greatly improve the situation; but I still have grave doubts as to whether it may not be considered an amendment of the constitution. That in itself requires the approval of the imperial parliament to give it validity, in view of the fact that we did specially reserve the water under the lands, and did not include it in the transfer of resources. But the amendment as proposed will at least have this effect: it will link the statute under consideration with the original agreement, making them read as one.

Motion agreed to.

HIGH COMMISSIONER'S ACT

AMENDMENTS WITH RESPECT TO PROVISION FOR SALARY, ETC.

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved the second reading of Bill No. 146, respecting the High Commissioner for Canada in the United Kingdom.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

Section 1 agreed to.

On section 2—Appointment.

Mr. CAHAN: Has the government considered, as a matter of policy, the expediency of Canada appointing high commissioners to one or more of the autonomous dominions?

Mr. MACKENZIE KING: The government has been considering that matter. The committee I think may expect an appointment to be made before very long to at least one or two of the other dominions.

Mr. BENNETT: Would not legislation be required?

Mr. MACKENZIE KING: Yes, I think it would.

Section agreed to.

Section 3 agreed to.

On section 4—Officers and clerks.

Mr. BENNETT: It will be observed that it was provided in the former act that the high commissioner shall:

(b) take the charge, supervision and control of the immigration offices and agencies in Great Britain, under the Minister of Immigration and Colonization.

That apparently is dropped.

Mr. MACKENZIE KING: It is dropped for the reason that there is no longer a minister of immigration and colonization.

Mr. BENNETT: But it is merged in another department.

Mr. MACKENZIE KING: Yes. Under the old act the high commissioner took his instructions from different ministers. Under the new section the governor in council determines the powers and duties to be carried out by the high commissioner, and it is proposed that he shall take his instructions from the Secretary of State for External Affairs.

Mr. BENNETT: I think it would be adequately covered, except that it was specific in the one case. It will be recalled that there is a sort of immigration office attached

to the high commissioner's office in London; they do deal with that matter under the Department of Immigration. The effect of the change will be to transfer it to the Secretary of State for External Affairs, subject however to the provisions of the order in council that will enable it to be dealt with by the high commissioner there. As it stands now there is no doubt that there is a branch of our immigration department in the building, and that the high commissioner exercises his powers by virtue of the old statute. It is true that the name "the Minister of Immigration and Colonization" has disappeared, but the duties are performed by the Minister of Mines and Resources. Under the new bill, he has to carry out the instructions of the Secretary of State for External Affairs, and he also is to give effect to any orders in council which may be passed for the purpose of conferring upon him power and authority to do and perform duties which may be therein mentioned.

The only point I desire to make is that as it stands it will require, I conceive, an act on the part of the Minister, Secretary of State for External Affairs, or an order in council, to continue the position that obtains there at the present moment.

Mr. MACKENZIE KING: What the right hon. the leader of the opposition has in mind is covered I think by subsection (c). He has been referring more particularly to subsection (b). Subsection (c) reads as follows:

(c) subject to the provisions of the preceding paragraphs, supervise the official activities of the various agencies of the Canadian government in the United Kingdom.

Mr. BENNETT: I think that is broad enough to cover all the others.

Mr. MACKENZIE KING: Yes. The immigration office at the moment I understand is not in the high commissioner's office; it has been moved elsewhere. But under the order in council passed some time ago the supervision of the immigration office was placed under the high commissioner. The situation had therefore been covered in the past under the general order. The only change which in reality is being made is with regard to instructions of a specific kind making it clear that they will go to the High Commissioner through the Secretary of State for External Affairs.

Mr. BENNETT: The only reason I raised the question is that the general power was contained in a section of the old act in somewhat different language. It says that he may carry out such instructions as he receives from time to time respecting the commercial, financial and general interest of Canada in Great Britain and elsewhere. I raised the issue merely for the purpose of directing the attention of the Prime Minister to the fact that that is omitted, deliberately I take it, to be covered by subsection (c) of section 3, and the instructions will come from the Secretary of State for External Affairs.

There are two words left out which I think the Prime Minister may regard as valuable, having regard to the appointment from time to time of the high commissioner to Geneva. Those words are "and elsewhere" at the end of the section, which enable us from time to time thus to deal with his position. The words "and elsewhere" are deleted. The minister may desire to send him to France or Switzerland, but if there is a limitation imposed on his authority "in the United Kingdom" I doubt whether the power is conferred upon the minister to give the general directions which might become necessary.

Mr. MACKENZIE KING: I am inclined to think that the government would have power to direct any servant of the crown to go to any place to which it might be desirable to send him on public business. For example we have frequently sent the minister in France to Geneva. I do not think that as matters stand we would need to amend the section.

Section agreed to.

On section 4—Officers and clerks.

Mr. CAHAN: Does this section mean that the officers and clerks in the office of the High Commissioner for Canada at London are to be appointed under the Civil Service Act?

Mr. MACKENZIE KING: They have not been appointed under the Civil Service Act in the past, except in a few cases. The minor positions have not been filled by the civil service commission, but some of the higher positions have. It has been found rather difficult, and I think my hon. friend will appreciate the reasons, to expect promotions from the junior positions in the high commissioner's office to the senior ones.

Mr. CAHAN: I was dealing with the exact words of section 4: "There may be appointed in the manner authorized by law." Is there any existing law other than the Civil Service Act under which appointments can

hereafter be made? The law under which they have been made is the passing of an item year by year in the estimates.

Mr. MACKENZIE KING: That is right.

Mr. CAHAN: Now, in order that you may have an appointee who will appear in the estimates, are those words sufficient?

Mr. DUNNING: The Civil Service Act has provision for exceptions, intended to cover cases of this kind.

Mr. CAHAN: I grant that there are exceptions, but I wonder whether they provide for exceptions which cover this case.

Mr. MACKENZIE KING: May I say to my hon. friend that section 4 of this act is exactly the same as section 5 of the old act which we are repealing. The old act contained the same words, except that we have added after the words "the high commissioner" the words "for Canada," as high commissioners may be sent to other countries later on. It was thought advisable to make clear that this section applied to the High Commissioner for Canada in London. The old act provided:

There may be appointed in the manner authorized by law such officers and clerks in the office of the high commissioner as may be necessary for the proper conduct of the business of the office.

Mr. BENNETT: That would be before the Civil Service Act was passed.

Mr. MACKENZIE KING: Yes, and the high commissioner's office has never been brought under the Civil Service Act, any more than have the legations in the different countries.

Mr. CAHAN: Quite so. Then the appointments will be made by a special item in the estimates from year to year?

Mr. MACKENZIE KING: Yes.

Mr. STIRLING: Is it considered unnecessary to make any reference to the remuneration of the high commissioner? That was done in the old act.

Mr. MACKENZIE KING: Hereafter the salary of the high commissioner will have to be voted in the estimate of the Department of External Affairs under the item which deals with representation abroad. Hereafter the amount will be set out in the estimates as given to parliament.

Mr. BENNETT: I think the effect of section 4, passed subsequent to the enactment of the Civil Service Act, will be to bring the high commissioner's office under the Civil Service Act. Those are the appropriate words which are used in other statutes to accomplish that purpose. The broad general statement at the beginning of the Civil Service Act is that all appointments shall be made in the way indicated in the act. As long as the high commissioner's act was prior in point of time to the Civil Service Act, obviously it did not apply. Now we are repealing the old act and passing a new one, containing the language that is used in other statutes for the purpose of bringing all appointments under the Civil Service Act.

Mr. MACKENZIE KING: May I say to my right hon. friend that I would not take any exception whatever to the high commissioner's office being brought under the Civil Service Act; and, if that is the effect of it, all that will be necessary in respect to appointments that cannot be best made in that manner will be to indicate that they are made notwithstanding anything in the Civil Service Act.

Section agreed to.

Section 5 agreed to.

Bill reported, read the third time and passed.

SUPPLY

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

DEPARTMENT OF LABOUR

Employment Offices Coordination Act, Administration, $63,925.

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Chairman, in view of certain statements made yesterday by the leader of the opposition (Mr. Bennett) I am obliged to ask the committee to give attention for a few moments to a garage in the yard of Mr. Stansbury, president of the Liberal association of Kingston. Perhaps I can best illustrate the point by quoting from page 3702 of Hansard:

Mr. Rogers: To my knowledge Mr. Stansbury has had no connection whatever with any one of these contracting companies.

That was in regard to a previous reference by the leader of the opposition.

To my knowledge he has not had any part in the awarding of any government contracts from which he has benefited in the slightest degree. But his predecessor—

Mr. Bennett: We shall see about that. What about his garage? What was it built with? Where did the stone come from?

Mr. Rogers: He has no garage, to my knowledge.

I was speaking of a garage in the commercial sense.

Mr. Bennett: Near his house, on his lot?

Mr. Rogers: As to that I do not know.

Mr. Bennett: Well, find out.

Mr. Rogers: Certainly my right hon. friend seems to have made a special purpose of conducting a minute investigation in the constituency of Kingston, if he is now coming down to the question of the garage in the yard of the president of the Liberal association of that constituency.

Mr. Bennett: If he built it with public property, that is my duty.

Some hon. Members: Did he?

Mr. Bennett: He certainly did.

Mr. Rogers: Let my hon. friend make a charge, and I will make an investigation. Probably my right hon. friend is no more correct in that information than he was in his earlier information. I am quite content to have the matter investigated at once; I want to make that perfectly clear.

In conformity with that undertaking I immediately placed myself in touch with Mr. Stansbury in Kingston. My information is that the building used as a garage in the yard of Mr. Stansbury was possibly built before confederation, in the sense that it is an old stone building such as may be seen in many parts of the country.

Mr. BENNETT: Don't cheer yet; he knows perfectly well the building I referred to. Call it a garage, or any other name you like. You know the building I refer to.

Mr. ROGERS: I am making this speech.

Mr. BENNETT: I know.

Mr. ROGERS: The building itself was constructed many years ago.

Mr. BENNETT: Yes.

Mr. ROGERS: There was a renovation of that building within the last two or three years. No public property went into the renovation of that building. There was at the time a pile of loose crushed stone in a cutting near the site of camp 37. Mr. Stansbury, I am informed, with the permission of the officer in charge, and on the understanding that he would pay the cartage, received four cubic yards of waste crushed stone, which was not placed in the building of the garage but on the roadway leading to the garage. I am informed that the actual price of the stone if sold by a contractor would be somewhere between $2 and $3. And as I have said before, Mr. Stansbury asked for permission to use this stone and received it accordingly. There was no public property that entered into the building of this garage referred to by my right hon. friend.

This is the third time the leader of the opposition has made this statement about Mr. Stansbury, who is a member of the city council of Kingston, and a highly respected citizen. He is at the same time the president of the Kingston Liberal Association. The first statement made by my right hon. friend was that Mr. Stansbury was connected with a contracting firm while president of the Liberal association. He was not. But the former president of the Conservative association of Kingston did receive contracts from the then government, and on a very large scale. We shall hear more about that later.

I am perfectly aware of the tactics pursued by my right hon. friend. He has made these charges on at least four separate occasions.

Mr. BENNETT: And he will make them for the fifth time in a minute.

Mr. ROGERS: And he has had to retract them.

Mr. BENNETT: He has not retracted any of them, except the one with respect to Mr. Stansbury's contracting firm, and that was accidental, as is known.

Mr. ROGERS: Will he now retract them?

Mr. BENNETT: He certainly does not intend to; he is going to repeat them.

Mr. ROGERS: We know the tactics pursued by my right hon. friend. He makes these statements, knowing perfectly well that the correction seldom catches up with the charge. And he probably hopes and believes that there are some who will see the charge on each occasion, and will not see the correction, and would in due course receive the impression that the Minister of Labour from Kingston is a villain and a blackguard. If that is the kind of tactics pursued by my right hon. friend I would suggest that he should alter his ways, as quickly as possible.

He has pursued these tactics on more than one occasion during the present session of parliament. Now I have made my position clear with respect to these several matters which have been brought up. I have made it clear beyond doubt that if complaints exist with respect to governmental matters in the constituency of Kingston I shall be obliged to have those complaints brought to my attention, and if they are brought to my attention I will do my utmost to rectify them. Naturally I cannot keep under my eye at all times everything that goes on in the constituency of Kingston. My duties keep me here at Ottawa during the greater part of the time. But I suggest to my right hon. friend that he would probably add something to his own stature, and contribute something to the business of this country, if instead of making these charges, without himself undertaking to prove their truth or otherwise, he should bring them to the attention of those who are able to deal with them and who are in a position to rectify them if they are well founded.

Mr. BENNETT: Mr. Chairman, I directed attention to the city of Kingston and the constituency of Kingston for a very special reason. The Prime Minister opened his electoral campaign in Kingston in 1935, and charged me with being a Hitler, a Mussolini and a Stalin, all combined.

Mr. MACKENZIE KING: Don't flatter yourself.

Mr. BENNETT: I am not in the least flattering myself. I am merely pointing out the language used by my right hon. friend the Prime Minister at Kingston. And he indicated further that the conduct of the administration of business in this country was such that it was highly essential that it should be changed. And at the same time the present Minister of Labour became the candidate in Kingston.

Kingston has been a stormy spot in the politics of this country ever since I can remember coming to this chamber, so far as patronage is concerned. I can recall in 1911 and 1912 the difficulties in connection with the penitentiary, and I recall too the charges made by the late member for Kingston, Doctor Ross, as to the lack of attention to patronage matters by the late administration.

Great hopes and expectations were raised when it became apparent that one who had the high qualifications of the present Minister of Labour was to stand as candidate in Kingston. He is an eminent scholar. He has had long experience at Ottawa in the capacity of private secretary, a position which enabled him to know something about the machinery of government. And no one for a moment suggests that he has had other than the strongest desire to improve conditions, so far as the administration was concerned. I therefore made myself the promise that I would watch and see whether or not these high hopes and expectations would be realized or whether what is known as the machine would crush the minister, and he would be overborne by it, rather than overbear it; whether or not the political patronage committee in Kingston would be able to compel the minister to conform to their mind, or whether he would be able to give effect to those high principles, those noble sentiments he expressed so frequently during the campaign.

And I did watch, with great care. I have made many inquiries. Many questions have appeared on the order paper in the house, both last session and the present one, with respect to the administration of matters in Kingston. There were two camps in and around Kingston. Camp 42 was one and camp 37 was the other. Both camps were closed by the government. There was much clothing and supplies in one of those camps. They were placed in a storehouse. They were sold. In a public meeting one of the electors of Kingston, at Sydenham, gave illustrations as to the prices received for them and the method of their disposition—horses, wagons and costly equipment. Who got it, and at what price? It is a singular coincidence that within four hours after the conclusion of that speech at Sydenham the storehouse was on fire.

Mr. ROGERS: Mr. Chairman, I might as well deal with that now.

Mr. BENNETT: No, no; excuse me—to use the language of the minister, I am making this speech.

Mr. ROGERS: Then I will have ample opportunity later.

Mr. BENNETT: Yes, quite.

Mr. ROGERS: There isn't always that opportunity, though.

Mr. BENNETT: I beg the hon. gentleman's pardon?

Mr. ROGERS: My right hon. friend sometimes makes these charges about half past ten or a quarter to eleven.

Mr. BENNETT: Well, that shows after all that the high expectations with respect to the minister were indeed not realized. That shows the calibre and the type. This is a five-cent attitude of mind; that is what it is.

Mr. ROGERS: I will deal with that later.

Mr. BENNETT: This is a five-cent attitude of mind. I now go a step farther.

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: Always speak a little louder, if you desire to be heard. If not, don't mutter to yourself so as to interfere.

An hon. MEMBER: Penny ante.

Mr. BENNETT: The penny ante does not come with very great force from the hon. member. Now, to proceed a step farther: The storehouse was burned down. It was destroyed, and the report was made with respect to the fire. The minister has it in his possession.

Mr. ROGERS: Which minister?

Mr. BENNETT: The minister of defence. The relations are so close it does not make much difference.

Mr. ROGERS: I have not seen it.

Mr. BENNETT: I am going to point out that with respect to matters that arose out of that very case we find that the Minister of

National Defence (Mr. Mackenzie) has placed a considered answer on Hansard and has indicated that he has accepted the recommendation not of the member for Kingston (Mr. Rogers), not of a member of this house, but he has made appointments to the signal corps on the recommendation of Mr. Stansbury.

Mr. MACKENZIE (Vancouver): To the signal corps?

Mr. BENNETT: Yes, Bernard Curran. That is what was said, rightly or wrongly, and the answer appears on the records of this house.

Mr. MACKENZIE (Vancouver): Will my hon. friend quote it?

Mr. BENNETT: It was on March 28. If my colleague will turn up Hansard of March 28, I shall read it. That is what happened in connection with the storehouse. A quarry was being operated by the government not far from camp No. 37, and it is a fact that stone was taken to Stansbury's property for the purpose of making improvements thereon. The word "garage" is offensive to the hon. gentleman, so let us drop it.

Mr. ROGERS: My hon. friend said a garage was built with public property.

Mr. BENNETT: I did not say it was built entirely with public property. I heard what he read the other day and I know what he said.

Mr. ROGERS: My right hon. friend said:

If he built it with public property, that is my duty.

Mr. BENNETT: I said "if."

Mr. ROGERS: And then my right hon. friend said:

He certainly did.

Mr. BENNETT: And what is more, I stated that the stone did not come from the spot the hon. gentleman said it came from, part of No. 2 highway. I want to make it perfectly clear that Mr. Stansbury has been very active in connection with all these matters and that stone was taken to his property by a man named Drinka. It is said, not by himself, but in a statement that the minister makes in this house for him, that he had permission. The man who had charge of that particular work is no longer there. His name is Bissonette. If the minister will take the trouble to make the necessary inquiries he will find what quantity of stone went there. He will find he took it there. He will look in vain for any consent in writing, at any rate up to this date, for that purpose.

[Mr. Bennett.]

Mr. ROGERS: What difference does it make whether it is in writing or not?

Mr. BENNETT: It makes quite a considerable difference when you are dealing with public property, as I shall presently point out. It should make a great difference to the minister if he is the custodian of public property, as I suggest he should be. I think this was March 28.

Mr. GRAY: An employee of the signal corps.

Mr. MACKENZIE (Vancouver): My right hon. friend said before that the recommendation was for appointment to the signal corps. There is a vast difference which my right hon. friend must definitely appreciate.

Mr. BENNETT: He is an employee of the signal corps.

Mr. MACKENZIE (Vancouver): He is an employee at the camp which is the headquarters of the signal corps.

Mr. BENNETT: This is a question asked by Mr. Ross (St. Paul's):

Are W. Anderson, T. J. Lennon, B. Curran, W. J. Trenhaile, employees at the signal corps, Barriefield, under the Department of National Defence?

Here is the answer by the Minister of National Defence:

3. All recommended by district officer commanding, military district No. 3, Kingston, Ontario.

That is not the one that comes within the class I mentioned yesterday.

Mr. MACKENZIE (Vancouver): Mr. Chairman, on a point of order, a few minutes ago my right hon. friend said that the Minister of National Defence has made an appointment to the Royal Canadian Signal Corps on the recommendation of Mr. Stansbury. I wish him to withdraw that remark, because it is absolutely and definitely inaccurate.

Some hon. MEMBERS: Hear, hear.

Mr. BENNETT: Excellent. I told the hon. gentleman that I did not have the book beside me, but I would look it up. I have now read the question and answer from page 1740. Reference was made the other day to the various appointments that were made on the recommendation of Mr. Stansbury, and the minister surely remembers the answer he gave in the house with respect to this. If he wishes, I shall take the time to turn them up.

Mr. MACKENZIE (Vancouver): I rise to another point of order. If the right hon. gentleman will consult the records of Hansard he will find that he made a statement this

afternoon that the Minister of National Defence had made appointments to the Royal Canadian Signal Corps on the recommendation of Mr. Stansbury. That was an absolutely untrue statement of fact and I desire that it be withdrawn.

Some hon. MEMBERS: Withdraw.

Mr. BENNETT: Do not get excited. I said to the hon. gentleman that I would look at the record.

Some hon. MEMBERS: No.

Mr. BENNETT: Just wait a minute until I finish. When he asked me for the authority I found that Mr. Bernard Curran was not one of those who was appointed on the recommendation of Mr. Stansbury, that his appointment was made on the recommendation of the district officer commanding.

Mr. MACKENZIE (Vancouver): I rise again to a point of order.

Mr. BENNETT: I have not finished.

Mr. MACKENZIE (Vancouver): I rise to a point of order. My right hon. friend knows the rules of the house and he should sit down when I rise to a point of order.

Mr. CAHAN: There is no point of order at all.

Mr. MACKENZIE (Vancouver): I am as competent to judge what is a point of order as the hon. member for St. Lawrence-St. George (Mr. Cahan). The point of order is this: A statement has been made this afternoon by the right hon. leader of the opposition which I say is definitely untrue and should be withdrawn.

Mr. SPENCE: You have said it three or four times.

Mr. BENNETT: "Untrue" is an improper word to use in this house and it should be withdrawn.

The CHAIRMAN: On the point of order raised by the Minister of National Defence, my opinion is that it is well taken and I ask the right hon. gentleman to withdraw the remark to which the minister takes exception.

Mr. BENNETT: Mr. Chairman, I object to the language used by the minister in making his point of order. There can be no point of order if the language used is unparliamentary. That is number one. When the point of order is made in parliamentary language I shall make my reply.

Mr. MACKENZIE (Vancouver): The right hon. gentleman is correct. Instead of using the word "untrue" I should have said that it was unparliamentary and not in accordance with the facts.

Some hon. MEMBERS: Withdraw.

Mr. BENNETT: There will be no difficulty about withdrawing. I have the record. It is that the appointment of Mr. B. Curran as an employee of the signal corps was not made on the recommendation of Mr. Stansbury; it was made on the recommendation of the district officer commanding.

I turn now to page 1846 of Hansard and I find a series of questions put to the minister by the hon. member for Rosedale (Mr. Clarke). The hon. member asked questions in connection with a Mr. Robinson, a Mr. Graham, both of whom were employed as carpenters at the signal corps, Barriefield. Then another question was asked in connection with John Doyle, an employee at the signal corps, and one in connection with Harold Johnston, also an employee at the signal corps. In each case this question was asked:

On whose recommendation was he employed?

And in each case the answer was, "Mr. A. E. Stansbury." That is the position. The only difference is that Mr. Curran's appointment was recommended by the district officer commanding, whereas the others were recommended, without giving them one after another, by Mr. Stansbury.

Mr. MACKENZIE (Vancouver): I rise again to a point of order. The right hon. gentleman is leaving the definite implication that the gentlemen mentioned by him were members of the Royal Canadian Signal Corps.

Mr. BENNETT: Not a bit of it.

Mr. MACKENZIE (Vancouver): I want definitely to correct that impression and say that no recommendations to the Royal Canadian Signal Corps under the Department of National Defence have been made at any time by Mr. Stansbury. Let that be very definite.

Mr. BENNETT: I read from the record.

Mr. DUNNING: You did not.

Mr. ROWE (Dufferin-Simcoe): He did.

Mr. DUNNING: He read part of the record, not all of it.

Mr. BENNETT: I read from the record as to the class of employment of Mr. Robinson and Mr. Graham, both employed as carpenters at the Royal Canadian Signal Corps under the Department of National Defence.

Mr. DUNNING: Why not read it all?

Mr. BENNETT: Those are the words I used. Are they right or wrong?

Mr. DUNNING: They are not complete.

Mr. BENNETT: But they are part of the question.

Mr. DUNNING: They do not convey the facts at all.

Mr. ROWE (Dufferin-Simcoe): Who is reading them?

Mr. BENNETT: I admit that the minister of defence is a past master on that side of it. Now let us read the whole question.

Mr. DUNNING: That is better.

Mr. BENNETT:

1. Is there a Mr. Robinson employed as a carpenter at the signal corps, Barriefield, under the Department of National Defence?
2. If so, what days and hours has he worked?
3. What total remuneration has he drawn?
4. On whose recommendation was he employed?

Answers:

2. During the year 1935—67 days.
   During the year 1936—36 days.
   During the year 1937—11 days.
   During the year 1938—7 days (as at March 25).
3. $718.55.
4. Mr. A. E. Stansbury.

In reply to the next question, it appeared that Roy Graham is an employee of the signal corps, Barriefield. Question 4:

On whose recommendation was he employed?

Answer:

Mr. A. E. Stansbury.

The next question refers to an appointment recommended by the Ontario employment agency, and is with respect to William Fowler. The first question is:

Is William Fowler an employee of the signal corps, Barriefield, and if so, when was he appointed and on whose recommendation?

Answer: "Yes; appointed October—"

Mr. MACKENZIE (Vancouver): Mr. Chairman, on a point of order, my right hon. friend, probably unintentionally, misread the question.

Mr. BENNETT: In what respect?

Mr. MACKENZIE (Vancouver): He is "an employee at"; the right hon. gentleman said "of".

Mr. BENNETT:

Is William Fowler an employee at the signal corps, Barriefield, and, if so, when was he appointed and on whose recommendation?

[Mr. Dunning.]

Mr. MACKENZIE (Vancouver): That is correct now.

Mr. DUNNING: A difference of one word makes a lot of difference.

Mr. BENNETT: Answer:

Yes; appointed October 1, 1937; recommended by Mr. A. E. Stansbury.

2. If the present apopintment was by the civil service commission, was he previously appointed by the department, and on whose recommendation?

Answer:

Yes; recommended by Ontario Employment Agency, 409 Bagot street, Kingston, Ont.

The next question has to do with the location of the electoral district in which the signal corps is located. When you turn the page you will find a similar question with respect of John Doyle, an employee of the signal corps, Barriefield.

4. On whose recommendation was he employed?

Answer:

Mr. A. E. Stansbury.

Mr. MACKENZIE (Vancouver): Once again my right hon. friend used the word "of." It should be "at."

Mr. BENNETT: Where?

Mr. MACKENZIE (Vancouver): Before "signal corps."

Mr. DUNNING: He said "of the signal corps" again. He is not an employee of the signal corps. He is employed at the signal corps.

An hon. MEMBER: The right hon. gentleman is an expert at that.

An hon. MEMBER: Withdraw.

Mr. BENNETT: "Is John Doyle an employee of the signal corps, Barriefield, under the Department of National Defence, or has he been an employee?"

Mr. DUNNING: "At" the signal corps.

Mr. BENNETT: The answer is:

During the year 1935—76 days.
During the year 1936—44 days.
During the year 1937—nil.
During the year 1938—10 days (as at 25th March).

And then the fourth question is:

On whose recommendation was he employed?

And the answer is "Mr. A. E. Stansbury."

Harold Johnston is the next employee referred to, and the answer to question No. 6, on whose recommendation he was appointed, is "Mr. A. E. Stansbury." The question was with respect to Harold Johnston, "an employee

at the signal corps, Barriefield, under the Department of National Defence." That merely indicates one thing, that Mr. A. E. Stansbury, whoever he may be, is responsible for the appointments being made at this signal corps. One of the men is a carpenter, another is something else, a third is something else.

Now I took the case of B. Curran, and I pointed out that the answer there was that the recommendation was by the district officer commanding. There was a further question as to how long he had been there, and the answer was that he had been appointed on the first day of October. I pointed out that on the fourth he had been arrested for impersonation at the provincial election and taken to the police court, and that he was released. I put the facts as they are on the record as to why he was released. I believe that those who have anything to do with and any regard for the administration of law and order will be amazed when they see the ground on which the charge was dismissed. It was on the ground that the magistrate, Mr. Shea—and I believe the minister will acknowledge that Mr. Shea is very actively connected with the Frontenac Construction Company, which came into being since this government assumed office—

Mr. ROGERS: What connection has that with this?

Mr. BENNETT: I say that he sat as a magistrate in this case.

Mr. ROGERS: Well, what connection has it with this?

Mr. BENNETT: It had a great deal to do with this case. When he sees the grounds on which, in the magistrate's police court in the city of Kingston, this man was dismissed, and when he hears the evidence, I believe the minister will say that it is time something was done. Here are Mr. Shea's words of wisdom.

Mr. GRAY: Surely that is a matter for the crown attorney.

Mr. BENNETT: Well, the crown attorney was there, but apparently, as it was a matter affecting the provincial election, his activities were not very great.

An hon. MEMBER: That is not fair.

Mr. BENNETT: Here is what Mr. Rigney says, at page 9 of the record:

There is no jurisdiction for you here, that's my submission, in reference to which I have already drawn your attention.

His Worship: Cases of this kind are ordinarily triable by an election court. I agree that this case does not come under the Controverted Elections Act and I have no jurisdiction to try it.

The charge was dismissed on the—

Mr. SLAGHT: Does the right hon. gentleman charge Mr. Rigney with breach of duty?

Mr. BENNETT: I only say Mr. Rigney appeared there and participated in that case.

Mr. SLAGHT: In accordance with his duty, surely?

Mr. BENNETT: That may be his duty, but why was it not his duty to proceed under the criminal code, as the charge was laid? That is what a crown attorney in my country would do, or in any other country I know anything about. When you have an offender before the court and the magistrate says it does not come under the elections act, Mr. Rigney—

Mr. SLAGHT: The right hon. gentleman may remember that Mr. Rigney, who is also a friend of mine, was the appointee of the Conservative party during his own regime, though not while he was prime minister.

Mr. BENNETT: He was not appointed by the federal government at all, therefore the last observation has no relevancy. May I draw attention to the second point? Mr. Rigney says:

I think it is necessary for the record to have evidence but it is apparent that the information purports to have been signed by Doctor Sands, but I don't know who the returning officer was.

His Worship: What evidence have we got about the information and also about the swearing?

Mr. T. J. Rigney, K.C. represented the crown; Mr. W. H. Herrington, K.C., the accused; Magistrate J. Ambrose Shea, presiding. I point out that, as a result, this man was not in any sense punished for impersonation on that day.

The declaration made by Robert McKee, of the city of Kingston, contractor, was as follows:

On Monday, October 4, I was present as outside agent for Thomas Ashmore Kidd, a candidate for election to the legislative assembly of the province of Ontario for the riding of Kingston, at the advance poll for the city of Kingston situate in the city council chambers in the said city.

In the afternoon about 3 o'clock I saw a man approaching the said advance poll from the northerly side of Brook street whose coat collar was turned up and who was wearing sun glasses.

I thought this man looked like one Bernard Curran who was known to me but did not question him.

After this man had entered the poll I opened the door and asked Stewart Jenkins, inside agent for the said Thomas Ashmore Kidd, what name this man had given and was advised that he had given the name of Gerald Morrison of 172 Wellington street, Kingston, Ontario, and after signing the usual declaration, handed to

advance voters, to that effect, had received a ballot from the returning officer, one Bert Derry. I then entered the poll and after being sure of the identity of the said Bernard Curran I told the said returning officer not to deposit the ballot of this man and asked him to make out a warrant for his arrest as an impersonator, but the said returning officer refused to make out the warrant and said if I wanted him arrested to do it myself.

I sent for a city constable and Sgt. Leslie Clark of the police force of the city of Kingston came to the poll and arrested the aforesaid man at my request and on my advice that he was Bernard Curran and not Gerald Morrison and put him in the police cell. I later signed a sworn information accusing this man of impersonation, and this man after some delay was arraigned before the magistrate for the city of Kingston and my testimony was taken by the court.

That is Robert McKee's statement, solemnly declared on the 23rd March, 1938, before the commissioner.

I merely mention that as an indication of the fact that Mr. Curran is the same man who, on the recommendation of Mr. Stansbury, is employed with the signal corps.

Mr. ROGERS: Not on the recommendation of Mr. Stansbury.

Mr. BENNETT: Of the district officer commanding, in this particular case. I pointed out that there is a large store here, and there are large quantities of supplies. I have taken the trouble to investigate what has happened to the supplies. Nearby there was work being carried on for the reconstruction of the old Fort Henry—or is it Fort William?

Mr. ROGERS: Fort Henry.

Mr. BENNETT: A question was asked in this house as to whether the work was done by contract or otherwise, and the answer was given, partly by contract and partly by day's work. What are the facts? The facts are that the specifications call for a piece of work which was shown on a plan so as to indicate what was included in the proposed work, and that several people tendered, and the contract was let for $70,000 or thereabouts. The expenditure at Fort Henry has more nearly approximated $1,000,000 than $70,000. The Frid Construction Company had a contract for the $70,000 job. Who has done the rest of the work and on what terms? Was it cost plus or not? The statement in Hansard in answer to the question is "day's work." The contractors apparently assume that they are doing the work on a cost plus basis, and this government is contributing one-half of that cost. And more,

the Frid Construction Company had a contract at that very time for the construction of work on the campus of Queen's university, the Crain building, I believe it is called.

Mr. ROGERS: That is correct.

Mr. BENNETT: That is the name of the building. The government of Ontario supplied the cement for the Fort Henry work; the specifications said that they would supply it. I find that this is what happened with respect to part of that cement—and I am going to give the hon. gentleman the number of the car so that he can have no misunderstanding in making inquiries, and as to where the car stood, who took the cement away, and where it was taken. Canadian National car No. 421639 was laid on the siding in Kingston, and on the eighth day of June, 1937, Louis Drinka, who was doing the trucking for the Frid Construction Company, residing at 298 Montreal Street, unloaded part of the cement from that car on to his truck, a motor truck, alleged to be a two-ton motor truck, and he took that cement to Queen's university and there unloaded it in storage bins which were connected with the Crain building. He did that with more than one load—how many loads I do not know—and then from the same car cement was actually taken to the Fort Henry work.

Mr. DUNNING: What are you reading from?

Mr. BENNETT: From my own notes. I am reading from my own handwriting of my notes taken from information I have, and if the hon. gentleman would like to see it I will gladly show it to him. There it is.

Mr. DUNNING: But the other sheet, which you put down.

Mr. BENNETT: That is a typewritten note under my dictation.

Mr. BRADETTE: Who gave you that information?

Mr. BENNETT: If the hon. gentleman knew that, he would probably know more than he should know, but he would not know quite as much as he thinks he does.

Mr. BRADETTE: I would like to know who gave that information from which the leader of the opposition read just a moment ago.

Mr. BENNETT: I am making that statement—

Mr. BRADETTE: Is he trying to be a detective lately?

Mr. BENNETT: There is one member of this house who is always interrupting, and usually his observations indicate his profound ignorance. Sometimes they are impertinent; on this occasion they happen to be the latter. He boasted the other day that he never made personal observations, but now he asks if I have turned detective, and he thinks that is clever.

Mr. BRADETTE: I think I am in order. I asked who gave the information for the statement he read a moment ago. Surely I am in order. That is not showing ignorance.

Mr. MACKENZIE (Vancouver): On a point of order, on page 98 of Beauchesne's Parliamentary Rules and Forms the word "impertinent" is listed among unparliamentary terms. I would ask the right hon. gentleman to withdraw the expression.

Mr. BENNETT: It depends upon how the word is used. It has been held to be unparliamentary, but if it is used to express the exact meaning it is not unparliamentary. It depends on whether it is used in that sense or not.

Mr. BRADETTE: On a point of order, I have never yet been called ignorant and I ask that the word be withdrawn.

The CHAIRMAN: Order. On the point of order raised by the Minister of National Defence—if the right hon. gentleman will sit down for a moment—

Mr. BENNETT: I had not noticed that the chairman was standing.

The CHAIRMAN: The word "impertinent" is unparliamentary and is listed on page 98—

Mr. BENNETT: I am familiar with it.

The CHAIRMAN: —and I would ask the right hon. leader of the opposition to withdraw it.

Mr. BENNETT: I will say "not pertinent" and withdraw "impertinent."

Mr. BRADETTE: Following your ruling, Mr. Chairman, I would like the word "ignorant" to be withdrawn also. I do not think it behooves the leader of the opposition to make such a statement against members of this house, unless he is included in it.

Mr. BENNETT: That is a nice way in which to raise a point of order. To continue—

The CHAIRMAN: On the point of order raised by the hon. member for Cochrane; the word "ignorant" is unparliamentary. It is listed on page 97.

Mr. BENNETT: "The hon. member is lacking in learning;" the word "ignorant" is withdrawn. I am thoroughly familiar with the fact that the words "impertinent" and "ignorant" have been held to be in other parliaments unparliamentary, but I am well aware of the fact that they have been used in this parliament frequently and I would like to think that Your Honour has at last concluded that the rules of order shall be enforced.

Some hon. MEMBERS: Order.

Mr. DUNNING: That is a reflection on the chair.

Mr. BENNETT: It is not a reflection on the chair. I desire to compliment the chairman.

The CHAIRMAN: Order. I would point out to the right hon. leader of the opposition that the first point of ruling I had to make in this chamber in 1936 was to ask the leader of the opposition to withdraw the word "impertinent" which he had applied to the hon. member for Moose Jaw.

Mr. BENNETT: I quite recall the circumstances. But it is an amazing thing how frequently it has been used since. That is all I have to say.

An hon. MEMBER: By whom?

Mr. BENNETT: Now I propose to proceed. We have cement provided by the taxpayers of the country for use on the Fort Henry job, and we have the Frid Construction Company with a contract under specifications for $70,000 only. We have many hundreds of thousands of dollars—we shall know exactly before we conclude this discussion how much money has been expended by the Frid Construction Company, and we shall expect to see a list of those employed and the salaries paid to them during the progress of the work. We have the cement being taken from the car, and I have given the car number; other information can be supplied, but that will do for the purpose. It is taken to the Crain building, put there, and the empty bags, in order that the count may be complete, were taken to Fort Henry. Keep that in mind. That is the sort of work that is going on there.

Mr. ROGERS: Does my right hon. friend vouch for the accuracy of that?

Mr. BENNETT: I can vouch for the accuracy of part of it, the observations I make—

Mr. MACKENZIE (Vancouver): Which part?

Mr. BENNETT: The statement I gave with respect to the cars, with respect to the movement of the cement, the movement of the empty bags, are facts beyond peradventure. The comments I make and the inferences I draw may not be those which others would draw.

Now to show just what has been going on there, it will be recalled that I pointed out that cement went to the Crain work and cement went to Fort Henry, for which it was destined, from the government of Ontario, and that Mr. Drinka hauled it to the work on the Crain building, also being done by the Frid company. In the fall of last year one car of cement at least was purchased and taken to Fort Henry. As to why that should be done I am not at the moment making any observation, but that car was purchased by the Frid Construction Company from the Drury Supply Company—I do not know the exact name—and it went to Fort Henry. Just realize what that means. We have here what the ministers in their answer the other day said was a contract for Fort Henry, and part was done by day work. As a matter of fact these men were working on a cost plus basis, the worst plan in the world for graft at any rate.

Mr. ROGERS: Mr. Chairman—

Mr. BENNETT: I am going to deal with this.

Mr. ROGERS: The worst of it is the statement is incorrect.

Mr. BENNETT: I say the statement is correct.

Mr. ROGERS: Very well, I will let my statement wait and establish it later.

Mr. BENNETT: That is the minister's privilege. Now let me summarize this.

Was the car of cement to which I have referred directed by the government of Ontario for use at Fort Henry?

Was it placed on a siding at Kingston?

Was a portion of it taken to the Crain building, also being constructed by the Frid Construction Company?

Was a portion of it then taken to Fort Henry?

Were the bags, after being emptied of cement at the Crain building, taken to Fort Henry?

Did the Frid Construction Company last fall, after discussions were becoming prevalent, purchase a carload of cement and take it to Fort Henry?

[Mr. I. Mackenzie.]

I have no knowledge as to whether this was in replacement of what had been taken, but Mr. Drinka was the man who hauled both. I have given his address; he is the man who has been doing all this trucking. I want to know where the money of the taxpayers of this country went with respect to that work at Fort Henry, and I want to know whether it is true that this was a cost plus job and not a day work job as was stated in answer to a question asked in this house. Everyone knows that when you spend a sum like $100,000 or $200,000 on work of that kind on a cost plus basis it is but an invitation to extravagance. To that I am now directing the minister's attention, because this has to do with something else.

Rubble stone was hauled during the evening by the Frid company's rig to the Crain building, and also by Mr. Drinka's rigs. Then there is another thing; the question of the scaffolding used on the two works. It seems to be abundantly clear that what happened was that certain timber, bolted together and painted blue was transported to the Crain building by Drinka in a Frid Construction Company truck, and on completion of the building on the campus was taken to Fort Henry. That I think can be established. That is a case in which the government of Canada is paying for work being done at some other place.

Mr. DUNNING: Is it?

Mr. BENNETT: Yes.

Mr. HOWE: How does my right hon. friend know that? It is a very common practice in cost plus work.

Mr. BENNETT: It went back to Fort Henry. The work at Queen's was not cost plus work.

Mr. HOWE: It is a very common thing for a contractor to move scaffolding from one job to another. He makes allowance for doing so on every cost plus job.

Mr. BENNETT: But the scaffolding was going to a private job.

Mr. HOWE: What difference does that make, as long as the bookkeeper keeps track of it?

Mr. BENNETT: A contractor has a job of public work on a cost plus basis, and he has a private job, and he uses the public work scaffolding for the private work.

Mr. DUNNING: The mere moving of the scaffolding does not prove anything wrong.

Mr. HOWE: It is done every day.

Mr. BENNETT: Well, if that is the basis upon which the business of Canada is being conducted—!

Mr. HOWE: It is a matter of bookkeeping, whether the scaffolding was charged properly to the second job, as my right hon. friend knows as well as I do.

Mr. ROGERS: Why did not my right hon. friend write me a letter about this? I would have looked into it.

Mr. BENNETT: Mr. Chairman, this I think is in order, having regard to the mutterings of one of the hon. members of this committee in the distance. Since man first emerged from the condition described by Darwin, mutterings are supposed to have disappeared and speech has taken their place.

Mr. BRADETTE: Mr. Chairman, on a point of order, I am not muttering. I said the right hon. gentleman is quite a spectacle, and if people could see him now they would judge him.

Mr. BENNETT: We now come to a question that was touched yesterday, some facts I wish to get from the minister. He said: Write me a letter and I will give an answer. What I want from him is a public statement; for it is a matter affecting the public and not the individual. The question is whether or not this work at Fort Henry was done on a cost plus basis; also whether or not the contract was extended. There is nothing on the record to show, because it was done by day work. Now what day work was it, cost plus or by contract?

Mr. ROGERS: I will get the information, gladly.

Mr. BENNETT: If it was done by contract, why were tenders not asked for, in accordance with what was said the other day? In the case of the work done under the Department of Highways, with respect to the first contract tenders were called for, and many people tendered, but that was a little $70,000 job; we have now spent nearly a million dollars, and no opportunity, public at any rate, has been given to anyone to tender. I should like to know the reason for that. I pointed out the other day what was the situation. This I think the minister must have seen; he says part of it he has not seen, but part at least he must have seen. I wonder if he realizes that a citizen of Kingston was charged with the non-support of his wife—

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: He was charged with non-support—

Some hon. MEMBERS: Oh, oh.

Mr. DUNNING: It certainly was not my right hon. friend or the Minister of Labour.

Mr. BENNETT: And the answer he gave as his defence, according to the press—and I have verified it as well—was this: He said that if he could secure a job he would take care of his family, but he did not have sufficient funds to provide Mooers—who was at one time the president of the Liberal association in Kingston, and who is superintendent of the employment agency, the man we were speaking of yesterday—with a beer account at the Prince George hotel. He said if he could get sufficient funds to provide Mooers with a beer account he would be all right, but as he could not do so he could not get work. That is a matter of public record; and what is more—

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: Oh, yes, it was in the newspaper; he appeared before the police magistrate, who adjourned the case advising the man that he would investigate the matter and bring him up again after he had done so. The case still stands adjourned.

Some hon. MEMBERS: Oh, oh.

An hon. MEMBER: Free beer.

Mr. BENNETT: You see, Mr. Chairman; this indicates how little people do care. One of the ministers of the crown says, "Free beer."

Mr. DUNNING: Which one? Who said that?

Mr. BENNETT: I heard it just now; one of the four ministers there.

Mr. DUNNING: I did not hear it, and the ministers sit closer to me than to my right hon. friend.

Mr. BENNETT: I heard the words "free beer."

Mr. DUNNING: No minister said any such thing.

Mr. BENNETT: I say they did; that is the difference.

Mr. DUNNING: My right hon. friend must retract that.

Mr. BENNETT: No. I say they did and the minister says they did not.

Mr. MACKENZIE (Vancouver): I did **not** say it.

Mr. DUNNING: I did not say **it.**

Mr. ILSLEY: I did not say it.

Mr. ROGERS: I did not say it.

Mr. DUNNING: Be a man; retract it.

Mr. KINLEY: When a member asked me what the beer account meant, I said "free beer." I suppose that is what the right hon. gentleman heard.

Mr. BENNETT: The hon. gentleman accepts the position of a vicarious sacrifice for others.

Mr. KINLEY: I said it.

Mr. FRASER: If you had used the phrase "Barnum was right"—

Mr. BENNETT: Now, Mr. Chairman, perhaps you would exercise your powers and direct attention to the fact that the observation just made by the hon. member for Northumberland is unparliamentary.

Mr. DUNNING: What is unparliamentary about it?

Mr. BENNETT: I just raise the question and leave it to the chairman.

The CHAIRMAN: The word "Barnum" is not on the list—

Mr. DUNNING: He was a great man.

The CHAIRMAN: —of unparliamentary words, and in my judgment I cannot rule it as such.

Mr. BENNETT: Very good, Mr. Chairman. I am glad you have so ruled, because it gives me a chance to say what I wanted to say but did not for fear of being called to order. I desire to say that Barnum did say, "You can fool some of the people all of the time and all of the people some of the time—"

Mr. DUNNING: No.

Mr. BENNETT: At least that is attributed to him, but it may be that the Minister of Finance has a closer association with Barnum than I.

Mr. DUNNING: But I can read; that was Lincoln.

Mr. BENNETT: It must be a matter of profound satisfaction, Mr. Chairman—

Mr. DUNNING: Mixing Barnum with Lincoln is terrible.

Mr. BENNETT: As a matter of fact Lincoln did not say it; it was Barnum.

Mr. MACKENZIE KING: Does the leader of the opposition know that of his own knowledge?

[Mr. Dunning.]

Mr. BENNETT: It might be regarded as a very great offence even to refer to one as Hitler, in some sections of the country; but he occupies such a warm place in the minds of hon. gentlemen opposite that I assume I may accept that as a compliment.

Now, Mr. Chairman, may we deal again with Mr. Stansbury for a moment. I said there were quantities of supplies in this storehouse. I said they had been sacrificed; horses, Bain wagons, tarpaulins—one of which was found and the offender sent to penitentiary—and concrete. And there were twenty-five cartons of white lead that went from Fort Henry after midnight, with the knowledge and assistance of the storekeeper. Do we know anything about that?

Mr. ROGERS: Do I? Certainly not.

Mr. BENNETT: I see.

Mr. DUNNING: Does my right hon. friend know anything about it?

Mr. BENNETT: Yes, he does.

Mr. DUNNING: My right hon. friend is making a charge against a civil servant on his own responsibility.

Mr. BENNETT: Well, he was dismissed for it.

Mr. DUNNING: Well, that answers it; he was found out and dismissed. Why not say so?

Mr. BENNETT: But he was given a new position at the Rockwood hospital, on the recommendation of Mr. Stansbury.

Mr. DUNNING: What hospital?

Mr. BENNETT: Rockwood; that is an Ontario hospital.

Mr. GRAY: Is that a federal institution?

Mr. BENNETT: Not as far as I know.

Mr. DUNNING: How does that reflect on the Minister of Labour?

Mr. BENNETT: It indicates the type of recommendations that have been made by one who has been making them to the minister, who has acted upon them. That is what I am putting to the committee. I want to indicate to this committee, sir, that this whole business in Kingston is as bad as it is possible for anything to be, and reeks to high heaven. That is what I want to make clear. What is more, I want to say this, and I said it the other day: I do not believe the Minister of Labour would do it. I made that clear to him. It is no good for him to say that I am endeavouring to make charges against him with respect to

these matters, for I do not believe he knew these things. But I say it is his duty to know something of them.

Mr. ROGERS: In several of these cases why did not my hon. friend bring them to my attention at once by letter, and have them corrected?

Mr. BENNETT: I will tell you why.

Mr. DUNNING: Because he wanted to make political capital out of it.

Mr. BENNETT: I will tell you why, and I will start with what I said at the very beginning. I was very, very much interested in Kingston in view of the Prime Minister's opening speech and the speeches made by the Minister of Labour when he was a candidate; I was anxious, as I am now, to see whether or not this political combination could destroy him and the principles that he asserted on the platform, his high principles, or whether he was going to be strong enough to control and stop them. That is the reason. I want to put it up to the minister as publicly as he put it up to the people of this country how he would conduct the public business if he got a chance; that was what he said when he was a candidate in Kingston. I say more, I say to the hon. gentleman and to all hon. members of this house that it is not good enough to say what your predecessors did. That does not constitute a defence. Why, Mr. Chairman? Because hon. gentlemen opposite asked for support, and got it, on the ground that they were going to do better than their predecessors; on the ground that they were going to improve on what had been done previously. And there never has been a worse condition prevailing than that in and around Kingston during the last eighteen months.

That is the position, and what has been done about it? Has a single thing been done? There you have the public press, and just think of the labour office, the employment office to which returned men went, as I indicated yesterday from a letter which I read. Did they get employment? They did not. Why? Because you have in charge of that office one who, it is true, has been investigated by the superintendent, or whoever it may have been; yet in the courts of the country, before the magistrate, we have it asserted by the man who is charged in the dock that if he could get a job he would not be so charged. But he said, "I cannot afford to make a contribution to this beer fund."

Mr. TUCKER: That statement was not sworn; it was an idle statement made before the magistrate.

Mr. BENNETT: The magistrate adjourned the case to make an inquiry.

Mr. TUCKER: The statement was not sworn to.

Mr. BENNETT: And the case has not since been heard.

Mr. TUCKER: What has that got to do with it?

Mr. BENNETT: Nothing, I take it.

An hon. MEMBER: A great deal.

Mr. BENNETT: What about the question of supplies I have mentioned? Now we have it asserted by Mr. Stansbury that he had the consent of someone to take the stone. Who gave the consent about the white lead? It was removed—

Mr. DUNNING: Do you allege Stansbury took the white lead?

Mr. BENNETT: Did I say that?

Mr. ROGERS: Who took it?

Mr. BENNETT: I asked who gave consent.

Mr. ROGERS: You suggested it.

Mr. BENNETT: I suggested nothing.

Mr. ROGERS: Where did it go?

Mr. BENNETT: I did say it was the duty of my hon. friend to find where it went.

Mr. ROGERS: Where does my right hon. friend get this information?

Mr. BENNETT: He has had it for some time.

Mr. ROGERS: He has not been anxious to have it followed up, apparently.

Mr. BENNETT: Yes, because the storekeeper is there yet at Rockwood.

Mr. DUNNING: No, no. My right hon. friend himself said the storekeeper was dismissed. And Rockwood is not a federal institution. How can he say it is there yet?

Mr. BENNETT: I did not say "yet"; I said it was at Rockwood.

Mr. DUNNING: Those are the words; I will leave it to Hansard,—"the storekeeper is there yet."

Mr. BENNETT: By "yet" I meant at Fort Henry. He is not there yet, but he is at Rockwood.

Mr. DUNNING: He is not in the employ of the federal government.

Mr. BENNETT: No, but Mr. Stansbury recommended him to the position which he holds; I happen to know.

Mr. FRASER: Wait until the people of Canada read the press in the morning.

Mr. BENNETT: Now, I do not know, Mr. Chairman, whether the last observation made by the hon. member for Northumberland means that a cooked report of what has been said is to be made; but it is, of course, open to that construction. He may be able to make it, I don't know. He has great powers in many directions.

Now, I want to go a step farther. The minister says I did not communicate with him. A question was put on the order paper as to how the work at Fort Henry was being done, and the answer was that it was being done partly by contract and partly by day work.

Mr. ROGERS: I have the answer right here. Does my right hon. friend want it?

Mr. BENNETT: Yes.

Mr. ROGERS: Does he wish it now?

Mr. BENNETT: Yes.

Mr. ROGERS: The right hon. gentleman has asked how much was the cost plus and I sent out for the information. In the first place, cement never became part of the work, until it was replaced after a loan was arranged for with the provincial government representative. The first contract was about $70,000 on a unit basis, similar to the method prevailing in the Department of Highways of Ontario. The next year tenders were again called in the public press, and the contract ran over $200,000, on a unit basis. The only cost plus work was for the mounting of guns, and other unusual work, not over $35,000, of the total sum. No changes at any time were made in the unit prices quoted in the tenders. That is the information.

Mr. BENNETT: Then, it is not correct to say, partly by tender and partly by day work.

Mr. ROGERS: The only cost plus is for the mounting of the guns.

Mr. BENNETT: That is the answer given in this house.

Mr. ROGERS: The only cost plus item was for the mounting of the guns.

Mr. BENNETT: Yes, that is all the information in Hansard. Would the minister give me the date of the second tender?

Mr. ROGERS: I will send up for it; I have not it here.

Mr. BENNETT: Does the minister obtain copies of payrolls?

Mr. ROGERS: I can secure them, and will gladly do so.

[Mr. Bennett.]

Mr. BENNETT: Does he, as a matter of fact?

Mr. ROGERS: As I recall it, the payrolls on any work for which dominion government contributions are available. They are examined from time to time by the inspectors in order to determine whether or not the relief quota has been lived up to.

Mr. DUNNING: It is provincial government work.

Mr. BENNETT: It is half and half. Do we get copies of the payrolls? Does the minister get copies of the payrolls?

Mr. ROGERS: Not on all projects.

Mr. BENNETT: The department, then?

Mr. ROGERS: I am not able to say that. I will find out.

Mr. BENNETT: In some cases, it will be remembered by the minister, we do have copies of payrolls in order to authorize payments. They were obtained in some cases, and in some cases they were not. In order that we may be able to study out for ourselves the difficulties in connection with this stone, and other matters, will the Minister of National Defence produce the report of the commandant of the Royal Military College with respect to stone?

Mr. MACKENZIE (Vancouver): I am not aware of it at all; I will look into this question right away.

Mr. BENNETT: To be conclusive on that point, with respect to the utilization of these supplies. Obviously I have not seen or had any connection with the commandant, and therefore I will have to place myself entirely in the hands of the minister.

Mr. MACKENZIE (Vancouver): Supplies for the Royal Military College?

Mr. BENNETT: No, utilization by Mr. Stansbury of stone which went from the property known as the Royal Military College at Barriefield, camp 42.

Mr. ROGERS: If my right hon. friend will permit me, I have the information he asked for. I should like to make a correction with respect to the second contract. I believe I gave the figure of approximately $200,000, and the actual figure is $305,448.50.

Mr. BENNETT: What is the date of it?

Mr. ROGERS: March, 1937.

Mr. BENNETT: Was that done by tender?

Mr. ROGERS: Yes, by tender.

Mr. BENNETT: What papers were they published in?

Mr. ROGERS: I have not that information, but I will get it later for my right hon. friend.

Mr. BENNETT: If the minister will produce the commandant's report I think that will throw a lot of light upon this matter. With respect to the—

Mr. MACKENZIE (Vancouver): I am not aware of any report at all on the matter, but I will look into it right away.

Mr. BENNETT: There was one, I am informed.

Mr. MACKENZIE (Vancouver): Would my right hon. friend indicate the nature of the report?

Mr. BENNETT: The report was merely as to the question of the utilization of this stone by Stansbury, on his property.

Mr. ROGERS: Is this more stone, or is this the same old stone?

Mr. BENNETT: It sounds very ingenious, most ingenious.

Mr. ROGERS: I want to know.

Mr. HOWE: Is this the four dollars' worth?

Mr. BENNETT: I am glad the Canadian people have an opportunity to appraise the value of the government, at least, and its methods of transacting business.

Mr. HOWE: Four dollars is a lot of money.

Mr. BENNETT: It is not much to a millionaire, like the hon. member. It might be to some people.

Mr. HOWE: The right hon. gentleman certainly could answer on that.

Mr. BENNETT: The stone I had reference to was the stone hauled to Mr. Stansbury's place and utilized there, and a report was made to the Minister of Labour.

Mr. MACKENZIE (Vancouver): Was the stone to which the right hon. gentleman refers used in connection with the activities of the Department of National Defence?

Mr. BENNETT: I beg your pardon?

Mr. MACKENZIE (Vancouver): Was the stone used in my department?

Mr. BENNETT: The contracts were contracts made with the Department of Labour, and—

Mr. ROGERS: No, no; my right hon. friend is speaking about a report of the commandant. The commandant has not anything to do with the Department of Labour.

Mr. BENNETT: The contracts were contracts made through the Department of Labour with the Department of Public Highways of Ontario, as a matter of fact. The specifications bear the imprint of the highways department. Before that there were camps known as projects 37 and 42. I want the report of the commandant with respect to the withdrawal from within the curtilage of the Royal Military College of stone that went to this place of Stansbury's.

Mr. MACKENZIE (Vancouver): Where did my right hon. friend get the information? He knows more than the minister does, because the minister has not seen or heard of this report. How does he know there is a report of the commandant of the Royal Military College?

Mr. BENNETT: I will tell you my knowledge. In the course of my inquiries with respect to it, I inquired as to whether or not the military college authorities had taken action, and my information was that their people did inspect it. That was as far as it went—

Mr. MACKENZIE (Vancouver): Inspected what?

Mr. BENNETT: This stone that was taken away, and therefore I concluded there must be a report. I said at the very start of it—

Mr. MACKENZIE (Vancouver): May I ask my right hon. friend: Does he know, or does he not, if there is a report, because the minister does not know about it?

Mr. BENNETT: I said I placed myself in his hands with respect to the report which I believe was made by the commandant, and certain information given with respect to the removal of stone from land within the curtilage of the Royal Military College.

Mr. MACKENZIE (Vancouver): I thought my right hon. friend said there was a report.

Mr. BENNETT: I said I placed myself in the minister's hands. I believed there was a report and I mentioned my reasons for so believing. Obviously I could not communicate with council. That is the position. The point I wish to make with the minister is that there exists a condition which he should remedy. It is no good to refer to what somebody else did because he was elected to

make it better than it was. That was his job. If these conditions continue, then his job is to see that they are stopped. The issue is a simple one: Shall these conditions continue or shall they cease? That is all. It is to that issue that I directed the minister's attention. If he had been as careful yesterday as he was on former occasions, he would have realized that what I was trying to do was to direct attention to these conditions, not because I believed he had created them—I do not believe that yet—

Mr. ROGERS: The impression was left that way, whether it was intentional or not.

Mr. BENNETT: I do not think one could use stronger language than I used to free the minister from the intention to do it. I made it clear beyond peradventure that what I was asking him to do was to cure the condition by having proper steps taken to end it. I cannot see how anyone could think otherwise unless they wished to do so regardless of the language used. What is more, the hon. minister will remember the occasion when I first mentioned the matter. Attention was directed to the fact that I did not think the minister himself had done these things. One who is as familiar with history as he is and desires to do what he did; one who made the speech he did, that he was going to clean up that mess, could not believe otherwise. I pointed out the condition to which he referred.

Mr. ROGERS: Let me just refer to the debate of yesterday. At page 3701 of Hansard I am reported as follows:

> Quite so, and his whole purpose has been, by a number of vague charges in the beginning, which I have no doubt were designed to bring more definite charges, to seek to create the impression that I as Minister of Labour had definitely connived at the violation of the terms with respect to employment under relief agreements.
>
> Mr. Bennett: And he will prove it in this house.

Mr. BENNETT: Not prove connivance, prove the charges.

Some hon. MEMBERS: Yes.

Mr. BENNETT: No, no, because I followed that up.

Mr. ROGERS: I simply read the words. If my right hon. friend says that he did not mean that—

Mr. BENNETT: I certainly did not revise that Hansard, and I certainly did not say that the minister had connived. I said the charges could be proven. I say that yet. That is what my statement referred to. I gave the letter from Rollands, and I can give other cases with respect to this matter from what I regard as fairly accurate sources.

Mr. DUNNING: My right hon. friend surely will take steps to correct Hansard.

Mr. BENNETT: If the Minister of Finance will correct his own Hansard, it will be a good deal better.

Mr. DUNNING: I would not do an injustice such as that to any man.

Mr. BENNETT: I have not seen the occasion when if he could, he did not. That is all I can say.

An hon. MEMBER: Shame.

Mr. BENNETT: That is not out of order. I say to the minister that I was dealing with the charges and I was not dealing with his connivance.

Mr. DUNNING: I rise to a point of order. The Minister of Labour has just quoted yesterday's Hansard and has shown a plain charge by the right hon. leader of the opposition in connection with the Minister of Labour (Mr. Rogers).

Mr. BENNETT: That is not so.

Mr. DUNNING: The minister read the words, and the right hon. leader of the opposition said only a few moments ago that he did not intend to say yesterday that the Minister of Labour connived, but he refused to move to have Hansard corrected in accordance with his explanation of to-day. My point of order is that under these circumstances and in view of the fact that those words have gone out all over the country doing an injustice to the Minister of Labour, you, Mr. Chairman, acting in your capacity of chairman of this committee should order that the words used yesterday by the leader of the opposition be corrected in accordance with his statement of to-day.

Mr. BENNETT: A little more knowledge of the rules would have prevented the Minister of Finance from making that statement. The chairman has no such power.

Mr. DUNNING: The Speaker has.

Mr. BENNETT: The Speaker has under certain conditions.

The CHAIRMAN: On the point of order raised by the Minister of Finance, the right hon. leader of the opposition is correct in saying that the chairman has not authority, but the chairman can report to the Speaker.

Mr. BENNETT: What can you report?

The CHAIRMAN: On the point of order.

Mr. BENNETT: What is the point of order? I submit there is no point of order.

The CHAIRMAN: Oh, yes.

Mr. BENNETT: What is it?

The CHAIRMAN: As raised by the Minister of Finance.

Mr. BENNETT: That is not a point of order.

The CHAIRMAN: In the judgment of the Chair, it is a point of order.

Mr. BENNETT: That settles it. What is the point of order?

Mr. DUNNING: I am content to leave it to the house and to the record of to-day's proceedings as contrasted with the record of yesterday.

Mr. BENNETT: No one in this house ever thought for one moment that I said that the minister had connived. I was dealing with the charges. He then went on and stated certain things which, of course, were not within the rules. Here is the record:

Mr. Bennett: But remember, this is a thing that was not going to happen. This is where my hon. friend was going to change it all. This is where the professor was going to see that decency prevailed. That is the way I put it.

Mr. Rogers: I shall speak with a little less heat than my right hon. friend, but possibly with a little more light. The right hon. gentleman has dealt with this question on three different occasions.

Mr. Bennett: And he is going to deal with it again.

Mr. Rogers: Quite so, and his whole purpose has been, by a number of vague charges in the beginning, which I have no doubt were designed to bring more definite charges—

Of course, that is improper—

—to seek to create the impression that I as Minister of Labour had definitely connived at the violation of the terms with respect to employment under relief agreements.

Mr. GRAY: Read the next.

Mr. BENNETT: And then I said:

And he will prove it in this house.

That referred to the charges; it dealt with nothing else. How could I deal with the state of mind of the minister? He was imputing motives which he had no right to do at all. I was dealing with that, and I am dealing with the same question now—with the charges that I made with respect to the administration in Kingston of this department, and the Department of National Defence. I said I would prove it, and I have. The hon. gentleman knows that some of these matters cannot be dealt with because they are not within the fiscal year for which the auditor general's report has been issued. I took the trouble to look that up to see whether they were, and they will not appear until the report for the fiscal year ending March 31, 1938, has been placed in the records of this house at the next session. That is what I mentioned to him yesterday. No one suggested that he had connived at these things. The sentence used prior to that is the particular one to which I direct attention. He said he was going to cure them. He saw the conditions at Kingston. He said they were bad.

Mr. ROGERS: I said the relief camp would be closed.

Mr. BENNETT: I meant the administration. What is more, when Doctor Ross spoke there, I remember a full page advertisement that was issued. I do not think the minister was responsible for that. The condition was going to be cured. The minister's speeches were on that high plane, and I said yesterday, and I repeat, that that is what we are looking for. We do not want references to what somebody else did; what we want is a cure. We want these evils set aside. I want this question cleared up and adjusted.

Mr. ROGERS: When a complaint comes to the Department of Labour with respect to the relief act or any other function of the department, it is investigated at once. I may say I have received only one complaint from Kingston with respect to discrimination in connection with the matter to which my right hon. friend has referred, and that has been investigated. I know of no instance where a complaint has been made and has not been investigated. If my right hon. friend would bring these matters to my attention, they would receive immediate and careful attention.

Mr. BENNETT: I am only pointing out that that was the issue. The statements made by the minister were public statements, and I have made a public statement in connection with the conditions that I believe obtain and prevail and can be proven. I ask him to take steps to cure them. I have made my statement publicly because his statements as to what he proposed to do were made publicly on the hustings. Now, to come back and say, "Well, that is what you fellows did, only worse," is not exactly the appeal which was made to the electorate. But it is an old story—

Mr. ROGERS: Let me correct that, if I may. I know my right hon. friend wants to

have the record straight. I said in the first place, We will deal with the complaints as they arise. That is the first thing; in other words, correct the situation. It was only in the second place that I dealt with conditions which had existed before; and I think that was a position which was entirely logical.

Mr. BENNETT: Well, it would not have sounded very convincing if the hon. gentleman had gone to the people and said, "Elect me rather than General Ross, because we are going to continue and improve on the patronage methods that he has adopted in the constituency."

Mr. ROGERS: I should say there has been an improvement.

Mr. BENNETT: The minister says there has been an improvement. Then, all I have to say is that it must have been very bad before, because no one will say, just on the statements which have been made by the minister himself, that these conditions do not call for change. The idea of a man taking stone and then saying he has somebody's permission to do it though it belongs to the public! These things are not to be done in that way. There is also the whole question of appointments being left in the hands of a man who has the right to say whether or not men shall be permitted to work, and that my taxes and other people's taxes shall be used for the purpose of providing employment only for a given type of person. That is wrong. It is wrong when you are dealing with relief. What is more, if the minister is fair he will realize that the first time I talked about the matter I spoke of these casual appointments being within his jurisdiction, and the criticism I was making with respect to—

Mr. ROGERS: I am sorry that my right hon. friend on that very occasion read from that return and made a specific charge that with respect to opportunities for employment in relief acts, there had been discrimination.

Mr. BENNETT: Certainly.

Mr. ROGERS: And yet the references were not to those who had been employed on relief works whatsoever.

Mr. BENNETT: I said, on relief acts. I tried to make it clear that I regard relief acts as an entirely separate thing from everything else. I believe that everybody, regardless of political faith, has the right—

Mr. ROGERS: My right hon. friend did not make that explanation in the first instance.

An hon. MEMBER: And it was done under his political regime.

[Mr. Rogers.]

Mr. BENNETT: In respect to circumstances I have knowledge of, the hon. gentleman from Winnipeg will not say that employment on the sewage disposal plant was limited to a certain type of person in that city. Oh yes, an hon. member is nodding for him to get up. He will get up any time and read the letter of Mr. R. H. Webb to Mr. Bennett. The hon. member nods to the hon. member for St. Boniface to make his little speech and read his little letter, and he will do it. That is an answer, of course, to observations on the present administration; he is going to read that letter. But remember that it was put on the file. Remember that it was found on the file.

Mr. FRASER: Somebody made a mistake.

Mr. BENNETT: No, I do not think so. I want to make clear beyond peradventure to the minister that I do believe that conditions there call for the remedy of the evil. I repeat that I am not going to stop now. I am going to continue to watch that condition, because a singular situation has developed. It is a situation different from that in any other constituency; for the hon. gentleman was a different candidate from other candidates. More was expected of him. He was going to do these things; I believe he wanted to do them, and I have been interested to see whether or not he would allow what has been called the machine to overpower him or whether he would make the machine run decently. That is the position; that is the whole reason and purpose behind this. I made up my mind when those speeches were made by the Prime Minister and by the hon. member for Kingston that I would continue to follow the matter. If God gives me health, I propose to do so, because we have received these definite assurances. When President Wilson went into public life he made certain statements of the same kind—

An hon. MEMBER:—and lived up to them.

Mr. BENNETT: One knows his history in New Jersey. He joined issue with the machine; it was his own party's, but he broke it, and it paid him to do so. I am curious to ascertain whether or not, when we get men of the high type and calibre of the Minister of Labour in the public life of this country, with his academic training, with his outlook and his historical knowledge, when he makes these statements as to the methods that are to be followed in connection with the conduct of public business, he will give effect to those assurances. I look to see it done, and that he is not to be overawed or diverted from his endeavours to accomplish it by the

machine which has hitherto controlled, and which, unless the minister takes a strong position, will continue to control, the patronage situation in that constituency. Certainly the language of the Prime Minister the other evening gave me reason to say "splendid" in response to what he said, because it indicated he realized that under relief conditions in this country we have a situation which is not free from danger, very great danger, and the only way we can remedy it is for men of the type and standing of the Minister of Labour to see to it that the whole force and strength of the government are utilized to prevent the continuance of this evil.

Mr. BEAUBIEN: I have listened for a good many days of this session to lessons by the right hon. leader of the opposition on the political morals which should obtain in this country. Also I have very often heard him use the expression "bribery of the electors" either by the expenditures of public funds or the promise of expenditures of public funds, and I have come to the conclusion—and if the term is parliamentary I am going to use it—that I think the right hon. gentleman is posing as a holier-than-thou leader, when I am convinced that he is about the biggest hypocrite who ever entered this house.

Mr. BENNETT: I take it that the chairman will probably ask that that be withdrawn.

The CHAIRMAN: Order. The word "hypocrite" is unparliamentary, and I would ask the hon. member to withdraw it.

Mr. BEAUBIEN: Well, then, Mr. Chairman, I never saw the practice of hypocrisy to the degree I have listened to it to-day.

Mr. BENNETT: That, unfortunately, is in the same position.

Some hon. MEMBERS: Order.

Mr. BEAUBIEN: Now, what happened—

Mr. ROWE (Dufferin-Simcoe): I rise to a point of order. That expression is just as unparliamentary as the other.

The CHAIRMAN: The point of order, in my opinion, is well taken.

Mr. BEAUBIEN: Then, Mr. Chairman, I will bow to your ruling, and I withdraw those words.

Mr. BENNETT: Having thought them out very carefully, and feeling better for having said them.

Mr. BEAUBIEN: The right hon. gentleman in 1930 started the game of bribery—

Mr. BENNETT: That again, Mr. Chairman, is unparliamentary.

Mr. BEAUBIEN: —by going throughout Canada and making promises—

Mr. ROWE (Dufferin-Simcoe): That is just as unparliamentary as "hypocrisy."

Mr. DUNNING: What is?

Mr. ROWE (Dufferin-Simcoe): "Bribery."

Mr. DUNNING: The right hon. leader of the opposition uses it every day.

Mr. BENNETT: The hon. member said I "started the game of bribery."

Mr. DUNNING: The right hon. gentleman can use the word "bribery" better: he is a clever enough lawyer to use it properly.

Mr. BENNETT: That word is not properly used, Mr. Chairman. On a point of order, one hon. member cannot allege that another member of this house started a "game of bribery." I have always voted against lotteries, and thus far I have escaped being charged with bribery. But there are cases in which—

Mr. BEAUBIEN: Will the right hon. gentleman speak louder, so that I can hear his point of order?

Mr. BENNETT: The point of order is that it is unparliamentary to make that observation.

Mr. BEAUBIEN: I have a right to speak on the point of order, have I not? To my knowledge the right hon. gentleman has used the word "bribery" hundreds of times in this house. He used it in connection with the by-election in St. Henry, Montreal. He used it on many other occasions. I leave it to you, Mr. Chairman, whether I have not the right to use the same term as the right hon. gentleman has used hundreds of times in this house.

Mr. SPENCE: In a different way, though.

The CHAIRMAN: On the point of order raised by the right hon. leader of the opposition, I am of opinion it is well taken, for this reason, that it might be inferred from the remark that there was something personal in the way of bribery on the part of the leader of the opposition. I would ask the hon. member to withdraw the expression.

Mr. BEAUBIEN: I again bow to your ruling, Mr. Chairman, and withdraw the word "bribery." But I will read one or two promises which the right hon. gentleman made in 1930 and leave it to your good

judgment whether these promises have not a slight connection with the word "bribery." Here is what he said in Victoria. According to the Colonist of June 17, my right hon. friend said:

> You have my promise that if the Conservative party is returned to power that as soon after July 28 as possible, parliament will be called together to deal with the problem of unemployment by providing, not doles, but work, and that legislative action will be taken to bring about the future security of our country and the well-being of its people . . . We cannot tolerate the dole. Men and women of this country want work, not charity.

Did the right hon. gentleman carry out that promise? Did he not inaugurate a dole system in this country, and in doing so did he not do more damage to Canada and probably place our democratic institutions in such a position that to-day they are not very much respected?

Mr. MASSEY: Has the present government changed it?

Mr. BEAUBIEN: I am making my own speech; the hon. gentleman can make his. Speaking in Calgary, the leader of the opposition said, as reported in the Calgary Herald of June 13:

> I am not a genius—

He did not have to tell anyone that.

> I am not a genius . . . I am a man just as you men who are here, one of your fellow-citizens. I have responsibilities as every man in this position has, and I must not lightly make statements that I am not prepared to the last syllable to carry into effect, and I will not.

Then, on June 21, at Brandon, he said, as reported in the Mail and Empire:

> Endorsation of the suggested Mafeking cut-off to afford Manitoba a shorter route to the Hudson Bay railway was voiced by the Conservative leader. Supporting the proposal, Mr. Bennett said that this would be a proper national undertaking to be started to relieve unemployment, and he asserted such was his intention.

When the leader of the opposition made the statements contained in the three quotations I have read, he knew he could not carry them out and therefore he knew he was deceiving the electorate. He has deceived them because none of these promises was carried out while he was in power for five years. In 1935 we had an election, he knew the promises he made in 1930 he could not put into effect, and so in 1935 he thought he would use other means; he would use public funds, and under his legislation of 1935, under peace, order and good government, which gave him a blank cheque, to do what he liked with, the province of Manitoba came to Ottawa to make arrangements for expenditure on unemployment relief. They entered into an agreement in April, 1935. In that agreement the Department of Labour, through the Hon. Mr. Gordon, took the definite stand that no money would be spent on road projects except on the trans-Canada highway. And when Mr. Gordon or any other ministers in the last government took a stand, it came from the leader of the opposition, who was then Prime Minister, because in those days we had a one-man government and none of the ministers acted without his sanction. From that time on the Conservative candidates and my right hon. friend's henchmen and machine were going around the ridings in the province of Manitoba and saying to the electors. "The federal government is prepared to spend money to build these roads. If the provincial government is prepared to put up dollar for dollar, the federal government will also lend the provinces' share to them." Why, in my riding they promised a road from every place to every place, and they promised so many bridges that if they had all been constructed it would have been necessary to hire a machine to dig rivers to put the bridges across, because there were not enough rivers in the constituency.

Prior to July 23, 1935, the then Minister of Labour took the stand that no money would be expended on roads in Manitoba, except on the trans-Canada highway. The minister of public works of Manitoba, the Hon. Mr. Clubb, wrote as follows to the Minister of Labour on July 23, 1935:

Dear Mr. Gordon:

> A large delegation interviewed the honourable premier and myself this morning in reference to the construction of a road, as a relief project, from a point four miles east of the town of Morden, thence easterly through the towns of Plum Coulee, Letellier, Dominion City, Stuartburn, Vita, Caliento, Sundown, Menisino and Piney, to the town of Sprague, an approximate distance of 115 miles.
>
> Roughly estimated, this road will cost around $10,000 per mile, plus the construction of a bridge over the Red river at Letellier, which will cost in the neighbourhood of $125,000.
>
> The delegates were very desirous of having this road constructed as an unemployment relief measure, and intimated that the dominion government would favourably consider same.
>
> If you are prepared to do this as a relief measure, the province will undertake to do its part.
>
> Yours very truly,
> W. R. Clubb,
> Minister of Public Works and Labour

Then, on July 27, the Hon. Mr. Clubb wrote another letter to the Hon. Mr. Gordon in the following terms:

Dear Sir:

Last month when I was at Ottawa discussing relief projects that might be undertaken in this province, I submitted to Mr. Dickson, deputy minister, a list of same and in which was included the project known as the Piney highway.

This road was started in 1930 as a relief project and considerable work was done in that year and continued in 1931.

The list referred to above, I understand, Mr. Dickson referred to you but in your letter of June 27 you stated that you could not see your way clear to approve of any of this work other than that on the Trans-Canada highway and the Peace Garden road.

Since my return, I have had numerous requests asking me to again take up with you the matter of the completion of the Piney highway and to ask if you would be prepared to reconsider your previous decision.

He then describes the highway, and closes with this:

I would appreciate it if you would let me hear from you in this regard.

Then one of my right hon. friend's political henchmen, the head of the machine in Manitoba, Ralph Webb, came upon the scene. He classifies himself as director of the Conservative organization in the province of Manitoba, and on August 23, 1935, he wrote to Mr. Gordon—

Mr. DUNNING: In 1935?

Mr. BEAUBIEN: Yes; 1935 was election year. He wrote:

Dear Mr. Gordon:

I would appreciate it very much indeed if you would kindly read the enclosed carefully. It does explain the situation,—

Mark those words "it does explain the situation."

—and means so much to us, and in view of the new conditions that have arisen owing to the rust and extreme heat on the crops, it might be good justification for really doing something at this time as a special consideration. There is not the question of a doubt that if we do not do something, many hundreds and thousands of these people in these districts will be applying to the provincial and federal governments for assistance this winter.

Yours very truly,
R. H. Webb,
Director for Manitoba.

In that letter he enclosed this letter which he had written to the Prime Minister, addressing him as "My dear Chief"; he also says that he is sending a copy to Mr. Gordon, Mr. Lawson and Mr. Manion. The letter is marked private and personal, but it is on the file and I am going to read it:

August 23, 1935.

The Right Hon. R. B. Bennett,
P.C., K.C., M.P.,
Prime Minister of Canada,
Ottawa, Ontario.

My dear Chief:

I have just come in from the constituencies of Lisgar, Provencher and St. Boniface particularly, and the situation at the moment is very good there politically, but it needs the necessary impetus to carry on.

I have already written to the Hon. J. E. Lawson, the Hon. R. J. Manion and the Hon. Wesley Gordon and the Hon. T. G. Murphy with regard to the two roads in these three constituencies that are vital factors in this election campaign, and they have the whole story in detail, both verbally and in writing.

In 1931 the federal government appropriated moneys for both of these roads. Both trunk highways enter the province of Manitoba, and as an unemployment relief measure, quite considerable work was done, which I think was shared by the federal and provincial governments fifty per cent each. The provincial government have or did apply again for these two roads to be carried on as an unemployment relief measure, but for some reason or other were more or less turned down as a matter of policy.

A new problem has arisen lately, which may be a good reason for reconsideration. As you know rust and extreme heat have destroyed the larger portion of our Manitoba wheat crop, and in some parts of Lisgar and Provencher especially it has created a very serious problem, and has left the farmers in a serious situation. My thought is that if your government will cooperate with the provincial government as an unemployment relief works measure, that work could be done on these roads that would give the farmers of these three constituencies plenty to do and help them to earn something, whereas if it is not done they possibly may appeal to the provincial and federal governments for some form of relief and for which we will get nothing, but on the other hand are perfectly willing to work themselves and use their teams and equipment. As a political measure, it assures us without any question of a doubt these three seats which we badly want to win, and which look very good for us at the present time.

The Liberal federal members in these three constituencies, supported to some extent, under cover, by provincial government members, are endeavouring to blame the federal government for the fact that these two roads have not and will not be built, and it has become such a strong factor politically, that a great deal rests on a favourable decision being made.

I feel that we should play the game politically, call the provincial government's bluff, who have stated positively to delegates that they are prepared to put up dollar for dollar with the federal government in the building of these two roads as an unemployment relief works measure, and I understand, although I am not sure, that the provincial government have forwarded on letters of approval for both of these

roads. They certainly did in their original letter of March or April 27 because I have a copy of it, and it was discussed at Ottawa with the Minister of Labour and the Hon. T. G. Murphy.

If the federal government would advise of participation in these two roads, it would be good politics; it would call the provincial government's bluff; it would kill the propaganda that the Liberals are carrying on at the present time; it would assure us of a victory in these three seats, and in my humble opinion, will not have cost the federal government anything, because by the time the work is organized, the election will be over, and winter will be upon us, and perhaps very little work will have been done before the end of the present financial year.

The Hon. W. Gordon, the Hon. Dr. R. J. Manion and the Hon. T. G. Murphy know all about these two roads. They have the details, map locations and I believe thoroughly understand the situation. Our candidates are very alive to the situation, and no doubt have also been in touch with your own good self and the ministers, pointing out the actual situation and what it means. If it was not the right thing to do I would be the first to turn it down, but they are essential to the welfare of the province as a whole, running through two very thickly settled parts of the province, in fact the oldest settled parts, and there is not a road anywhere east of the Red river other than mud roads, and the people there are naturally aroused. I am not saying that it is a federal matter at all, we all know that, but as an unemployment relief works measure it is thought that something might be done, and particularly in view of the serious situation that has developed through rust and extreme heat in the crops of the farmers, and politically it means victory for us.

Yours very truly,
R. H. Webb,
Director for Manitoba.

What happened? After the right hon. gentleman received that letter, which he must have received, after the Hon. Mr. Gordon, the Hon. Dr. Manion, the Hon. Mr. Murphy and the Hon. Mr. Lawson getting copies, here is what the right hon. gentleman sent to Mr. Dickson. We, who were here from 1930 to 1935, all know, that at any time the right hon. gentleman signed his name to any document it meant that you had to carry it out or stand the consequences. Here is what he said:

Ottawa, September 4, 1935.

W. M. Dickson, Esq.,
Deputy Minister of Labour,
Ottawa, Ont.

Dear Mr. Dickson:

I have received a telegram from the Minister of the Interior reading as follows:

"Regarding further works in the province of Manitoba which might be commenced for the relief of unemployment the following should I feel receive serious consideration. Construction of a highway leading southeasterly from Winnipeg to the international boundary known as the Piney highway. Construction of a highway from Morden eastward to connect with the Piney highway. Construction of a highway from Russell to a point near Erickson to connect with the highway leading to the Riding Mountain park. Construction of a bridge known as the Lens bridge, Swan River district. The provincial government has addressed correspondence to the Department of Labour intimating their willingness to consider the construction of such highways and bridges as may be mutually agreed upon and to enter into a supplementary agreement in regard thereto."

Yours faithfully,
(Sgd.) R. B. Bennett.

Then, on September 4, 1935, the Hon. Mr Clubb wrote the following letter to the Hon. W. A. Gordon:

Dear Mr. Gordon:

Yesterday Senator Mullins, Mr. R. Peden, of Rossburn, and the Hon. Mr. Griffiths interviewed me with reference to the proposed gravelling of the road from Russell to Clear Lake via Silverton, Angusville, Birdtail, Rossburn, Olha, Oakburn, Menzie, Elphinstone, Sandy Lake and Rackham to Clear Lake highway.

This road, Mr. Peden informed me, had been approved by the parties interested at a meeting which he had attended. In discussing this matter Mr. Peden also informed me that Senator Mullins and himself had just returned from Neepawa where they had discussed the building of this road with the Hon. Mr. Murphy. They stated that Mr. Murphy had said that if I would write you requesting that this road be approved by you as a relief project on the usual basis it would be built. If this information is correct, and your government accepts this proposition, which we submitted to you on a previous occasion and which you refused, I take it that you would be prepared to draw up an agreement embodying this project and forward same to me for signature.

Then, there are some figures with regard to the mileage of the road, and the letter is signed by W. R. Clubb. I have another letter from Mr. Clubb to Mr. Gordon under date of September 4, 1935; reading in part as follows:

Under date of July 27th, 1935, I wrote you with reference to the Piney highway and also under date of July 23rd with reference to the Sprague-Morden road. To date I have not heard from you with regard to the above projects and would appreciate it if you could give these matters your attention, and oblige.

Then there is some correspondence with Colonel MacLean, and by the way I might just interject here a word with regard to this gentleman. When Colonel MacLean was in charge of the employment office in Winnipeg you could not get a job unless you were a fourth degree Conservative.

An hon. MEMBER: And your grandfather before you.

Mr. BEAUBIEN: Yes. After this letter of August 23 had been written to the right

hon. gentleman, what happened? On September 12 Mr. Gordon sent the following telegram to Mr. Clubb:

Reference your letters fourth instant Piney highway Sprague Morden road and Russel Clear Lake road stop Governor in council has now approved of supplementary agreement which authorize federal assistance to construction on the above highways also certain bridges and memorandum of agreement is being forwarded at once to the province.

The letter from Ralph Webb was dated August 23, and on it action was taken by the federal government. I am going to deal with my riding particularly, because I am more familiar with it. In my riding this agreement entailed an expenditure of $575,000 on the part of the dominion and a further expenditure of $250,000 as the federal share of the Piney highway. In other words, there was an expenditure contemplated in those three ridings, including the 50 per cent share of the province, of $1,525,000. Right up to September 12 the then Minister of Labour had refused to have anything to do with road construction in Manitoba except on the trans-Canada highway. When Mr. Ralph Webb, the henchman of the right hon. leader of the opposition, comes into the picture on August 23, this expenditure is provided on the representations of that gentleman. I should like to go back to a clause in Mr. Webb's letter to the right hon. gentleman which I think deserves to be read again:

If the federal government would advise of participation in these two roads, it would be good politics; it would call the provincial government's bluff; it would kill the propaganda that the Liberals are carrying on at the present time; it would assure us of a victory in these three seats, and in my humble opinion, will not have cost the federal government anything, because by the time the work is organized, the election will be over—

Can you beat that for trying to bribe the electors by the expenditure of public money? You can scrutinize the records of this house, and I do not think you will find anything as glaring as this. Then there is the order in council authorizing the work, which is P.C. 2851 of September 10:

Certified to be a true copy of a minute of a meeting of the committee of the privy council, approved by His Excellency the Governor General on the 10th September, 1935.

The committee of the privy council have had before them a report, dated 9th September, 1935, from the Minister of Labour, submitting:

(1) That parliament has enacted legislation which may be cited as "The Relief Act, 1935";

(2) That clause 2 of the act provides, inter alia, that the governor in council may, upon such terms and conditions as may be agreed upon, enter into agreements with any of the provinces respecting relief measures therein;

(3) That the government of the province of Manitoba has signified a desire to enter into an agreement with the dominion under the aforesaid act respecting relief measures in the province, supplemental to the agreements authorized by orders in council P.C. 1769 dated June 28, 1935, and P.C. 2396, dated August 8, 1935.

The minister, therefore, recommends that he be authorized to enter into an agreement with the province of Manitoba on behalf of the dominion under the provisions of The Relief Act, 1935, in accordance with draft attached hereto.

The committee concur in the foregoing recommendation and submit the same for approval.

E. J. Lemaire,
Clerk of the Privy Council.

I do not think I should read the entire agreement, but there is one clause I want to read to show that this whole project was carried forward for political purposes only. Mind you, I am not saying that these roads were not needed, but this whole project was started for the purpose of winning the three seats, bribing the electors into voting for the Conservative candidate. This is what clause 11 of the agreement provides:

This agreement shall be effective from and including the tenth day of September, 1935, and shall expire on March thirty-first, 1936, but shall not apply to any project on which work has not been commenced by the tenth day of October, 1935.

And voting was on October 14. Well, Mr. Chairman, I do not think I need say very much more. I hope my right hon. friend will stop accusing everybody else of doing something wrong and of suggesting that he always did the right thing. As I said before, as far as Manitoba is concerned, when his government was in power you could not get a job anywhere unless you were a full-fledged fourth degree Conservative. That was the practice. Preferred lists? You had to show your initiation certificate before you could be put on the preferred list for any commodities that were bought by any department, and my right hon. friend cannot deny that.

Mr. BENNETT: I certainly say that is inaccurate; and that without regard to political considerations men found jobs on relief projects, notably in the city of Winnipeg in connection with the sewage disposal plant.

Mr. BEAUBIEN: Whenever a statement is made my right hon. friend always denies it; that is the easiest thing to do, but the facts are there.

Mr. BENNETT: They are.

Mr. BEAUBIEN: And they could not exist without the right hon. gentleman being aware of them, because when he was Prime Minister of this country he was running the

whole show; he knows that. I do not think I need go any further. Even with the bribery that my right hon. friend and his henchmen tried to use by way of public money—

Mr. BENNETT: Surely that is not in order, Mr. Chairman. The hon. gentleman can use the word "bribery," but not in that sense.

Mr. BEAUBIEN: I shall withdraw the word and say the impetus which they tried to provide to unduly influence the electors, through the expenditure of certain large sums of money. I want to tell my right hon. friend that it will take ten leaders like him to influence the good electors of Provencher, because they are intelligent people. You can see that, because they have returned me to this house so often. I will tell my right hon. friend that despite the various kinds of impetus he tried to use in the election campaign in the constituency of Provencher. I was elected by the largest majority any man ever received in the riding. This money was being expended on road projects which were started for one purpose, and one only, namely, to win the election in those three seats. Thank heaven the electors turned it down and told the right hon. gentleman exactly what they wanted.

Mr. GLEN: Mr. Chairman, naturally I wish to take some part in this discussion, because one of the roads in question goes through my constituency, and I think I can speak with some degree of certainty with regard to what happened there. I must say at the outset I am not at all in favour of the tu quoque argument, and I very rarely apply it or use it. But when I read yesterday's Hansard, and listened to the speech delivered to-day by the right hon. the leader of the opposition, I think the very high ground he took in those speeches certainly calls for some comment as to the conduct of the Conservative party while they were in office.

Yesterday, when referring to patronage, he used the word "monstrous." As reported on page 3698 of Hansard, he said:

> It is monstrous—I use that word again, at which the minister sometimes smiles—that a poor unfortunate cannot get a job because he cannot get a letter to the employment office from the head of the Liberal organization.

Further on down the same page, referring to a man living in Calgary, he said:

> Under conditions of normal prosperity there might be a different attitude. But this is laying the foundation for anarchy. Mark it!

In reply to the Minister of Labour, he stated that he wished to make it perfectly clear "that to my knowledge it was not done under the relief administration." Then, further down on the same page he said:

> Sometimes I wonder whether our friends realize that we are living on the edge of a volcano in this country.

To-day we had the right hon. gentleman taking a very high ground again with regard to the attitude which should be adopted by the Minister of Labour in connection with conditions in Kingston. For that reason I think it only right that I should recall at this time some of the things that have been done by the administration of which the right hon. gentleman was the head.

As I said before, I do not like this kind of argument, but I think the people of the country must know exactly what happened during that period. During the election campaign of 1935 we were faced with the project of a road running through my constituency from Russell to Erickson, joining with the Clear Lake road to Riding Mountain. The Tory candidate was saying that the road was to be built by a Conservative government. I told the electors that this was an election road. I told them from the platform that if it was an election road, and they wanted it, the best thing they could do would be to vote for me, because a Liberal government would be administering it after the election. I believe to a certain extent that appealed to them, and is one of the reasons why I was elected. Probably it was not for that reason alone.

But when we see the letter that has been submitted by the hon. member for Provencher, I will suggest to the committee that I do not think there ever has been or could be a stronger indictment against the form of patronage that was carried out by the administration under the right hon. gentleman opposite. I never thought for one minute when going through that constituency, and saying the things I said, that .they were to be borne out one hundred per cent by the letter addressed by Mr. Webb of Winnipeg to the right hon. the leader of the opposition.

What I do not like—and I will say it frankly—is the fact that the leader of the opposition should be in a position to know the terms of that letter, and confirm the terms of it by the telegram which he sent and which has been read and put on Hansard by the hon. member for Provencher. I refer to the telegram which was sent by the right hon. gentleman to Mr. Dickson.

Mr. BENNETT: No, it was on the basis of a telegram from Mr. Murphy, and so says on the face of it. The telegram was from Mr. Murphy. What does the hon. member mean by saying that?

Mr. GLEN: I mean this: A letter was addressed to the right hon. gentleman by Mr. Webb. It is dated August 23, 1935, and has been read in extenso by the hon. member for Provencher. One must assume that the letter was duly received by the leader of the opposition, and that he was aware of the fact that there was a desire on the part of Mr. Webb and on the part of the Conservative organization in Manitoba that these roads should be built.

Having received that letter and seeing its terms, we note that Mr. Webb bluntly says that the work was for political purposes, and also the further statement that even if the government of the right hon. gentleman did agree to carry out the building of the road, no money need be spent upon it, because the winter would be upon them and there would not be the opportunity to carry out the project.

What I do say is this—and I do not like to say it; I hate to have to do it—is that the right hon. leader of the opposition having received that letter and having again received a telegram from Mr. Murphy on September 4, asking for the construction of these roads, was bound to know and to have acceded to and be entirely cognizant of all the conditions under which these roads were to be built.

This casts the reflection upon the right hon. gentleman that for political purposes he was willing to aid the Conservative association in Manitoba at the request of his organizer. The statement is blatantly made, that it was for political purposes only. It is true that in the letter he made reference to relief, but that is negatived absolutely by the statement that there could be no relief given that year because of the lateness of the period in which the contracts would be let and the work begun.

Mr. BENNETT: What about the provincial government, without which it could not be done?

Mr. GLEN: The provincial government prior to that had already made the request that these roads should be built.

Mr. BENNETT: And they renewed it.

Mr. GLEN: Excuse me; I should like to finish.

Mr. BENNETT: Yes.

Mr. GLEN: The request was made on July 27, 1935, and was refused by the then Minister of Labour in the government headed by the right hon. gentleman. The provincial authorities had been anxious all along to build these roads, and had made requests to the government of the day. Those requests had been refused. But when a meeting took place in my own constituency where the then Conservative candidate, Mr. Peden, attended, with Senator Mullins, the former member, it was agreed to build these roads at the request of citizens in my constituency. And it was after that that these letters were sent and the road was ultimately agreed upon by the federal government.

Mr. BENNETT: It was not agreed upon by the federal government. My hon. friend must not misunderstand the facts. The federal government agreed to contribute half of the cost, and the province again urged that the road be built, and gave reasons for their attitude.

Mr. GLEN: The roads were built in agreement between the federal and provincial governments. That agreement was duly signed. The contribution was made by the federal government, and the roads were to be and since have been built under that agreement.

But when my right hon. friend speaks about patronge, let me tell the committee that not a man in my constituency, known to be a Liberal, could be employed in Riding Mountain park. At one time there were fifteen hundred to seventeen hundred men in the park. They had to have the consent of the then Minister of the Interior, Mr. Murphy, or his committee, and also the consent of the committee in my own constituency, before they could be employed. Let me give an illustration.

Mr. BENNETT: The hon. member must be misinformed. A large number of single unemployed persons were sent to that park, and hence the number there was so very large. No one knew anything about their politics.

Mr. GLEN: Not one of them dared declare he was a Liberal.

Mr. BENNETT: There was no question of their politics. They were unemployed and they were sent there from every part of Canada.

Mr. GLEN: Let me give my right hon. friend an illustration.

Mr. BENNETT: I know what I am talking about.

Mr. GLEN: When this park was opened, invitations were sent all around, but they were so anxious to keep out Liberals that they did not even invite the three members who had secured the park for Manitoba, the hon. member for Dauphin, the hon. member for Neepawa and myself.

Mr. BENNETT: You were not members of the house at that time.

Mr. GLEN: We were not members of the house, but we had secured the park for Manitoba. When I went into the park on the opening day I was astounded to see a man directing traffic who had been one of my strongest supporters. I stopped and asked him what he was doing there. He replied, "For heaven's sake, Jimmy, don't speak to me; if anyone sees me speaking to you, I will lose this job."

Mr. BENNETT: That is conclusive. That is helpful.

Mr. DUNNING: He did not hear that; he experienced that.

Mr. BENNETT: It is hearsay.

Mr. GLEN: That is what was happening all the time. Let me give another illustration. This story was told to me as being true. The Hon. Mr. Murphy certainly did well for the constituency of Neepawa. He provided plenty of jobs in that park. The day after the election when he was defeated, a man came up to the garage man in Neepawa and said to him, "What happened yesterday at the election? How was Murphy defeated?" The garage man said, "Just let me whisper this to you; we killed Santa Claus." That is how they viewed Mr. Murphy, as a Santa Claus.

Mr. BENNETT: I am afraid that is a manufactured story. That story originated in the United States.

Mr. GLEN: It was told to me as the truth.

Mr. BENNETT: That story is told in every election.

Mr. GLEN: I want to refer to the principle that was involved in the construction of works under the leader of the opposition. I do not know that there has ever been a time when one could say more positively: Here is political patronage at its very worst. A letter was sent from Mr. Webb, a gentleman who had been mayor I believe seven times and who is now a member of the provincial legislature, to the head of the federal government of that day, stating reasons why certain roads should be built. That request was granted by the leader of the government of that day. It has been suggested to me that they were to be started before October 10. I think it ill behooves the right hon. leader of the opposition to take the position he has taken to-day with regard to matters in the constituency of the Minister of Labour. If he had shown the same desire and regard in the past for proper dealing, then his argument to-day might have been much stronger. I do not defend patronage of that kind and I do not practise it. My constituents tell me that there are Tories now working in this park when a Liberal could not get a job during the Tory administration. I am being blamed for that. I agree with the statement made by the Prime Minister to the effect that we should endeavour to eliminate patronage in all forms of the civil and political service. I agree that we ought to do that in our political and public life. I believe the leader of the opposition has been ill advised in bringing to light these matters at a time when he is passing from public life. I felt I had to say what I have said because I know the facts in connection with patronage in that park.

Mr. MacNEIL: When this item was under consideration last year the minister intimated that he had under advisement an extension of the follow-up service with regard to the placement of young women, particularly in domestic service. I should like to know what steps have been taken to implement the assurance given last year?

Mr. ROGERS: I do not recall the precise statement to which my hon. friend refers. The federal government does not appoint the personnel in the various provincial employment offices. This is simply going over the ground that we covered yesterday when this item was under discussion. I shall be glad to look up the point mentioned by my hon. friend. There has been certainly no intentional oversight with respect to the matter, but I do not recall at the moment the precise point raised last year.

Mr. MACKENZIE KING: Before this item carries, may I ask the right hon. leader of the opposition if, in view of the existence of the documents that have been read and placed on Hansard, and the statements contained therein which reveal a conspiracy to use public funds to corrupt the electorate in three constituencies on the part of himself and three other ministers of the crown when he was occupying the office of Prime Minister, he has nothing to say in defence of his action before this matter is allowed to drop?

Mr. BENNETT: The observations that I shall make will be made when the house resumes this evening. There is no warrant for any such language as that used by the Prime Minister. What is more, there is no authority for his statement in the letters that

have been read. A personal and private communication written to me by a man outside the House of Commons is made the basis of an attack against me personally. I know there is no minister here this afternoon who has not received personal communications from various people complaining about the political effect of certain works to be done, but not one has been read from this side. But the hon. member read a personal communication which had been written to me marked "personal and confidential." A copy of that letter was read in this house by the right hon. gentleman's mouthpiece. The right hon. gentleman would not do it. He would not disgrace himself by doing that.

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

PAUL SANSON WHITE

The house in committee on Bill No. 125, for the relief of Paul Sanson White—Mr. Hill. —Mr. Howden in the chair.

Section 1 agreed to.

On section 2—Right to marry again.

Mr. POULIOT: Mr. Chairman, speaking to this bill and others of a similar kind, I strongly object to having a bill of divorce in the statute books. I have protested already.

To my mind it is a shame that we should act as a tribunal just to dissolve marriages. Those people should be refused legislation of this kind; they should be sent to the provinces where there are courts of divorce. It is a real shame to see the long tale of divorces that is in every statute book of this parliament.

Section agreed to on division:

Bill reported, read the third time and passed on division.

LOUISE MAUD THOMAS GREGORY

The house in committee on Bill No. 126, for the relief of Louise Maud Thomas Gregory —Mr. Factor—Mr. Howden in the chair.

Section 1 agreed to.

On section 2—Right to marry again.

The CHAIRMAN (Mr. Howden): Carried?

Mr. MARTIN: On division.

Mr. POULIOT: What do we know about these people? We have never seen them; we are not interested in them; we have never heard evidence concerning them; and we are acting as rubber stamps for these divorces. I strongly protest again.

Mr. SPENCE: Somebody else has seen them.

Section agreed to on division.

Bill reported, read the third time, and passed on division.

EMMA KATHLEEN LAVERY FORESTER

The house in committee on Bill No. 127, for the relief of Emma Kathleen Lavery Forester —Mr. Graydon—Mr. Howden in the chair.

On section 1—Marriage dissolved.

Mr. POULIOT: I repeat, Mr. Chairman, this is rubber stamp business. I find this legislation foolish and disgusting. We know nothing of the parties and have to take for granted the evidence that is given in the Senate. Moreover, you will notice the type of investigators who give evidence in most of these cases. They are fellows who peep through keyholes—a disgusting kind of fellow. One of them once saw people misbehaving, when the curtain was about six inches from the window sill; and though he was three hundred feet away he saw everything that happened in the room and gave evidence. Another one looked through a keyhole. They are known as people who make money by blackmail most of the time. There is connivance. The senators ask the parties, "Is there any connivance?" The answer is, no; and they are satisfied with that answer, when there is evidence that there is connivance. I protest. It is a shame for this house to pass such legislation.

Mr. McIVOR: I understand that a bill on divorce is coming from the Senate, and I suggest that that will be the time for the hon. gentleman to make all the speeches possible. He will use his good judgment at that time.

Mr. WOODSWORTH: I suggest to the hon. member that he advocate setting up real courts in Quebec such as there are in other provinces.

Mr. POULIOT: In answer to that, let me say that I am not an advocate of divorce

courts or divorce mills, but when there are already divorce courts or divorce mills in any province those who want to take advantage of them can go where they are.

Mr. SPENCE: They do.

Mr. POULIOT: This is stupid legislation we have in front of us.

Section agreed to on division.

Section 2 agreed to.

Bill reported, read the third time and passed.

EDITH MARGARET CAMPBELL QUINN

The house in committee on Bill No. 128, for the relief of Edith Margaret Campbell Quinn —Mr. Hyndman—Mr. Howden in the chair.

On section 1—Marriage dissolved.

Mr. POULIOT: Here, again, I will make a valuable suggestion to the committee—I already made one the other day—that the Senate and the House of Commons refuse to pass such legislation. My suggestion to-day is that all parties who come here for divorce shall be sterilized before divorce is granted.

Section agreed to on division.

Section 2 agreed to.

Bill reported, read the third time and passed on division.

DOROTHY MAUD DORAN GAY

The house in committee on Bill No. 129, for the relief of Dorothy Maud Doran Gay—Mr. White.—Mr. Howden in the chair.

On section 1—Marriage dissolved.

Mr. POULIOT: This is no gay matter and I protest again. I find the legislation stupid and I say that seriously. It is a shame for this parliament to pass such legislation and it is time for it to stop. Action must be taken and those who try to play the fool with us must be told this fact. Perhaps it would bring about reconciliation between them if they deserve to live in peace together.

Section agreed to on division.

Section 2 agreed to.

Bill reported, read the third time and passed on division.

KATHLEEN BARNSLEY PRICHARD HARTNEY

The house in committee on bill No. 132, for the relief of Kathleen Barnsley Prichard Hartney—Mr. Jacobs.—Mr. Howden in the chair.

On section 1—Marriage dissolved.

Mr. POULIOT: Owing to the numerous protests against these bills, I suppose they are all adopted only on division.

The CHAIRMAN (Mr. Howden): Yes, they are carried on division.

Section agreed to on division.

Section 2 agreed to.

Bill reported, read the third time and passed on division.

THOMAS RUSSELL

The house in committee on Bill No. 133, for the relief of Thomas Russell—Mr. Emmerson. —Mr. Howden in the chair.

On section 1—Marriage dissolved.

The CHAIRMAN (Mr. Howden): Shall the section carry?

Mr. POULIOT: On division.

Section agreed to on division.

Section 2 agreed to.

Bill reported, read the third time and passed on division.

MARIE MARGUERITE AGNÊS MARCELLE DUPONT ROSS

The house, in committee on Bill No. 134, for the relief of Marie Marguerite Agnès Marcelle Dupont Ross—Mr. Jacobs.—Mr. Howden in the chair.

On section 1—Marriage dissolved.

The CHAIRMAN (Mr. Howden): Shall the section carry?

Mr. POULIOT: On division.

Section agreed to on division.

Section 2 agreed to.

Bill reported, read the third time and passed on division.

WILFRED AUGUSTUS COTTLE STEAD

The house, in committee on Bill No. 135, for the relief of Wilfred Augustus Cottle Stead—Mr. Lennard.—Mr. Howden in the chair.

On section 1—Marriage dissolved.

The CHAIRMAN (Mr. Howden): Shall the section carry?

Mr. POULIOT: On division.

Section agreed to on division.

Section 2 agreed to.

Bill reported, read the third time and passed on division.

CELIA CAPLAN TUCKER

The house, in committee on Bill No. 136, for the relief of Celia Caplan Tucker—Mr. Heaps.—Mr. Howden in the chair.

On section 1—Marriage dissolved.

Mr. POULIOT: I rise on this bill. It happens that I went through the evidence, which is of a most shameful and disgusting type. According to the evidence, the whole thing was arranged by the father-in-law, who organized the so-called frame-up, which was admitted by the husband. Notwithstanding that, the Senate declared itself favourable to the divorce. It is a repugnant case of a frame-up organized by the father-in-law, to the previous knowledge of the husband, and it is declared by the husband right there. I submit that the bill should not be voted upon like this in committee until hon. members have had an opportunity to read the evidence. It is of the most shameful and disgusting type; it is just a frame-up. I shall not say more because there are ladies in the gallery, but it is something revolting. We are making fools of ourselves by such legislation.

Section 2 agreed to.

Mr. POULIOT: On division.

Bill reported, read the third time and passed on division.

IRENE THOMAS SMITH

The house in committee on Bill No. 139, for the relief of Irene Thomas Smith—Mr. Walsh. —Mr. Howden in the chair.

On section 1—Marriage dissolved.

Mr. POULIOT: I do not object any more to-day, although I am against it, because I was so much disgusted by the evidence in the Tucker case which I picked up that I did not go through the others.

Section agreed to on division.

Section 2 agreed to.

Bill reported, read the third time and passed on division.

SYLVIA SALZMAN UDASHKIN

The house in committee on Bill No. 140, for the relief of Sylvia Salzman Udashkin—Mr. Lawson.—Mr. Howden in the chair.

On section 1—Marriage dissolved.

Mr. POULIOT: It is something abominable.

Section agreed to on division.

Section 2 agreed to.

Bill reported, read the third time and passed on division.

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CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 99, to incorporate the Maritime Provinces General Insurance Company.—Mr. Isnor.

Bill No. 121, to incorporate The Roman Catholic Episcopal Corporation of Hudson's Bay.—Mr. Boulanger.

Bill No. 130, respecting The Mail Printing Company.—Mr. Slaght.

Bill No. 131, respecting the Globe Printing Company.—Mr. Slaght.

Bill No. 141, for the relief of William Dougald Stanley Campbell.—Mr. White.

Bill No. 142, for the relief of Mildred Varner Macleod.—Mr. MacLean (Prince).

SUPPLY

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

DEPARTMENT OF LABOUR

Employment Offices Coordination Act, Administration, $63,925.

Mr. MACKENZIE KING: When the house rose at six o'clock the right hon. leader of the opposition (Mr. Bennett), speaking in reference to the correspondence which had been read to the committee by the hon. member for Provencher (Mr. Beaubien), made the statement that I myself would not have read this correspondence to the committee, but that I was using the hon. member for Provencher as—henchman I think was the expression used.

Mr. BENNETT: No, "mouthpiece" was the word I used.

Mr. MACKENZIE KING: As a mouthpiece to perform that service on my behalf. I wish to say at once that I had no word direct or indirect with the hon. member for Provencher with reference to his action in the committee to-day. I never said a word to him about any of the correspondence; I did not instruct anyone else to say a word to him on my behalf. His action was entirely his own as far as I know. That is the truth with regard to that matter.

Now, with respect to what actually took place, as will be recalled, some time ago an order was passed by this house for a return showing certain correspondence. This is what was called for and what was brought

down. It was brought down yesterday, a return to an address to the House of Commons dated June 6, 1938 showing:

—a copy of all letters, telegrams, orders in council, agreements and other documents having to do with the construction of the Piney highway, Morden Sprague highway, Brandon Clear Lake highway, in Manitoba, carried on between the province of Manitoba and the dominion government, as well as all other correspondence in relation thereto, between the Minister of Labour, the Prime Minister and any other parties, between the dates of August 20, 1935, and October 15, 1935.

That was the correspondence which this house ordered should be tabled, correspondence to be taken from the files of the government department. The Minister of Labour, performing his obligation as a minister of the crown to bring down the correspondence asked for by this house, undoubtedly requested his deputy minister or some other official in his department to bring to him or to send to the Secretary of State all the correspondence on file and to have that correspondence prepared so that it might be tabled in this house by the Secretary of State, who would subsequently table it. The correspondence that was tabled came from the office of the Minister of Labour. It was all correspondence that related to the subject which this house had ordered should be dealt with in the return. The correspondence dated back to previous years and was laid on the table exactly as taken from the files of the department, not those of the present minister but in part those of the previous minister, the files that he had left in the department as a matter of record to justify his actions. I ask the committee to keep that circumstance in mind. We are being told by the right hon. leader of the opposition that certain letters which were on the files of the ex-Minister of Labour, and which he had left in the department as a record to justify his course, should not have been brought down.

Mr. BENNETT: I did not say and did not suggest that.

Mr. MACKENZIE KING: That is the insinuation.

Mr. BENNETT: I did not suggest it.

Mr. MACKENZIE KING: Then we will come to what was actually done. What was the correspondence that was there? Here was the first communication, and I will ask the right hon. leader of the opposition if he will say that this letter should not have been brought down:

[Mr. Mackenzie King.]

Conservative Dominion Headquarters
Province of Manitoba
408 McIntyre Block,
Winnipeg, Man.,
August 23, 1935.

The Hon. Wesley Gordon, K.C., M.P.,
Minister of Labour,
Ottawa, Ontario.

Dear Mr. Gordon:

I would appreciate it very much indeed if you would kindly read the enclosed carefully. It does explain the situation and means so much to us, and in view of the new conditions that have arisen owing to the rust and extreme heat on the crops, it might be good justification for really doing something at this time as a special consideration. There is not the question of a doubt that if we do not do something many hundreds and thousands of these people in these districts will be applying to the provincial and federal governments for assistance this winter.

Yours very truly,
R. H. Webb,
Director for Manitoba.

I ask the right hon. leader of the opposition: Does he say the Minister of Labour should not have brought down that letter, when it was in the files; a letter making a straight appeal from one who, if I am not mistaken, was at the time the mayor of Winnipeg, or who certainly had held that position for many years; a letter addressed to the minister in his capacity as a minister of the crown; making an appeal to the Minister of Labour to do a certain thing to help relieve a situation; to use money of the federal government, which was intended for relief purposes, in order to provide for the construction of roads.

Mr. GLEN: That is not marked "confidential" either.

Mr. MACKENZIE KING: I am just coming to that. This letter is not marked "personal and confidential." It was on the file as a public letter, a strictly official letter. It is not for me to say anything about what were the relations between the former Prime Minister and his colleagues, but I have pretty good reason for saying that Hon. Mr. Gordon, I have no doubt, felt the necessity of protecting himself with regard to all actions that were taken by his department; and I assume one reason why he left this letter on the file—if there was any reason why it should not be left there—was that he felt the necessity of being able to affirm what it was which occasioned the action that was taken. Now may I come to the next letter, but first let me refer again to these lines:

I would appreciate it very much indeed if you would kindly read the enclosed carefully. It does explain the situation and means so much to us . . .

"Read the enclosed carefully." What is the enclosed? There is only one enclosure, and that is the document which the leader of the opposition says should not have been brought down. He says that I would not have produced it, but that I had my mouthpiece, as he said, read it instead. I ask hon. members of the committee how the Minister of Labour, being ordered by the house to produce the documents that were on the file of the ex-Minister of Labour and lay them on the table, could have taken out of that file a communication that was not marked personal or private or a communication which was attached to a letter, which was referred to therein as "the enclosed" and which, it was stated, was placed there in order to explain the situation and explain it very carefully. The enclosure, when one looks at it, is not so much a personal, private letter. A personal, private letter is a communication that is sent to one person for his personal, private information, not to be passed on to others. This letter was much more in the nature of a circular than a personal, private letter. It was a circular letter to other ministers of the government of the day. It is headed:

Copy to the Hon. Wesley Gordon, K.C., M.P., Ottawa, Ontario.
Copy to the Hon. J. Earl Lawson, K.C., M.P., Ottawa, Ontario.
Copy to the Hon. Dr. R. J. Manion, M.P., Ottawa, Ontario.

Then after the words, "private and personal," and the date, August 23, 1935, there is the address:

The Right Hon. R. B. Bennett, P.C., K.C., M.P.,
Prime Minister of Canada,
Ottawa, Ontario.

It is written to the right hon. gentleman as Prime Minister, and begins:

My dear Chief:

I need not read the whole of the letter, but here are some of the essential parts; this is what Mr. Webb was telling the Minister of Labour he must consider as the reasons why the government of the day should appropriate a large sum of money for the construction of certain roads. The amount, I believe, was something like $1,365,000, and here are the reasons set forth why that amount should be appropriated for the purpose mentioned:

My dear Chief:

I have just come in from the constituencies of Lisgar, Provencher and St. Boniface particularly, and the situation at the moment is very good there politically, but it needs the necessary impetus to carry on.

I have already written to the Hon. J. Earl Lawson, the Hon. Dr. R. J. Manion and the Hon. Wesley Gordon and the Hon. T. G. Murphy with regard to the two roads in these three constituencies that are vital factors in this election campaign, and they have the whole story in detail, both verbally and in writing.

The house is denied the whole story as the ministers of the crown of that day had it. I am not at all sure that it would not be advisable for us to call the public accounts committee together and get the whole story. I agree with the right hon. leader of the opposition that this business of trying to corrupt and bribe constituencies with public money is something that must be stopped if it possibly can be; but I do not think to that end we need waste the time of this House of Commons as it has been wasted in these last two days with the right hon. leader of the opposition devoting two complete sessions of this house to what? To talking about what I think is generally described as one of the lowest forms of ward politics; insinuations as to how this man and that man, whose names are unknown to anyone or were unknown until placed on Hansard to-day, received or were denied this or that consideration, or were expected to do this or that for some political reason. I say it is wasting the time of this parliament to talk of that sort of thing when you have the written evidence that a prime minister and several of his colleagues sat together and conspired—that is not too strong a word—to see how three constituencies in a province could be won, by means of money appropriated by this parliament for purposes of relief, and worked hand in glove to that end with the political organizer of a province. That is the kind of thing that needs looking into, and that is the sort of thing that needs to be stopped. That is what we have in the correspondence tabled to-day. Let me read more:

As a political measure, it assures us without any question of a doubt these three seats which we badly want to win, and which look very good for us at the present time. . . . I feel that we should play the game politically . . . If the federal government would advise of participation in these two roads, it would be good politics; it would call the provincial government's bluff; it would kill the propaganda that the Liberals are carrying on at the present time; it would assure us of a victory in these three seats and—

Then comes—and I do not think it is too strong a term to use—the most contemptible part of it all:

—and in my humble opinion will not have cost the federal government anything, because by the time the work is organized the election will be over, and winter will be upon us, and perhaps very little work will have been done before the end of the present fiscal year.

Ending up with:

And politically it means victory for us.

The right hon. the leader of the opposition said he was watching with interest to see whether the new Minister of Labour, with his high ideals in public life, would be able to destroy the machine, the political machine, or whether he would be overborne or crushed by it. And yet the leader of the opposition himself when Prime Minister of this country was conspiring with his colleagues not only to help that political machine, but to oil it and to give it power to destroy free will and its expression at the polls of the people of Manitoba in three specified constituencies. How far this was the method generally adopted, who can say?

I have not time to go through the correspondence; I wish simply to bring home some outstanding points. Looking at the order in council, and its date in relation to this earlier correspondence, the whole story is there, as complete as it can be—an order put through on the eve of an election, just for the purpose of letting these poor people who were then so hard pressed in the province of Manitoba—starving, many of them, as the right hon. the leader of the opposition would say—believe that at last help was coming from the public treasury.

Mr. BEAUBIEN: And the work was to be there by the tenth of October.

Mr. MACKENZIE KING: And the work was to be there, and all would be well. But in the back of the minds of all these gentlemen there was the knowledge or intention that as soon as the election was over—no more work—whether the people starved or did not starve. I say that in all Canadian history there has never been an exposure of corruption and corrupt political methods so disgraceful.

Mr. BENNETT: Read this! Beauharnois! Beauharnois! Read that.

Mr. MACKENZIE KING: Beauharnois is a shadow compared with this thing. The right hon. the leader of the opposition comes along and shouts, "Beauharnois"! And after all his talk about Beauharnois, he sits in a cabinet and as Prime Minister does something that is infinitely worse than anything ever done by any of those connected with Beauharnois, more than anything that was done by men who were not even members of the House of Commons.

Mr. BENNETT: Quite; and neither was Webb.

Mr. MACKENZIE KING: No, but my right hon. friend was Prime Minister.

Mr. BENNETT: And so were you!

[Mr. Mackenzie King.]

Mr. MACKENZIE KING: But I had not any knowledge of the evils my right hon. friend speaks about.

Mr. BENNETT: The record shows you had.

Mr. MACKENZIE KING: No, I had not, and my right hon. friend knows it. He himself was the engineer in this whole business. He sent directions as to what should be done over the head of his own minister, telling what was to be done.

Mr. BENNETT: As a matter of fact, it does not say in the telegram what he was to do.

Mr. BEAUBIEN: Why did you send it, then?

Mr. BENNETT: He intimated to me that it had been received from the Minister of the Interior. The record is there, and I say the Prime Minister is bound by it.

Mr. MACKENZIE KING: My right hon. friend has spoken about Beauharnois.

Mr. BENNETT: Hear, hear.

Mr. MACKENZIE KING: He talks about Beauharnois in this house, and he talked about Beauharnois across this country from coast to coast, with what results? With the result that he came back to this parliament with his party defeated, with his party emasculated, well-nigh annihilated, and without a following behind him worthy of the name, leaving some of the provinces of this country without a single Conservative member, and with what further result? The Conservative party is not only obliterated for the time being, but, as we saw by the election two days ago, is obliterated possibly for all time as a party. And what at the same time was the verdict, with respect to myself, by the people of this country? The man whom he sought to condemn is sent back to this parliament with the largest following any leader of a political party or any Prime Minister in Canada has ever had. I tell my right hon. friend that for what has been disclosed to-day the people of this country will pass judgment upon him some day.

Mr. BENNETT: Hear, hear.

Mr. MACKENZIE KING: With respect to this matter he will get out of all this before judgment is passed in this house; but let me tell him that the judgment which will follow him is the record of this House of Commons of to-day; the record of his own words will follow him for the remainder of his term in this house; they will follow him

to the end of his days, and they will remain a judgment against him as long as a record of this parliament remains.

Mr. WALSH: I assume this house is still discussing item No. 103, is that right?

Mr. BENNETT: Item No. 108.

Mr. WALSH: There were certain items discussed during the course of this afternoon that did not create a very gratifying reflection upon the present government. I notice that whenever a person or a government is confronted with a difficult proposition, it attempts to cover up by the throwing of mud, and the raking up of past history. I do not see that what the Prime Minister has said to-night, or the snickering grin and laughter of the Minister of National Defence—

Mr. MACKENZIE (Vancouver): Thank you.

Mr. WALSH: —in any way eradicates the suggestion that was made from the opposition benches this afternoon in connection with the work that is being done in and around the city of Kingston.

Mr. BENNETT: Hear, hear.

Mr. WALSH: It was my privilege to visit—

Mr. BENNETT: The commandant's report.

Mr. MACKENZIE (Vancouver): I have it here.

Mr. WALSH: —my native city last week-end. I want to say to the committee that it is common gossip on the streets of Kingston—

Mr. DUNNING: "Gossip" is right.

Mr. WALSH: Yes, gossip is right. And I want to say this in passing, to the Minister of National Defence, that when the opportunity comes to look into the details of his department we shall then be able to see to what extent political debauchery and corruption have crept into that particular department of government.

Mr. MACKENZIE (Vancouver): Do it now.

Mr. BENNETT: No; that item is not before the committee.

Mr. WALSH: It is not possible to do it now, but the time will come when we shall look into it.

The CHAIRMAN: Order.

Mr. WALSH: I shall come back to the city of Kingston.

Mr. MACKENZIE (Vancouver): You had better.

Mr. WALSH: I can go there with my head in the air, and be respected by the citizens of the city of Kingston. I was saying that it is common gossip—

Mr. DUNNING: Yes, gossip.

Mr. WALSH: I was saying that it is street gossip, everyone is talking about it in the city of Kingston, as to what is being done in connection with public works there. I want to say this in passing, that the Minister of Labour (Mr. Rogers) personally is not in any way being blamed for the condition that has arisen there.

An hon. MEMBER: Blame your leader.

Mr. WALSH: I say that in all fairness.

An hon. MEMBER: You cannot be fair.

Mr. WALSH: I could not be fair with some people, because some people do not know what the word "fair" actually means. I do not consider that the Minister of Labour himself has in any way connived at what has developed there. Unfortunately, what has developed is the creature of our political system. The sooner the two major parties and the two minor parties of this house get together as public-spirited men and women, the sooner shall we eradicate this sort of business from the political life of our country. As I sat here and listened to what one government was said to have done in the past, and to what another government was said to be doing at the present time, I wondered what the people of Canada were going to think when they read their daily newspaper to-morrow morning or to-morrow evening. The reflection that has been cast upon democracy as it exists in Canada to-day is not at all gratifying. For this government to sit here and suggest that they are doing these things because it was done to an even greater extent in the past—

Mr. DUNNING: That was never suggested by anybody.

Mr. WALSH: Why rake up past history? Why go into old history to bolster up what I consider to be a rather weak case? The question before the committee is a serious one as far as public life is concerned. The right hon. Prime Minister boasts of a very large following. Fortunately for him and for his party they are the creatures of peculiar circumstances. He takes credit for the great victory achieved by the Liberal party in 1935. Any person with any degree of knowledge of past political history will be able to analyse the situation that developed in 1935 and made it almost impossible for any other action to be taken by the Canadian people. From 1930 to

1935 this country was governed by a leader and a government who did everything in their power to remedy a serious condition. During that time they received little or no assistance from those sitting in opposition. The country went through a difficult period, and if we analyse the conditions of that time we can see readily how the people had not the time prior to 1935 to appreciate what had actually been done by the government which was in office from 1930 to 1935.

Mr. GLEN: What about Saskatchewan?

Mr. WALSH: I do not think the Liberal members can take a great deal of real satisfaction out of the victory in Saskatchewan. If you will have written on the records of Hansard; if you will have published and broadcast from one end of Canada to the other exactly what did take place in Saskatchewan, I can assure you that the people will be more disgusted with that phase of democratic government than they will with what exists here in Ottawa at the present time. Everything that was possible to be used was used in Saskatchewan.

Mr. MACKENZIE (Vancouver): Does my hon. friend not agree with the decision of Saskatchewan?

Mr. WALSH: I do not agree with the conditions that brought about the decision in Saskatchewan. Any one who does agree with those conditions has no right to continue in public life.

Mr. TURGEON: What are the conditions with which you do not agree?

Mr. WALSH: You are more familiar with them than I. I have an idea of what took place out there, but it is not as good an idea as my hon. friend's.

Mr. McNIVEN: Does my hon. friend agree with what happened in Manitoba prior to the 1935 election?

Mr. WALSH: I want to come back to this discussion. The Liberal party has complained of third parties in the field.

Mr. DUNNING: Never.

Mr. BRADETTE: The more the merrier.

Mr. WALSH: You have complained of the "more," but not of the "merrier." There is every reason to expect third parties in the field in Canada, and fourth parties as well. If conditions in public life, as exemplified by the statements of the leader of the opposition and the Prime Minister, are allowed to continue unremedied, the people of this country are bound to ask for a different form of government. If any member of this house is interested in the survival of democracy in Canada, he will not aid and abet what has taken place and what is taking place in our public offices, but will make a serious endeavour to clean the slate, start over again and give democracy a real chance. I do not see why we cannot be businesslike in the expenditure of public moneys. I do not see why we cannot expend public money just as we expend our private funds. I do not see any reason why there should be a suggestion in this house that there is a conspiracy to give only Liberals jobs when a Liberal government is in power.

Mr. DUNNING: We cannot prevent you from saying that. That is the trouble; you say it whether it is true or not.

Mr. WALSH: I would not say it if it did not exist. I started out like the Minister of Labour. I was in an academic institution, and during the course of my campaign in 1935 I gave utterance to words very similar to those uttered by the minister. I had my high ideals and, like him, I still have them. I hope I am going to be able to maintain them despite what I have had to listen to in this chamber during the course of this evening and this afternoon. If we had less laughter from the treasury benches and more serious contemplation of what is taking place in government circles, this matter would be remedied.

Mr. DUNNING: What we want is more truth in opposition statements.

Mr. WALSH: There are several points that could be brought up, but I see no reason for doing so. I think this matter has been emphasized sufficiently, and I feel sure that members of the house have come to the realization that something must be done in order to prevent a continuation of a practice that apparently has grown up and rooted itself in our democracy. This practice does not belong there. I feel quite sure that the Minister of Labour will be among the first to make an effort to eradicate this system, root and all. I have sufficient confidence in the Prime Minister and in those associated with him to feel that they are ready to assist this country out of the quagmire in which it is at present. It is unfortunate that this discussion has developed. It is unfortunate that we have had to refer to conditions that exist in Kingston. I do not associate those conditions with the Minister of Labour, but I do associate them with what we have allowed to grow up. As parliamentarians we ought to be bigger men. We should rise up in firm

determination to eliminate these conditions from the public life of Canada so that the people may have their faith reestablished in the democratic form of government that exists in Canada to-day.

Mr. ROGERS: I assure members of the committee that no one deplores more than I do that two full days should have been occupied in the kind of discussion we have had here. I am in the judgment of the committee when I say that, in view of the statements made on several occasions by the leader of the opposition, I had no recourse but to meet those charges, and my colleagues had no recourse but to meet such charges. My hon. friend who has just spoken has expressed the view that as Minister of Labour I have a certain sense of obligation with respect to the duties of my office. I hope I have.

When the leader of the opposition first brought these matters to the attention of the house, I asked him to let me have any complaints which he might have received, and said that I would take the earliest opportunity of dealing with them. He referred specifically to Fort Henry, and he certainly designedly created the impression that no one but a Liberal could secure employment on the work at Fort Henry. I told him without the slightest hesitation some days ago that in my view, on relief work which is done in cooperation with the provinces, for which money is paid out of relief votes of this parliament, there should not be discrimination, and that whenever I received complaints of discrimination they were investigated without the slightest delay. My right hon. friend simply made the statement, that so far as he understood—he occasionally admitted that his recollection was faulty—none but Liberals would receive employment on the work at Fort Henry.

Mr. BENNETT: He did not say that.

Mr. ROGERS: I beg the right hon. gentleman's pardon.

Mr. BENNETT: He did not say that.

Mr. ROGERS: Well, that was certainly the implication of what my right hon. friend said.

Mr. BENNETT: He did not say that.

Mr. ROGERS: I shall look up Hansard to correct that impression if it is incorrect. Immediately after that, I wrote to the Frid Construction Company, which had the contract for that work at Fort Henry, and I also wrote to the chief relief officer in the city of Kingston. I received first from the chief relief officer in the city of Kingston this letter; it is from Colonel Pense:

I have spoken to Mr. J. K. Fraser, chairman of the social welfare committee, in regard to your letter of the 16th instant.

There is no hesitation in saying that no political considerations have ever entered into the administration of the social welfare department of Kingston; any names that have been submitted to the employment office were submitted without regard to any political affiliations the person might, or might not, have.

The letter from the Frid Construction Company is in the following terms:

Your letter re selecting applicants for employment on our contract at Fort Henry duly received, and I am glad of the opportunity of explaining this to you.

The clause re labour in our contract stated that our company was allowed to employ twenty-five per cent of our own men. The other seventy-five per cent we were obliged to take through the government employment office in Kingston.

From the beginning when men were required we called the employment office, and these men were all sent to us with an employment office card. These men as far as our superintendent was concerned were never asked as to their political affiliations. We required only that the men employed must be able to perform their work in a satisfactory manner, otherwise they were paid off.

Regarding the twenty-five per cent which we were allowed to hire ourselves. They of course were of our own selecting, mostly foreman, clerks and skilled workmen. In each case we naturally picked the best men available for the different positions.

It has never been the policy of our company either on this or any other job, to ask the employees questions pertaining to their political affiliations or religious beliefs. In every case the prime requisite for employees is their ability to handle work well and efficiently.

In one or two cases only, men were recommended to us by friends, and we did see they got work under our twenty-five per cent quota, and if they turned out to be good men we kept them on.

I am enclosing some private correspondence I had regarding these workmen for your information.

I am reluctant to mention these few cases as the men given employment were heads of families and in very dire straits, and we did feel justified in doing this, as their employment meant so little when compared to the total number of men employed.

Our company has carried out the labour part of our agreement very carefully and we believe to the satisfaction of Mr. Hudson who is general superintendent, Ontario government office, employment service of Canada. I am enclosing letter we received from him under date of April 14, 1937, which speaks for itself.

In that enclosure the head of the Frid Construction Company does acknowledge that he did receive certain recommendations from

a member of parliament, and I think I should say that to the members of the committee. Does the leader of the opposition feel there was anything out of the way in that?

Mr. BENNETT: Not the slightest—

Mr. ROGERS: I am glad that he does not.

Mr. BENNETT: —because the contract provides that the head of this company is to have his own foremen and that he is to get the balance of the labour under the Ontario employment commission.

Mr. ROGERS: Precisely.

Mr. BENNETT: And it is because the head of the Ontario employment commission took the position he did, as I indicated yesterday, that I complained. I never complained about the Frid Construction Company.

Mr. ROGERS: I am entirely in agreement with that statement, because the only letter he received from a member of parliament was from a member on the opposition side. And I may say that two and possibly three men were placed because of requests made by one of the friends of my right hon. friend. I should also say this, that two of the sub-contracts on the work at Fort Henry were given to Conservatives in Kingston, and those actively in charge of the work are members of the Conservative association in the city of Kingston and control entirely the employees whom they use on that part of the work.

My right hon. friend complained this afternoon of the cost of the work at Fort Henry. He said it had already reached close to a million.

Mr. BENNETT: I said it was nearer a million than seventy thousand.

Mr. ROGERS: Well, that is correct, but my right hon. friend allowed himself considerable latitude in making that statement.

Mr. BENNETT: That is exactly what he said.

Mr. ROGERS: That is quite correct. That is the statement he made, that it was nearer a million than seventy thousand, but certainly the inference was that it was a gigantic expenditure.

Mr. BENNETT: I said that it was several hundred thousand dollars.

Mr. ROGERS: Strictly, up to date the expenditure has been $498,000, of which the dominion government has contributed one-half, which is under $250,000. I gave the committee this afternoon the conditions respecting the tenders which were invited for that work. I might say that in each year, 1936 and 1937, tenders were publicly advertised, advertised in the public journals, in the Globe and Mail, and in certain trade papers.

Mr. BENNETT: Could the hon. gentleman give me a little information respecting that? I have a copy of the specifications respecting the first tender, June 30, 1936. Can he fix the date of the second?

Mr. ROGERS: My information is that the second tender was awarded in March, 1937. The first tender was for $72,000. The work was actually extended beyond that on the same unit prices, as I explained this afternoon. The second tender was for $305,000. That is the information I have.

Mr. BENNETT: Were tenders called for the second contract?

Mr. ROGERS: Tenders were called for the second contract.

Mr. BENNETT: Public tenders?

Mr. ROGERS: Public tenders, yes.

Mr. BENNETT: I have not a copy of these specifications.

Mr. ROGERS: I am giving my information. My right hon. friend also went on to say this afternoon that in connection with the disposal of certain huts which were left when the relief camps were closed, there had been irregularities.

Mr. BENNETT: Not huts. I said—

Mr. ROGERS: Equipment. These are his words:

> There were two camps in and around Kingston. Camp 42 was one and camp 37 was the other. Both camps were closed by the government. There was much clothing and supplies in one of those camps. They were placed in a storeroom. They were sold. And in a public meeting one of the electors of Kingston, at Sydenham, gave illustrations as to the prices received for them and the method of their disposition—horses, wagons and costly equipment. Who got it, and at what price? And it is a singular coincidence that within four hours after the conclusion of that speech at Sydenham the storehouse was on fire.

Mr. DUNNING: That is what he said.

Mr. BENNETT: Yes; that is what I said.

Mr. ROGERS: Well, certainly my right hon. friend must have had it in his mind to create some impression by his statement. I am bound to say that after reading that statement I am not yet clear as to what precisely he had in mind. Actually the disposal of the equipment of the relief camps was undertaken by the salvage officer of the dominion government. The huts themselves, as I explained previously to the committee, were not given to friends of the administration

in power; they were disposed of at a nominal price to various welfare organizations. I have a list of them here, if my right hon. friend desires them.

Mr. BENNETT: I made no observations about the huts.

Mr. ROGERS: As to the fire, my information is that the fire occurred in a hut which was used for storage purposes by the signal corps at Barriefield. The contents of the hut were fully insured and the insurance was paid. That is my information at the present time. Obviously, therefore, there is nothing whatever in that statement. My right hon. friend also made some charge with respect to the movement of cement from one contract held by the Frid Construction Company to another contract held by the same company in the city of Kingston. Here again I have lost no time in securing information, and if he had written me a letter I could have given him the information within twenty-four hours and saved the time of the house by doing so. The cement for the Crain building, which is being constructed at Queen's, was borrowed from the Fort Henry job with the consent of the provincial authorities, and it was returned to that job on the following dates: November 1, 1,000 bags; January 17, 750 bags.

Mr. BENNETT: Why were the empty bags taken to Fort Henry?

Mr. ROGERS: My information is that talk about the returning of empty bags to Fort Henry is utter rot; that is the memorandum I have. It reads:

> The talk about returning the empty bags to Fort Henry from Crain building is utter rot. In the old days when cement was put up in canvas sacks they were returnable and had a value. For quite a few years the department of highways has been purchasing its cement, as do most users, in paper bags which are not returnable. The cement referred to in two items above was ordered by Frid, charged to Crain job and then transferred to the Fort job.

Mr. BENNETT: I made it perfectly clear that they were paper sacks.

Mr. ROGERS: So that there is nothing left of that charge.

Mr. BENNETT: Were they sent up there at night, and if so, for what purpose?

Mr. ROGERS: My right hon. friend is confusing his charges. The cement was not taken at night.

Mr. BENNETT: I did not say that; I said the bags.

Mr. ROGERS: My right hon. friend said that twenty-five containers of white lead were taken after midnight.

Mr. BENNETT: That is not cement.

Mr. ROGERS: Well, the committee will pardon me if I confuse the cement, white lead, cut stone and various other materials—

Mr. BENNETT: Cut flowers and cast-iron pipe.

Mr. ROGERS: —that have been brought into the discussion; but up to the present time I have not been able to discover that there have been at any time on the Fort Henry job or at camp 42 as many as twenty-five containers of white lead. My information is that at camp 42 there had never been more than one or two cans of white lead required for their purpose, and not more than one can had been required for work at Fort Henry. What, therefore, is left of that charge, I confess I do not know. I have tried to get the information, and that is as much as I have at the present time.

My right hon. friend also had something to say about some stone which apparently had gone in some clandestine way from the Royal Military College to the grounds of Mr. Stansbury. Again, to the best of my ability, I have not been able to discover the slightest scintilla of evidence which would support that charge. I dealt this afternoon with his first charge, that Mr. Stansbury had built his garage from public property, and my strong conviction is that there is just about as much foundation for his second charge as there was for his first. My right hon. friend, in speaking of the way in which he dealt with employment, said that in Calgary the names were put into a hat and drawn from the hat. Am I correct?

Mr. BENNETT: That is what I was told; I was not there.

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: Everyone knows that I was not in Calgary. The mayor told me that was the way in which it was dealt with.

Mr. ROGERS: I do not think it is unfair to suggest that it would have been a very good thing if that hat had been preserved in some way, because it was the only hat used for that purpose when my right hon. friend was in power. However, I will read a letter which was sent to the leader of the opposition on May 23, 1935, from Charles E. Scott, recording secretary of local No. 1779 of the Carpenters and Joiners of America.

Mr. BENNETT: Has the minister any idea when the letter was received?

Mr. MACKENZIE KING: It was a letter that came to me when I was leader of the opposition. It was sent by the union. It was

sent by the carpenters' union when I was in the position now occupied by the leader of the opposition. It stated what was taking place in Calgary in the matter of giving employment to men, and the letter was put on Hansard at the time.

Mr. BENNETT: To whom is it addressed?

Mr. MACKENZIE KING: I was then leader of the opposition and it was addressed to me as such.

Mr. ROGERS: The letter refers to the barracks then being built at Calgary under the Department of National Defence.

Mr. BENNETT: The minister said that it was addressed to me.

Mr. ROGERS: I correct that statement; it was addressed to the present Prime Minister when he was leader of the opposition. That, of course, need not affect the subject matter of the letter.

Mr. BENNETT: Not a bit.

Mr. ROGERS: The letter reads:

The members of the above local wish to inform you that when the building of the barracks at Calgary was announced it was generally accepted that the available work would be spread out to afford a maximum of assistance to the various classes of craftsmen which it might employ.

Contractors opened lists for the carpenters who had worked for them at various periods, and many workmen hoped that after waiting many months for the work to begin that at least they would be able to get a few days' employment. Now we are to understand that the only hope of ever getting work on the barracks job is when his name is on the approved list which is furnished to the contractors.

The members of Local No. 1779 request that when parliament is opened a protest be vigorously made against the practice of using this patronage list, as it is debarring carpenters who are loyal and have been citizens of this country for the last twenty-five to thirty years, also a large percentage of the members being ex-service men. Owing to this approved list being used certain carpenters are being given employment by the various contractors on the scheme, thereby making it impossible for others to get employment.

Trusting you will give this appeal your greatest consideration.

Yours truly,
per Charles E. Scott,
Recording Secretary.

Mr. BENNETT: What was the date of it?

Mr. ROGERS: It is in Hansard of May 23, 1935. It will be found at page 3035. Now, in view of my right hon. friend's statement yesterday, surely he will agree that there is a sharp contradiction—

[Mr. Mackenzie King.]

Mr. BENNETT: Not in the least. The list furnished was the list provided by drawings from the hat. That is exactly what happened.

Mr. ROGERS: I am content to read the letter again, but that is what I might regard as an extremely forced construction of the letter as it stands.

Mr. BENNETT: I was not there, but the mayor told me that that was how they brought peace and harmony into the field.

Mr. ROGERS: So far as I am concerned—

Mr. MACKENZIE KING: My right hon. friend did not say that it was the mayor. What he said was:

In my own community I know that effect was given to that endeavour by putting the names in a hat and having them drawn.

Mr. BENNETT: I know from the mayor's statement that he did it. That is sufficient for my purpose.

Mr. POULIOT: Why is not the hat produced as evidence?

Mr. ROGERS: In conclusion, may I say that with regard to employment at the present time I propose to continue to see, so far as in me lies, that when that work is conducted as relief work we shall obtain the strictest observance possible of the clause with respect to discrimination.

As far as other casual vacancies which become available from time to time are concerned, if these are to be taken under the control of the civil service commission, well and good; but if they are not, I do not hesitate to take responsibility as a member of parliament for any recommendations which I make. I am not prepared to say whether or not that is the best course finally to follow. But in conclusion I would suggest that a great deal of this debate, perhaps all of it, could have been avoided if my right hon. friend, instead of accepting these rumours and suspicions and gossip which came to him from sources which I think I know in Kingston—which gossip and rumours he made no real effort to corroborate before bringing to this committee—had made an effort to test the truth of them, or had brought them to the attention of the department best fitted to deal with them, he would have rendered a far greater service to the country than he did yesterday and this afternoon.

Mr. MACKENZIE (Vancouver): Having been mentioned this afternoon and again this evening by the leader of the opposition (Mr. Bennett), it is my desire now to refer to three

specific issues raised by the right hon. gentleman in the course of this debate. He referred to a question which has been dealt with in part by my colleague the Minister of Labour (Mr. Rogers) with respect to the sale of certain supplies from projects 37 and 42 in the vicinity of Barriefield. I have here a departmental memorandum which describes in the fullest and most complete way all the transactions that took place at Barriefield, and apart from what was mentioned by my colleague, that most of the equipment there was given to charitable institutions, I find that two sales were made from project 37 through the salvage officer, who is an officer of this government, and who was not a member of the Department of National Defence. One sale was to J. Cohen & Company of Kingston from project 37, as follows:

1 concrete mixer with motor.
1 buggy, concrete.
2,800 feet steel rail.
16 wheelbarrows.
1 drill.
2 cars, side-dump.

The other sale, made to M. J. Dolan, 289 Princess street, Kingston, consisted of:

9 sets harness, artillery, converted.
228 lamps, wall.
Total, $101.58.

The records of the department indicate that vehicles were transferred from project 42 to other government departments as follows:

Carts, concrete, 7, transferred to Department of Public Works.
Wagons, dump, 3, transferred to Department of Mines and Resources.
Wagon gear, 1, transferred to Department of Mines and Resources.

This committee heard this afternoon certain suggestions made with reference to horses, etc. The official departmental memorandum is as follows:

In September 1937 representations were received to the effect that certain stores and equipment, that is, cement, paint, and Bain wagons, were given or sold at inadequate prices to neighbouring farmers. The matter was investigated. The report received indicated that the only Bain wagons used at project 42 were privately-owned and were brought in with hired teams of horses; also that there were no shortages in stores, including paint or cement.

With respect to this alarming fire with which the right hon. gentleman tried to stir up the waning enthusiasm of his miserable remnant over there—

Mr. BENNETT: A matter of order, Mr. Chairman. The hon. member is very apt at that sort of thing to-day. But he cannot call any hon. members of this chamber miserable remnants. The rule is very clear on that point.

Mr. MACKENZIE (Vancouver): Well, if the remark is in the slighest degree unpleasant, I have the greatest pleasure in withdrawing it.

Mr. BENNETT: No, I rise again to a point of order.

Mr. MACKENZIE (Vancouver): I have withdrawn it. With respect to this fire, this sinister fire, in the cold hours of the angry dawn, about which the right hon. gentleman was endeavouring to stir up a tremendous suspicion, I wish to tell the committee that a most thorough investigation was held by the Department of National Defence, and no blame was found attributable to any individual. A meeting took place, and four hours after the meeting a fire. Hence this scandal referred to this afternoon by the right hon. gentleman.

Now we have something still worse. Where does all this tittle-tattle come from? Where does this street gossip of the hon. member for Mount Royal (Mr. Walsh) come from? I think I know. And I am going to tell. The other afternoon in the house, referring to a tender of the Department of National Defence the right hon. leader of the opposition made this accusation: He said we did not give the contract to the lowest bidder, and so lost thousands of dollars to the country. Well, I want to tell the committee something about the gentleman whom the right hon. leader of the opposition was defending. I had some evidence before me; it was not of a political nature I can assure my right hon. friend; but his information has been derived from a gentleman concerning whom I shall read an affidavit, showing that he was guilty of the most vicious malpractice with reference to contracts with the government of Ontario. Possessing that knowledge which came to me as a responsible minister, I refused, and instructed my deputy minister to refuse, to allow the contract to go to that gentleman. Why? This is not street gossip. This is an affidavit of Alfred Leonard Gibson of the village of Kemptville in the county of Grenville, superintendent:

1. I am superintendent of the Eastern Dairy School of the Ontario Department of Agriculture.

2. The Eastern Dairy School was carried on at Kingston, Ontario, until April, 1936.

3. During the period August 1, 1932, to July 31, 1933, coal was supplied to the said school by Sowards Coal Company of Kingston, Ontario, at the price of $6.50 per ton, four deliveries of coal having been made during that period; the amounts of the deliveries being 63 tons, 1,060 lbs.; 63 tons, 1,303 lbs.; 63 tons, 1,410 lbs.; and 55 tons, 250 lbs. respectively, the total cost for the period being $1,599.08.

4. During the period August 1, 1933, to July 31, 1934, coal was supplied to the said school by the Sowards Coal Company of Kingston, Ontario, at the price of $6.50 per ton, five deliveries of coal having been made during that period; the amounts of the deliveries being 54 tons, 1,700 lbs.; 50 tons, 345 lbs.; 56 tons, 550 lbs.; 42 tons, 500 lbs.; and 32 tons, 1,140 lbs. respectively, the total cost for the period being $1,534.75.

5. During the period August 1, 1934, to July 31, 1935, coal was supplied to the said school by the Morris Coal Company of Kingston, Ontario, at the price of $7 per ton, four deliveries of coal having been made during that period; the amounts of the deliveries being 40 tons, 1,425 lbs.; 30 tons, 1,030 lbs.; 41 tons, 230 lbs.; and 40 tons, 385 lbs. respectively, the total cost for the period being $1,067.73.

6. I measured the coal storage at the said school and according to measurements and the cubical contents of the said storage space it would be impossible to put more than 50 tons of dry coal into the coal storage space.

And I make this solemn declaration conscientiously believing it to be true . . .

The declaration was sworn before George J. McIlraith on June 4, 1938.

I want to reiterate the essential portion of that declaration. During the winters of 1931-32, 1932-33 and 1933-34 the average cost of coal purchased per annum was $1,422. All these purchases were made from the James Sowards Coal Company of Kingston, at a price of $6.50 per ton for all the coal with the exception of one small order of forty-one tons at $7 a ton. For the winters of 1934-35 and 1935-36 the average cost for coal for the same institution was $854. This coal was purchased not from the Sowards coal company but from another Kingston company which supplied coal at $7 a ton.

Mr. BENNETT: What was the name of the firm?

Mr. MACKENZIE (Vancouver): So I ask the committee to consider this: If it cost that institution $1,422 per annum for its fuel requirements when dealing with one company, and $854 per annum when dealing with another company at a higher price per ton, if you please, certainly to me it would appear quite obvious that it was not in the public interest to deal with a company like the Sowards company in any part of the Dominion of Canada. The one who is the chief informer in regard to the comedy we have witnesed during the last two days, who has been endeavouring to shove sixty-three tons of coal into a fifty-ton storage bin, does not deserve the support of any self-respecting minister of the crown in Canada.

I come now to something else. Did you hear these sinister, subterranean, surreptitious whispers this afternoon about a report that was made by the commandant of the Royal Military College at Kingston, some report dealing with rock, some mysterious rock that disappeared in the night? I asked one of the highest ranking militia officers in the department—not my deputy minister—to telephone the commandant of the Royal Military College with reference to this report; and, Mr. Chairman, there is no report. It was all a fabrication; it was all imagination, a dream on the part of the right hon. gentleman.

Mr. BENNETT: At last.

Mr. MACKENZIE (Vancouver): I want now to deal with the hon. member for Mount Royal, who made the statement a few minutes ago that there was debauchery—I think that was the word he used—in the Department of National Defence.

Mr. WALSH: For want of a better term.

Mr. MACKENZIE (Vancouver): I want to tell my hon. friend right now that he has certain duties and obligations in this house, and if he knows anything against the honour or integrity of the minister or any officer of this department let him have enough manliness to rise in his place now, make a charge and place his seat in jeopardy, as a gentleman of honour, with reference to these rumours he has been pretending to tell about.

Mr. WALSH: Would the minister permit me to suggest—

Mr. MACKENZIE (Vancouver): I think I am in order, Mr. Chairman. I cannot imagine anything more despicable than such action on the part of any hon. gentleman. I might remind the hon. member that at the commencement of this session I offered the right hon. leader of the opposition the hon. gentlemen opposite the opportunity, by a special resolution of this house, to call together the public accounts committee one year in advance of the time that is fixed by parliament, in order to investigate any single feature of any of the business of the Department of National Defence. What did they do? They refused that offer, but now the hon. member for Mount Royal rises in his place and talks about debauchery and something else. Will my hon. friend follow that up? Will he do it now? I challenge him; I dare him; I defy him to do it now, instead of slinking in his seat, skulking in his place. Let him do it like a man; let him place his seat in jeopardy and make some specific charge with reference to the Department of National Defence. For two days now, Mr. Chairman, we have listened to these sinister

rumours. Why, if we wanted to recall what occurred between 1930 and 1935, what could we say? I know what happened in Calgary; I know what happened in Vancouver; I know what happened in the relief camps of British Columbia; and I think I know now, for the first time, what happened to "my dear chief" in Manitoba.

However, the business of the country must be carried on, despite these unfortunate interruptions; and the right hon. leader of the opposition never did himself less justice than he did this afternoon. According at least to the accepted rumours in the journals of the country, this gentleman of great experience, who has been Prime Minister of this great nation, is leaving public life. He should have gone out with the halo of public esteem about his head; but he has misspent the last two days in imputing motives, repeating petty rumours about some stone that cost two or three dollars, while on the other hand a letter was read from the mayor of Winnipeg, the director of the Conservative party in Manitoba, involving a total expenditure of $1,365,000. I want to tell my right hon. friend and hon. gentlemen opposite, on the eve of this convention of theirs, that this government is in a fighting mood and is going to go right through with the Liberal policy, to sweep through this country as it did once before.

An hon. MEMBER: Waking up at last.

Mr. MACKENZIE (Vancouver): My hon. friend may wake up about ten years from now. He will certainly wake up after the Tory convention is over. I want to tell my hon. friend that on the record of this government for the last five months, especially this magnificent piece of legislation introduced by the Minister of Finance, and the record of three years of solid achievement, with the rebuttal of these foolish, sinister and subterranean charges and rumours, we shall go on and on, fighting the battles of the people as we believe in fighting them for the cause of real progress, real democracy and real Liberalism.

Mr. SLAGHT: Mr. Chairman, I rise to make some observations with reference to the attack launched during the last two days against the Minister of Labour and the government by the right hon. leader of the opposition. His speeches and statements, shortly afterwards withdrawn as untrue because they were forced down his throat on three separate occasions, are typical of the policy that he adopted for five years, the policy which brought the condemnation of the people in greater measure than at any time since confederation. They are typical of the policy that has been adopted in this house during this session which, together with the general conduct of this leader and his followers, was in no small degree an issue in Saskatchewan. The right hon. gentleman returns from Saskatchewan, as the Minister of National Defence pointed out, having lost nothing because nothing from nothing leaves nothing.

In his remarks this afternoon the right hon. gentleman referred to circuses and disclosed that he is a student of the great, deceased P. T. Barnum. He undertook to quote to the committee what he probably treasures in his mind as a gem of wisdom, a remark made by that great circus man, that you can fool some of the people part of the time. A few weeks ago we received a lecture on political morality and corruption across Canada. We did not know then what he and his esteemed colleagues had in mind. I was interested to hear the name of Hon. Mr. Manion mentioned, a gentleman who occupied a cabinet post in the last administration. I have no doubt that the receipt by that gentleman of the letter which the Prime Minister also received, and his participation in the contribution of $1,365,000 to buy three seats in Manitoba, will commend that gentleman to his colleagues in this house at the coming convention. At least he is not stingy in spending public money to buy the voters in elections. If I read the judgment of the people of Canada aright, he is going to have to raise the ante if he is to be accorded the leadership of the party; and he is going to have to exceed the $355,000 per seat in order to endeavour to fool the people some of the time.

After the lessons in political morality and on the evils of corruption that we have received, the right hon. gentleman has spent this afternoon in what I think is the most grotesque exhibition that it has been my privilege to witness since I have been in this House of Commons. Why do I say that? Is that fair or unfair?

Mr. LENNARD: You have not been here much.

Mr. SLAGHT: Perhaps the hon. member is right; but if he can match the exhibition of this afternoon, then he perhaps will take the palm. But let me point out to the committee what happened this afternoon. The right hon. gentleman rose in his place and laid bare some charges, and when he was asked whether he knew of these from personal knowledge his answer was, "I know from personal knowledge that some of these misdoings occur." I wonder if he will tell us

which one. I wonder if he was playing the mysterious Mr. X, or whether he was acting the part of the sleuth—I do not believe he was—or whether he was "keyholing" outside the bins in Kingston, and that the personal knowledge he had of what went on over there was acquired in that manner. Do not let him forget that men who look through keyholes, as was illustrated to-night by the hon. member for Temiscouata (Mr. Pouliot), in discussing other legislation, often get hatpins in their eyes. And the hatpin in the eye that the right hon. the leader of the opposition has received during the last few hours ought to cause him to pause before he utters loose, idle, scandalmongering and slanderous statements against men of high standing and integrity in this country who are not in this house to defend themselves.

What did he do? He said with regard to the Minister of Labour that he gave him a clean bill of health. He made it clear that he did not impute to that minister any personal knowledge of the derelictions of which he was accusing these men. And he offered no suggestion that any other hon. member in the house, either on the government benches as ministers, or elsewhere, are accused by him of having the slightest knowledge of or participation in any of these rascally practices that he dug out of his fertile imagination. What does that mean? It means that he has seen fit to occupy hours of the time of the house —why? In an indictment of the conduct of any member of the house? No. In a suggestion that any member has committed the slightest impropriety? No. But he from the sheltered privilege of his seat in this house has led a miserable, scandalous and vicious indictment against a close friend of mine, Mr. Rigney.

Mr. BENNETT: Mr. Chairman, on a point of order, the expression "scandalmongering" is against the rules of the house and so are the words, "slanderous" and "miserable" and "vicious." I merely direct attention to that, as a matter of order. I do not wish to interrupt any more than I find absolutely necessary.

Mr. DUNNING: What point of order?

Mr. SLAGHT: The right hon. gentleman is too quick to take to himself the term I was using. If he will—

Mr. BENNETT: Mr. Chairman, as a matter of order—and that statement is clearly wrong; it does not require argument to present that fact—when he has used language which is contrary to the rules, and before you rule I direct attention to it, and he says, "The hon. gentleman is too quick to take it to himself," this is making it just doubly against the rules.

Mr. POULIOT: Speaking to the point of order, Mr. Chairman, no member can take any objection to anything said in the house until the sentence is finished. And there was a semicolon, not a period, when the hon. member was speaking.

Mr. SLAGHT: May I explain what I said—and I think you will find in Hansard that I am accurate—was that the gossipy, scandalous, miserable stories which were given to my right hon. friend, and which he has been using in this chamber, were properly so styled, and I have a perfect right to style them so. I did not accuse him of scandalmongering, or even gossiping.

Mr. BENNETT: Yes, the hon. member did.

Mr. SLAGHT: I am not at all sure but that the word "miserable" is both parliamentary and properly applied to the right hon. gentleman, in so far only as this incident is concerned.

Mr. BENNETT: On a point of order, if you will recall, Mr. Chairman, the hon. member made reference to my being at a keyhole, and he applied that language not to alleged reports, but to me personally. I was not going to interrupt, having regard to the source from which it came, but I thought I would now direct attention to it, in view of the fact that it has been repeated. It is a breach of order.

The CHAIRMAN: On the point of order raised by the right hon. gentleman—

Mr. MACKENZIE KING: There is no point of order.

Mr. BENNETT: Does the right hon. gentleman say there is no point of order? I raised a point of order.

The CHAIRMAN: The leader of the opposition has raised a point of order.

Mr. BENNETT: Yes.

Mr. DUNNING: What is it?

The CHAIRMAN: That the remark in regard to scandalmongers by the hon. member for Parry Sound was referring to the leader of the opposition. I have listened attentively to all the speakers to-night, and I am of the opinion that the remarks of the hon. member for Parry Sound were not directed against the leader of the opposition.

Mr. SLAGHT: Certainly not.

Mr. BENNETT: Very well, Hansard will show.

Mr. SLAGHT: Then, let me make it clear to the right hon. gentleman, if he feels any doubt in his mind as to my intention, or if there is any ambiguity in my language, that I would not think of using such remarks with regard to him personally. But let me just point out what I was about to call to the attention of the committee, and it is this: Having made it perfectly clear that no member of this house is concerned, and that he has no charge to make against them, he rises in his place in this house sheltered by the privileges of parliament, and against whom does he lay the most serious charges, which means crimes? In the first place he lays such a charge against Mr. Stansbury of Kingston, whom I do not even know: But I am informed that he is a gentleman highly respected in his native city—

Mr. ROGERS: Hear, hear.

Mr. SLAGHT: —who has many times been returned to the council of his city, and is to-day an alderman in the city council, and trusted by the people of that city with a more or less important office. He is not here to defend himself.

The right hon. gentleman next attacked one of his majesty's magistrates in Kingston, whom I do not even know, but who, I understand, has a long and honourable record, and ten years service to his country. That magistrate, of course, is not here to defend himself, either.

Then he attacked the crown attorney, Mr. T. J. Rigney, K.C., a Kingston man. I went through law school with this gentleman who was placed in this important position to administer justice by a Conservative government of Ontario. My right hon. friend wants to dissociate himself from that party, and after the exhibition made in the last provincial election by the hon. gentleman who sits beside him, I do not wonder at his action. But he attacked this gentleman, one of his majesty's counsel, respected and learned in the law, and imputed to him dishonourable action in attending at the police court and stating honestly to the court that there was no proper charge upon which His Majesty the King could proceed against the poor, unfortunate man in question. What would he have him do? Would he have him go on with a trumped-up charge and proceed to hear evidence which was not applicable? Would he have him proceed with a charge which the court had no right to hear? Is that the standard of administration of British justice that he would set up in Ontario? I wish we had more crown attorneys who, after investigating cases, would walk into police courts and take the responsibility of saying that certain charges should not be proceeded with. There is no foundation for these charges. Is a crown attorney with a long record of integrity and service, a gentleman against whom no breath of suspicion has ever been sounded, to be indicted and labeled for dereliction of duty which would justify his dismissal? Why has the right hon. gentleman in the closing hours of the session sought to deal with silly gossip that has been poured into his ear, I do not know by whom?

Then, because he takes in considerable territory when he starts swinging his arms, he attacks a salvage officer of this government whose name fortunately was not mentioned. Let me tell the committee what I consider was the duty of the right hon. gentleman in connection with these charges. He was asked how long he had the particulars. He stuttered a little and he said he had had them for some time. I suppose he has been sleeping with these charges or has locked them up in his bosom. Perhaps these charges were given to him by means of an anonymous letter. He was invited to disclose their source, but he would not. If that mysterious man is not ashamed of his name; if the right hon. gentleman is not ashamed to disclose it, why does he not do so? He has practically written the charge of blackguardism against the names of four reputable citizens of this country. His course as a distinguished member of the bar of this country was clear and plain. He should have said to the scandalmonger who gave him his information, "Go to the attorney general of Ontario, the Hon. Mr. Gordon Conant, a man whom everyone respects because of the manner in which he discharges his duties, a man of high honour and integrity, lay these charges before him, and within twenty-four hours he will grant you an investigation of these scandalous charges against the crown attorney and the police magistrate of that county." Did he do that? No. He thinks more of making political capital out of something like this than he does of punishing wrong-doers who break the laws of Canada. That is the charge I make against him.

I do not desire to show any heat in connection with this discussion. I believe the tirade of the last two days is the result of the Saskatchewan election. The hon. member for Winnipeg North Centre (Mr. Woodsworth) has returned from the fray. He made

a creditable fight and the position of his party has been bettered. The members of the social credit party fought their fight along the lines as they saw them. No doubt they are greatly disappointed, but they can take it. The leader of the opposition cannot take it. That is why he has indicted the Minister of Labour, of whom it can be said there is no finer administrator in any country in the British commonwealth. I would like to have seen the right hon. gentleman avoid the last two days' discussion. Whether he will accept it or not, I have a high personal regard for many of his qualities. I believe he has made some worth while contributions—without being scornful at all, I may say he has perhaps made more while in opposition—to the discussion of measures that have been introduced in this house. We all admire his indomitable courage, his great industry, and those high qualities of mental attainment which enable him to assist those charged with government in solving their problems. I think every one of us must pay a tribute to the contributions he has made to the debates in this house.

What a happier stepping away from the turmoil of public life it would have been if this had not happened! How much happier we on this side would have been if we had not been compelled to point out the type of attack that had been made upon innocent men of standing and integrity, men who had no sponsor or spokesman unless I can be treated as such! How much better it would have been, not only for the right hon. gentleman's reputation, if I may suggest that, but for the honour of public life in the Dominion of Canada if he had taken an entirely different course in connection with this miserable, trumped-up episode!

Mr. HEAPS: Mr. Chairman, on previous occasions I have listened to similar discussions in this chamber. When I listened to acrimonious discussions such as we have had yesterday and to-day I almost came to the conclusion that all parties in power are absolute sinners while all parties in opposition are absolute saints. Such discussions are neither edifying nor useful. We know that patronage goes on no matter what party happens to be in power. I have made the plea in the past to abolish patronage, whether the Conservative or the Liberal party was in power. I hope that some day the two major parties may see the error of their ways and do away with this whole vicious system which seems to be permeating part of the public life of this country. During the course of this discussion numerous points of order have been raised by one side or the other, but I am of the opinion that probably three-quarters of the whole discussion has been out of order. We are discussing the administration of the Department of Labour, and we have attempted to discuss contracts entered into by the Department of National Defence, and various other types of contracts. We would be serving a far more useful purpose if we kept strictly within the item now before the committee and got on with our business.

Mr. TUCKER: Mr. Chairman, the hon. member for Mount Royal (Mr. Walsh) made some remarks this evening regarding the recent Saskatchewan election. I did not catch his exact words, but I gathered that he said if the truth were known about the Saskatchewan election, those members who had taken part in it would be ashamed to take their seats. I am here to tell him that I took some part in the Saskatchewan election and I am not a bit ashamed—I have no reason to be ashamed—to take my seat here. Further, I should like to tell him the reason why the Conservative party did not elect a single member. I wish to take only a few minutes of the time of the committee to indicate why that was the case.

Mr. HEAPS: Has that anything to do with the item under discussion? I think I shall raise a point of order, as a good many have been raised. Has the Saskatchewan election anything to do with the administration of the Department of Labour?

Mr. DUNNING: It is rather late to raise it, though.

The CHAIRMAN: On the point of order raised by the hon. member for Winnipeg North, this debate all day has gone very wide.

Mr. SPENCE: Gone haywire.

The CHAIRMAN: A great deal of latitude has been granted by the chair, and I do not feel disposed at this time to call the hon. member to order, because strictly, according to the rules, many speakers to-day were out of order. The discussion, however, was so vital that points of order were not raised by the chair. I therefore think it would be rather unfair to the hon. member who has the floor for me to tell him to confine his remarks now to this item under discussion.

Mr. TUCKER: There was in Saskatchewan a Liberal government which appealed to the people, and the government of Alberta undertook to take part in that election. The government of Alberta presumed, under the leadership of Premier Aberhart, to name the social credit candidates in Saskatchewan. Those candidates were named, regardless of the wishes of the people of Saskatchewan, by

Premier Aberhart, three of his cabinet ministers, and an hon. member of this house, and announced from Edmonton. The Liberal party took the attitude that this was a denial of one of the fundamental rights of democracy; that in a democracy the people should have the right to name their own candidates, and that no one man should assume to name candidates for the legislature; that only under dictatorships is such a thing done. Members of the Liberal party denounced that as a step toward dictatorship; members of the Cooperative Commonwealth Federation denounced it. They also stood for democracy. But what did the Conservative party do? It temporized with the situation. The Conservatives had twenty-three candidates nominated. They had no hope of electing a majority of the next legislature, because they would have had to elect at least twenty-seven members to have had a majority—more than those nominated. Yet they issued an advertisement, published in the Saskatoon Star-Phoenix, sponsored by the Saskatoon Conservative association, asking for a vote for ex-Premier Anderson and Mr. McEachren, and saying this:

> The Conservative members will control the government.

The advertisement further on says:

> If you who are attracted to social credit feel that you must register your support in some way, we suggest you give one vote to social credit to serve this purpose and your other vote to either of the Conservative candidates.

That was the attitude of the Conservative party. They temporized with Premier Aberhart in that attack on democracy. That is one reason why they did not elect a single candidate.

There is another reason. Premier Aberhart came into Saskatchewan attacking the Canadian constitution, taking this attitude: "Yes, we passed ultra vires legislation—"

The CHAIRMAN: Order.

Mr. TUCKER: "—and we propose to go on passing ultra vires legislation until the courts get tired of disallowing it."

The CHAIRMAN: Order. In permitting the hon. member to inject the Saskatchewan election into this discussion I had no intention that he should make a speech on it. I would ask him to shorten his speech and confine his remarks to the item before the committee.

Mr. HEAPS: I notice that on this item there is an increase of $5,582. Would the Minister of Labour explain the increase.

Mr. WALSH: Mr. Chairman—

Mr. TUCKER: I was interrupted—

The CHAIRMAN: Order. The minister is getting some information.

Mr. WALSH: Mr. Chairman, I have the right to the floor. I had the floor before the last speaker.

The CHAIRMAN: The hon. member will get the floor when the minister has replied.

Mr. TUCKER: Mr. Chairman, I had not finished. Unless you rule me entirely out of order, I wish to continue.

Mr. SPENCE: Let the hon. member tell us where his party got all the money to run the election.

Mr. TUCKER: Our party had not as much money as the hon. member's party had in past elections.

Mr. ROGERS: In answer to the question of the hon. member for Winnipeg North, the increase of $5,000 is accounted for in the following way: permanent salaries, increase $1,822.50; temporary salaries, increase $2,760; printing and stationery, increase $1,000.

Mr. HEAPS: What part of the administration of the Department of Labour is this item for?

Mr. ROGERS: That was explained to the committee at the beginning of the session yesterday. The sum of $63,925 is for the administration of the central office of the employment service of Canada; that is to say, the office which is maintained in Ottawa, which provides a clearing service for information from the other offices. It also provides the salaries of the special placement officers dealing with handicapped ex-service men.

Mr. HEAPS: The other day, when the minister was giving information to the committee on this point, he discussed the number of placements the department had made during the past year. Has the minister the number of applications that were made to the employment service of Canada during the same period?

Mr. ROGERS: I gave both.

Mr. HEAPS: Well, it was not given yesterday. The minister gave the number of placements made during the past year, but I do not think he gave the number of applications which were made for positions to the employment service of Canada.

Mr. ROGERS: The employment opportunities for 1937, the calendar year, were 418,388. The applications in the same year were 712,223. The placements were 389,536.

Mr. MacINNIS: And the number of applications?

The CHAIRMAN: Order.

Mr. WALSH: It is not my intention to allow the remarks of the Minister of National Defence and the hon. member for Parry Sound to pass unnoticed. I can inform the minister that loud noises and erratic wanderings have not the least effect on my participation in debate. I prefer to debate a subject rather than a person. He suggests that I should place my seat at stake on account of actions which are taking place within his own department and which I have drawn to his attention on two occasions in this chamber without receiving any reply.

Mr. MACKENZIE (Vancouver): Which were they?

Mr. WALSH: One was when a gentleman came to Ottawa from Montreal to see why he did not receive even advice that the Department of National Defence wanted to purchase supplies. Although he had been supplying the department for thirteen years, for a period of over a year he had not received any intimation that there were supplies to be purchased. He visited the Department of National Defence. At first he was told, "Well, your firm is an English firm." But when he said that his goods were manufactured in Canada, one of the minister's officials told him—

Mr. MACKENZIE (Vancouver): Which one?

Mr. WALSH: I can get the name of the official. I am giving the minister information in just the same way as the minister gave it to me.

Mr. MACKENZIE (Vancouver): Will the hon. member tell me the name of the official?

Mr. WALSH: No, I will not tell the name; but I have the floor, and I will remind the minister that he kept me in my seat when he was speaking. This official told the gentleman that he would have to get his name approved by the patronage committee in Montreal before he could even receive a form of tender on which to tender for supplies.

An hon. MEMBER: Name the official.

Mr. MACKENZIE (Vancouver): Who was the person in question?

Mr. WALSH: I draw to the minister's attention the manner in which he conducted the political campaign in the city of Victoria.

Mr. MACKENZIE (Vancouver): Yes, and Victoria replied.

[Mr. Rogers.]

Mr. WALSH: Victoria did not reply, but it will reply in due course just as the rest of Canada will do when it has an opportunity of replying.

I should like to go back to the city of Kingston. The Minister of National Defence and the hon. member for Parry Sound suggested that the leader of the opposition spoke from the shelter and privilege of a seat in this house. But the Minister of National Defence spoke from the privilege of his seat in this house and said things here with respect to a man who has a very high reputation in the city of Kingston, which he would not dare to say outside this house.

Mr. MACKENZIE (Vancouver): I read an affidavit.

Mr. WALSH: The minister read an affidavit which in no way lowers the reputation of Mr. Sowards, who is head of the Sowards Coal Company of Kingston. Indeed, he could not read any affidavit that would in any way lower that gentleman in the estimation of his fellow citizens of Kingston. Mr. Sowards has been in the coal business all his life. He started that business as a coal yard and he himself grew up in that business. He has served that city and most likely supplies seventy-five per cent of its homes with coal and wood, and the people there all seem to be well satisfied. It was not on account of prices that the Minister of National Defence would not take cognizance of the lower tender from the Sowards company, but purely and simply because Johnny Sowards was president of the Conservative association in the city of Kingston—that and no other reason.

Mr. MACKENZIE (Vancouver): That has nothing to do with it.

Mr. WALSH: Certainly, and the Minister of National Defence knows that better than I do.

Mr. MACKENZIE (Vancouver): I say that has nothing whatever to do with it, and my statement must be accepted.

Mr. WALSH: I do not have to accept that statement.

Mr. MACKENZIE (Vancouver): The hon. member must. I raise the point of order.

Mr. WALSH: My statement is as good as the minister's.

Mr. MACKENZIE (Vancouver): I rise to a point of order. The rules are clear and explicit.

Mr. WALSH: Read them.

Mr. MACKENZIE (Vancouver): When an hon. member makes a statement that statement must be accepted.

Mr. WALSH: But I, too, have made a statement, and I expect my statement to be accepted just as the hon. minister expects his statement to be accepted. I did not suggest that he was not speaking the truth or anything of that sort. I simply put my statement in contrast with his, and I leave it to the members of this house and to the people of Kingston to judge which statement is correct and which is incorrect. That is a perfectly fair position. I do not think I am breaking the rules of the house in making a statement of that kind by way of contrast, particularly when a man whose reputation has been slandered in this house has no means of defending himself against such slander.

Mr. ROGERS: It is a sworn statement.

Mr. WALSH: There is no sworn statement that can be presented to this house that would show that Johnny Sowards of Kingston is anything but a reputable citizen. The Minister of Labour, coming from that city, knows that as well as I do. He need not go further than the Liberal executive of the city of Kingston to know the good reputation and the good character that are borne not only by Johnny Sowards but by every member of that family who is interested directly or indirectly in the coal business of Kingston.

Mr. ROGERS: I do not want to anticipate another discussion of this matter, but I could not and I do not defend the situation which was set out in the sworn statement given to the committee some time ago by the Minister of National Defence, nor could any other member of the house.

Mr. LENNARD: Do you mean you do not defend the minister's statement?

Mr. ROGERS: I could not defend the situation set out in the sworn statement, which shows that the Sowards company delivered coal ostensibly to amounts of sixty-three tons when only fifty tons could possibly be put into the bin. Not only that, but I have a further statement that there was the greatest difficulty in getting forty tons into the bin.

Mr. BENNETT: A cheese-maker's estimate of a bin.

Mr. WALSH: I know that we sometimes feel the same way when we have coal put into our bins. We think the bin will hold seven or eight tons and are surprised when we get a bill for nine or ten tons, and yet I assume the dealers are honest. I feel that the Minister of National Defence has gone out of his way to slander a man who bears a very high reputation, and I do not think he is justified in doing so; nor do I think the statements are justified that have been made with respect to the leader of the opposition. Some members on the other side of the house sat here in opposition while the present leader of the opposition led the government, and I am absolutely surprised at the attitude they take towards him in this discussion—

Mr. FRASER: He asked for it.

Mr. WALSH: —suggesting that he is going out of public life with anything but honour. The leader of the opposition has not been given credit for what he did during the five years in which he held office. Hon. members on the other side of the house should bear that in mind when discussing a public question. The item before us relates to work that is done not only in the city of Kingston but elsewhere. It is an item that comes under the Department of Labour, and it has been criticized from the point of view of certain things that have taken place in and around Kingston. It is, in my opinion, unfortunate that the discussion went as far as it did. It has not raised the people's estimation of democracy or of this house to a very high level.

Mr. FRASER: Who started the dog fight?

Mr. WALSH: It is those on the other side of the house who are responsible for the state into which this debate has drifted—

Some hon. MEMBERS: Oh, oh.

Mr. WALSH: —and the insinuations that have been made during the course of the debate. It is all very well for the hon. member for Parry Sound to rise in his place and say he regrets the debate, and for other members to regret it, but the result of the debate is attributable altogether to hon. members on the other side of the house who have introduced into the discussion something that had no bearing on the item under discussion, with a view to shielding themselves behind something that took place five, six, or seven years ago.

Mr. FRASER: You have been on a merry-go-round.

Mr. WALSH: Yes, but I have never been drunk.

Mr. FRASER: It would do you good if you got drunk.

Mr. WALSH: It might, but I hope I shall always maintain myself in my sober senses so that at least I shall know what I am talking about, like a sensible human being. From the way in which some members have been talking on the other side this evening, one would almost think something of what the hon. member has suggested had taken place.

Some hon. MEMBERS: Order.

Mr. FRASER: Cheap.

Mr. WALSH: Cheap, because you cheapen the debate.

The CHAIRMAN: The hon. member is definitely out of order, and I must ask him to withdraw that remark.

Mr. WALSH: Absolutely; I withdraw it.

Mr. FRASER: Why do you not sit down now that you have a chance?

Mr. WALSH: Probably if the hon. member who is intruding into the debate would take an intelligent interest, we would make favourable progress.

Mr. FRASER: The hon. member would not understand it if I did.

Mr. WALSH: Give this side of the house an opportunity to understand something from the other side and we will appreciate it. We have been here for five months, and during the course of the debate to-night someone suggested something about what had been done during the last five months. If we asked any member of the government to rise in his place and enumerate what they had done in the last five months, it would not take him more than five minutes to do so. I am hoping that as a result of this debate we are going to have a more careful administration of public funds. It is all right for a government, entrenched as this government is, to sit there and laugh to scorn the suggestions made by the opposition, to throw ridicule upon the opposition because they are small in number, and to cast reflection upon individual members of that opposition because they do not happen to be endowed with the same degree of mental ability as hon. members on the other side of the house profess to have. We are here elected by the people to do a duty, and it is our intention to do our duty in a full and complete measure, and to give as good an account of ourselves as we possibly can under the circumstances. We ask the government to meet the opposition in the same spirit. We have to criticize; our criticism should be met in the spirit in which it is intended, for the ultimate good of the country, and not for the destruction of democracy, which is sure to follow if members of the government continue to administer the affairs of the dominion as they have allowed them to be administered as shown to-day.

Mr. MacNEIL: Now that the political grudges have been thoroughly ventilated, perhaps we may return to the needs of the unemployed which must be met at least in part under the vote now before the committee. One might not think so, listening to the debate this afternoon, but there are still unemployed in Canada, unemployed who do not benefit by the distribution of political patronage. Having heard the Minister of National Defence (Mr. Mackenzie) so eloquently pledge himself this evening to fight the battles of the people, I cannot refrain from reminding him that at this moment there are thousands of single unemployed men in his own city who are without food and shelter or work. I hope that when the matter is again before the committee he will make some satisfactory explanation of how he proposes to fight the battles of the people when their needs meet with such apparent indifference at this time.

This afternoon I asked the Minister of Labour with regard to the situation as it affects single homeless women. I wish to remind him that when this vote was under consideration last year I pointed out that some evidence had been placed in my possession regarding the method by which such women were victimized in Vancouver. We have a migration of young women as well as young men to the coast. Many of these young women register with the employment service. They are sent out by the officials of the service to various employment opportunities as reported to the offices. At one stage apparently no endeavour was made to check those reported openings in order to protect these young women against victimization. I was taken to task on one occasion by a gentleman who was then attorney general of British Columbia for mentioning the recruiting for a chain of brothels in British Columbia. I am not concerned at the moment about proving whether or not brothels exist, or in discussing law enforcement in British Columbia; but it is known to all who are interested in public affairs at the coast that a certain degree of recruiting does go on. I am asking the minister to explain to the committee to what extent facilities have been developed so that these opportunities are checked by some follow-up protection, in order that young women placed through the employment service are adequately protected

against exploitation either by those who seek to take advantage of their destitution by imposing low wages, sweat-shop conditions, or against actual victimization by agents of the underworld.

Mr. ROGERS: When my hon. friend raised this point before six o'clock I did not recall the discussion of a year ago. I do recall it now. I am not at present able to give my hon. friend the information for which he has asked. I did leave word for communication to be made with the director of the employment service there to see what action had been taken, after the discussion of last year. I have not that information yet, but will secure it as soon as possible.

Mr. MacINNIS: In the discussions we have had during the last three or four weeks in regard to the single unemployed in Vancouver, the minister, if I understood him aright, has taken the position that employment is available in British Columbia. I do not know exactly what the situation may be to-day; possibly the minister has the information; but I have the May issue of the Labour Gazette, and I find that there were almost 10,000 registrations at the labour offices in British Columbia during March, and that there were only 2,518 placements. As a matter of fact, about one-third of the placements are for a duration of around one week, and the remainder for longer periods of time. At the end of March there were over 13,000 unplaced who had registered for work. In the face of figures such as those, how can the minister take the position that the unemployed in Vancouver at the present time can find work?

Mr. ROGERS: My information is that last year in British Columbia the placements were as follows:

	Men	Women
In regular work..	18,786	3,574
In casual work..	26,109	3,902
Total placements in British Columbia..		52,371

At any given time, as my hon. friend is aware, the applications for employment would exceed the placements. But it does not follow—and it was this point I endeavoured to make yesterday—that all placements in British Columbia or any other province are obtained through the facilities of the employment service of Canada. So I do not think the figures given by my hon. friend are conclusive in that regard.

Mr. MacINNIS: They may not be conclusive, but they are just as conclusive as the figures given by the Minister of Labour. I have here the figures for March of this year. There was a decline of nearly thirty-four per cent in the number of positions offered through the employment offices in British Columbia. Would the minister say that this would not have any effect on the number of positions offering in the labour market generally in British Columbia? Is it not to be supposed that when there is a decline in the number of positions offered through the labour offices there is likely to be a corresponding decline in the number of positions offered in other ways? I say again that the position taken by the minister in regard to the situation in Vancouver and British Columbia, where men are unable to get work and are refused relief, is not at all in accord with the high sentiments we heard expressed this afternoon. I ask again that the minister take the situation under his consideration and see whether something cannot be done immediately to avoid the trouble which will undoubtedly take place there unless something is done.

Mr. MacNEIL: Is the Ottawa office of the department represented in Vancouver at the present time? If so, who is the individual representing the department there in regard to the situation?

Mr. ROGERS: In regard to the situation which has been under discussion from time to time in the last few weeks, the representative of the department who has been in Vancouver is Mr. Humphrey Mitchell, who has been director of labour transference in the department during the last two and a half years.

Mr. MacNEIL: Is he an officer of the employment service?

Mr. ROGERS: He is not an officer of the employment service.

Mr. MacINNIS: What is his standing within the service?

Mr. ROGERS: He is a temporary employee of the department, appointed under the Unemployment and Agricultural Distress Act of 1936.

Mr. MacINNIS: What is the salary in connection with that position?

Mr. ROGERS: It does not come under this item, but it is $500 a month.

Mr. BENNETT: The item under consideration involves payments to the labour employment service maintained in several provinces and at various points in many provinces. During the progress of the discussion, the minister made a statement with respect to the item,

in reply to a question as to how that office was conducted in the city of Kingston, which is operated by a man named Mooers; I think that is the way it is spelled.

Mr. ROGERS: That is correct.

Mr. BENNETT: I presented to this committee, as was my duty, evidence that indicated his complete unfitness for that position; and I read from a public print that reference had been made to his practically holding up people for contributions to his beer fund or liquor fund in order that they might find employment. I did more; I produced a letter from a reputable person who had gone to that office for the purpose of securing employment and had been sent to the president of the Liberal association, or told that without the approval of the president of the Liberal association he could not find employment. I followed that by saying that Mr. Stansbury did in fact give him a letter to the Frontenac Construction Company—

Mr. ROGERS: He did what he could to secure employment for him.

Mr. BENNETT: —to secure him a job, and that it was laughed at. That involved the conduct of the man in charge of this office in Kingston, and I say to the minister that the evidence completely establishes the man's unfitness for his position. It is true that he was not appointed by this government. He was appointed by the provincial administration, and I pointed out to the minister that under those circumstances such a man was not a fit and proper person to be charged with that responsibility. I also referred to a contract, because during the course of his statement the minister said that conditions were inserted in the contracts for tenders which made it incumbent upon those who sought additional labour on contracts to get it from this body or through this office. The language in the bids for the Fort Henry property is as follows:

Contractors may use machinery, wherever desired.

The men selected by the Department of Labour shall not be rotated on the job, and may be dismissed if their services are not satisfactory. A written statement shall be supplied to the representative of the Department of Labour, indicating the reason for dismissal, in each individual case, and contractors are urged to give men a second chance, if they fail to make good on the job for which they were originally selected.

That follows the conditions that are to prevail with respect to the hiring of labour:

All labour to be supplied on these contracts shall be supplied through the Ontario Department of Labour. Contractors will be permitted, however, to supply such men as are required for supervision, and special work approved by the department, but the number of men so engaged by the contractors shall not exceed fifteen per cent of the total number on the job.

Mr. ROGERS: That was later changed to twenty-five per cent.

Mr. BENNETT: I am only reading from the bid that was circulated, because it is only fair to point out that with respect to the Fort Henry job it was through the department of highways of Ontario that tenders were asked, and the tenders called for indicated that a certain defined work as mentioned in the plan was the work to which the contractor was to direct his attention. I find nowhere a provision such as would constitute any safeguard for the dominion in that bid. There may be in some bids, or there may be in the final contract, but in this bid so far as I can see—and the typewritten portion with respect to labour is made separate —there is no provision to safeguard that position.

I do say to the minister, to the hon. member for Parry Sound and to the hon. gentlemen on the treasury benches, that we should not have the taxpayers of Canada providing half the cost of this undertaking and have the control of the labour in the hands of a man of the type that the evidence indicates he was and is. No one for a moment has suggested that any statement made with respect to him is not true. No one has risen in his defence, not even the hon. member for Parry Sound. No one has said that he was attacked behind his back.

Mr. ROGERS: Surely the charges of my hon. friend are charges which ought to be and which will be investigated.

Mr. BENNETT: My point was that the investigation should have been made long ago, because this, in the language of the great apostle, was not done in a corner. The hon. member for Parry Sound says it is street gossip; but it is more than that; it reaches the public press in a case that is tried in the police court.

Mr. ROGERS: If my right hon. friend will permit me, he has made certain definite statements with respect to the present officer in charge of the employment service in Kingston.

Mr. BENNETT: I quoted from documents.

Mr. ROGERS: But those statements certainly did not go to show in any way that Mr. Mooers has used his position in such a way as to discriminate wholly in favour of Liberals and against Conservatives. I do not believe there is any basis for that charge in what my right hon. friend has said.

Mr. BENNETT: I read a letter from a reputable citizen of Kingston who went there for employment.

Mr. ROGERS: Yes, one person.

Mr. BENNETT: But there can be others secured, as I told the hon. gentleman. This man was told, "You will have to have a letter from the president of the Liberal association."

Mr. ROGERS: Not for relief work at all.

Mr. BENNETT: Well, I gathered that part of the Fort Henry work was treated as a relief job.

Mr. ROGERS: This was at Barriefield.

Mr. BENNETT: Rollands heard there was a vacancy at Barriefield, but he wanted a job anywhere. Let us have no misunderstanding about it; that is the position. I have another letter here, which is signed by Mr. J. Marshall, rural route No. 1, Kingston, Ontario, dated May 10, 1938, which is not very long ago:

Sir:

A few lines hoping to be excused. I have been asking Mr. Rogers for a job for the past fifteen months but all he tells me to keep in touch with Mr. Stansberry. I have seen him several times but all he tells me their is nothing doing. I cooked in camp 42 for over two years and as not be able to get very much since I hope that you will try and get me a job as it is very hard for me to give without working.

Hoping to hear from you soon,

Yours truly,

J. Marshall.

I do not know who he is.

Mr. ROGERS: If my right hon. friend will permit me, I did not know the other people to whom he referred, but I do recall Mr. Marshall. He has applied to me for a position; he has written to me on various occasions. I believe at one time he was a cook attached either to camp 42 or camp 37. I have not the slightest idea what his political affiliations are.

Mr. BENNETT: Was he referred to Mr. Stansbury?

Mr. ROGERS: If he says so, I would not deny it, for this reason: When I go back to Kingston I am approached by men who ask for jobs. I have had to leave with my local executive such contact with such openings as do occur in Kingston.

Mr. BENNETT: Quite.

Mr. ROGERS: That I have said quite frankly in the house at various times.

Mr. BENNETT: But it negatives a statement which the minister made in the heat of the argument this afternoon, that there were no cases in which he had referred anyone to Stansbury.

Mr. ROGERS: No, no, I did not say that.

Mr. BENNETT: What he is saying now I have followed. What he said this afternoon is at variance with that, perhaps because he was dealing with another phase of the same matter.

Mr. ROGERS: I never referred anyone, or spoke to a contractor in Kingston in favour of any person, or instructed anyone else to do so.

Mr. BENNETT: I am not discussing that phase of the matter. I am talking about the question of the minister referring this man to the president of the Liberal association for the purpose of getting a position. That at least is evidence of that phase of it.

Now comes the hon. member for Parry Sound who says, "You are casting a reflection upon Stansbury, upon Rigney, upon Shea and upon a salvage officer because their names are discussed in this house." Well, the other evening the Minister of National Defence, a minister of the crown, when speaking of the Sowards incident, he having submitted the lowest tender for coal, and when I had asked him about the reports received concerning the firm, and to quote the language of the order in council, used these words:

I have not the documents before me at the moment with reference to the particular tender mentioned by the right hon. gentleman, but I definitely recall that complaints were made in regard to the carrying out of a previous contract by this same gentleman, with reference to a definite breach of the labour conditions in the contract. I shall ascertain the exact terms of the complaint and shall be glad to supply it to my right hon. friend or to any member of the committee.

This evening there was read a statutory declaration dated June 4, 1938, a week ago to-morrow. And the order in council was pased in 1937. What does he mean?

Mr. MACKENZIE (Vancouver): Nothing; I just meant—

Mr. BENNETT: "Nothing," I thought so.

Mr. MACKENZIE (Vancouver): It is all very well to be clever. The information was given me at the time. I did not have it in my recollection at the time, and the information was given to me by my colleague the Minister of Labour, and was substantiated to-night.

Mr. ROGERS: That is right. Had I been in the house at the time I would not

have hesitated for a moment to say that I had sent on the information. The information was not at that time in the form of a statutory declaration. But when I noted the manner in which it was regarded by the leader of the opposition I thought he would appreciate it more perhaps if it was in the form of a sworn statement.

Mr. BENNETT: It is Mr. Gibson who gave the statutory declaration of June 4, which reduced into writing what had prevously been ascertained. But Mr. Gibson is a cheese-maker; he is a dairy inspector.

Mr. ROGERS: And a very capable man, and the superintendent of a school.

Mr. BENNETT: Yes, a very capable man and the superintendent of a school. Since when did a competent cheese-maker become equipped to tell the number of tons of coal a bin would hold?

Mr. DUNNING: A high-school boy can do that.

Mr. BENNETT: I will say to the Minister of Finance that it depends entirely on the kind of coal.

Mr. DUNNING: Exactly, yes.

Mr. BENNETT: Well, what does the declaration say? If it is lump coal, the bin does not hold the same number of tons as if it is fine coal.

Mr. ROGERS: The same kind of coal in each case; the specifications require it.

Mr. BENNETT: That does not say what kind it is.

Mr. MACKENZIE (Vancouver): I gave the figures as to cost.

Mr. BENNETT: That does not help. It depends on how you put the coal in the bin, and how much is in the bin, and the cubic contents of the bin can be ascertained without difficulty, provided it is honestly measured. The computation as to the number of tons the bin holds is not difficult, after you have the cubic contents.

But everything depends upon the kind of coal you put in. If you put in buckwheat you can get in more tons than if you put in run of mine. And if you put in nut coal you certainly can get in more tons than if you put in lump coal. I am merely mentioning that because it shows what a minister of the crown will do, and it gives point and effect to the observations of the hon. member for Parry Sound.

I used the same language the other evening with respect to Mr. Sowards as my learned friend from Parry Sound has used with respect to these men. I used the exact language, that they were being attacked without a chance to be heard. Mr. Sowards defence is that he offered to supply coal cheaper than somebody else, and that the taxpayers of Canada would gain thousands of dollars. But we will not have that contract, because the reports received concerning this firm—

Mr. MACKENZIE (Vancouver): It was $600 or so, more expensive than the other.

Mr. BENNETT: Now it appears that the reports have come from the Minister of Labour, who lives in Kingston, where Mr. Sowards lives. That hearsay evidence, if I may so describe it to my hon. friend from Parry Sound, is based upon—

Mr. MACKENZIE (Vancouver): Sworn evidence.

Mr. BENNETT: No; the hearsay evidence of the minister is based upon the information received from Mr. Gibson. And a week ago to-morrow Mr. Gibson, who is a cheese-maker, swears with respect to the contents of the coal bin.

Mr. MACKENZIE (Vancouver): What is wrong with a cheese-maker doing it?

Mr. BENNETT: Not a bit.

Mr. ROGERS: He swears not only as to the contents of the bin, but as to the bills for coal deliveries.

Mr. BENNETT: Yes, certainly, the number of tons supplied.

Mr. DUNNING: And the cost.

Mr. BENNETT: Yes, and the cost. And the same things I have heard with respect to the present supply of coal in other portions of this dominion. I have always said that coal is one of those things in connection with which it is impossible to estimate the number of tons unless you know definitely the size of the coal which goes into the bin.

Mr. ROGERS: I do not wish to prolong the discussion, but if the item comes up again I am prepared to have corroborative testimony with respect to even larger contracts supplied for the Rockwood hospital at Kingston.

Mr. BENNETT: It will be observed that it is a provincial institution.

Mr. ROGERS: Taken from the public accounts.

Mr. BENNETT: It might also be well to remember that Mr. Gibson is an employee of the provincial government, and Mr. Sowards

has been supplying, as the lowest tenderer, coal to the dominion public undertakings for years. What is more, Mr. Norman who was the lowest tenderer the year before in Kingston, received his coal from Mr. Sowards. And Mr. Norman I am informed was advised he could not do so any more. That is the position.

There is the story as I understand it. It is a singular thing that it should be a minister of a federal department who should go to a provincial department for the purpose of determining this question. John Sowards has been supplying coal to the Dominion of Canada since he was a young man. The accounts are there in the auditor general's reports during all those years, and never have I heard such a statement as that now made. Is it not singular that it comes from the provincial authorities, and from an employee of the provincial government, who is a cheesemaker or an instructor.

With respect to the magistrate, and also with respect to the crown attorney, I will say this to the hon. member for Parry Sound, that at least it is laid down in the books that when they have jurisdiction, and an individual is charged with an offence under the criminal code, it is the duty of the law officers and the duty of the magistrate to see that appropriate proceedings are taken, when it is clear that the present proceedings are under a statute that has no availability.

Mr. SLAGHT: Surely my right hon. friend would not carry that doctrine to the length of saying that where a crown attorney honestly investigates facts and alleged charges, and decides they cannot prevail, he should still scrape up some other charge to lay against a man.

Mr. BENNETT: No.

Mr. SLAGHT: Surely not.

Mr. BENNETT: That is not what I said. What happened in this case was that the magistrate said, "I have no jurisdiction; these cases have all been dealt with under the elections act. It is true this is not under the criminal code, and I will let him go."

Mr. SLAGHT: He was quite right.

Mr. BENNETT: Was he? Well, that is the first time I have heard any reputable counsel say so. The court of criminal appeal in England said just the opposite, rightly or wrongly. With jurisdiction over the time, place, subject matter and the man—here is a man who has impersonated another—the criminal code provides for this; an information has been laid under the code, and yet the magistrate states that he has no jurisdiction. The crown attorney did not investigate the merits of the case at all. On the contrary, he made it quite clear that he did not propose to do so. My contention is that this is merely part of the general laxity that prevails. I used it for that purpose as an illustration.

Mr. SLAGHT: I am glad my right hon. friend has made this explanation, because if he will look up his own language he will find that perhaps in the heat of debate it was much stronger.

Mr. BENNETT: I think the thing is perfectly reasonable. Yesterday we were dealing with the question of employment offices. I say they are no use for the purpose of providing employment. Then there was laxity with respect to the conduct, not only of law and order but generally. The whole atmosphere was saturated with the political viewpoint when these matters were being dealt with.

Mr. ROGERS: Surely my right hon. friend does not say that they are no use in securing employment.

Mr. BENNETT: Yes, they are no use.

Mr. ROGERS: Here is the record of the placements. My right hon. friend has not submitted any evidence to justify a general indictment.

Mr. BENNETT: I have submitted evidence, and I say more to my hon. friend; I say that an office which is presided over by a drunken blackmailer is no good.

Mr. ROGERS: My right hon. friend was applying it to the whole employment service of Canada.

Mr. BENNETT: I said that any office which is presided over by a drunken blackmailer is no good.

Mr. ROGERS: No one would contest that for a moment, if true.

Mr. BENNETT: Then our case is settled on that phase of it.

Mr. ROGERS: My right hon. friend was speaking of the employment service generally and said it was no use in providing employment.

Mr. BENNETT: The minister knows perfectly well I am confining the present discussion to Kingston, so he cannot generalize in that way. I asked the minister to investigate. The hon. member for Parry Sound is perfectly right when he says that gossip is not evidence, but it is slightly different when it is circulated generally in the community.

The minister is to investigate this. There are two men in Kingston, Sam and Harry Abrahamsky, who are furniture dealers. They have stated in the presence of competent and creditable witnesses that they paid $100 to Mr. Stansbury to be placed on the patronage list in order to sell furniture to the government of Canada. Upon investigation it was found that the minister's private secretary had sent a letter to Kingston saying that the executive had not considered the matter and they were not on the list. These men want their money back. I agree with the hon. member for Parry Sound that street talk is not evidence, but it is striking evidence when a letter from the minister's secretary, written in his absence and seen by others, indicates that that is the condition which prevails, namely, that the executive had not considered the matter and they were not on the list. So much for that.

We come now to the question of the utilization of material. Here is the tender of the Frid Construction Company for the repair work at Fort Henry. This is contract No. 36-87, and it contains this phrase:

> Cement will be delivered to the owners' railway siding for this work.

In the body of the contract appear these words which I shall quote so that there will be no misunderstanding:

> Cement shall be Portland cement supplied by the owner, delivered on the site.

And again:

> The department provides free of cost to contractor and f.o.b. owners' private railway siding all Portland cement.

That cement is the property of the crown. If it is fraudulently converted, that is, used for some purpose other than for which it was consigned—

Mr. ROGERS: I gave my right hon. friend the—

Mr. BENNETT: Just wait a minute, I am speaking. There must be some valid reason. The Frid Construction Company say they made an arrangement with the government, but I ask: When?

Mr. ROGERS: With the deputy minister of highways.

Mr. BENNETT: When?

Mr. ROGERS: Is my right hon. friend now attacking the reputation of the Frid Construction Company?

Mr. BENNETT: I am saying the Frid Construction Company took cement which, under the terms of their bid, was for Fort Henry, and used it on the Crain building at Queens.

[Mr. Bennett.]

Mr. ROGERS: With the consent of the provincial department of highways.

Mr. BENNETT: When? Before or after they did it?

Mr. ROGERS: I shall get that information.

Mr. BENNETT: They replaced that cement in November, as the minister said. Keep in mind it was in November it was done and the cement had been taken months before. Let me deal now with the question of paint. Where did the white lead go?

Mr. ROGERS: Where was it in the first place?

Mr. BENNETT: The man who lost his job will tell you where it was. One step more. The Minister of National Defence says he has not been able to find the commandant's report, and I ask him to look for it more carefully.

Mr. MACKENZIE (Vancouver): No. I said definitely he had been communicated with and had said there was no report made at any time to Ottawa.

Mr. BENNETT: Who said?

Mr. MACKENZIE (Vancouver): The commandant, this afternoon.

Mr. BENNETT: With respect to stone?

Mr. MACKENZIE (Vancouver): Yes; that is my information.

Mr. BENNETT: Did the quartermaster say so?

Mr. MACKENZIE (Vancouver): I did not consult him.

Mr. BENNETT: Consult the quartermaster.

Mr. MACKENZIE (Vancouver): On a point of order, before recess the right hon. gentleman made a definite statement.

Mr. BENNETT: He did not.

Mr. MACKENZIE (Vancouver): Yes, he did. He asked if a report had been made by the commandant of the Royal Military College and I said that there was no report.

Mr. BENNETT: The Minister of National Defence should have about him at least some measure of appearance. I said I was in the hands of the minister. Those are the exact words I used. Obviously I had no knowledge, but I understood that there was a report from the commandant with respect to this stone and I wanted the minister to produce it.

Mr. MACKENZIE (Vancouver): During the recess the adjutant-general telephoned the

commandant, and my information, as a result of that conversation, is that there is no such report. I am giving that information to my right hon. friend as it was given to me.

Mr. BENNETT: My information is that there is a report. The quartermaster-general may be the man who made it. That is a matter on which the minister can satisfy himself.

Mr. MACKENZIE (Vancouver): I think we had better clear that up.

Mr. DUNNING: If it is not the quartermaster-general, who would be next?

Mr. BENNETT: That is not the question. The question is. Was a report made by any officer of the Royal Military College to the government here with respect to that stone?

Mr. MACKENZIE (Vancouver): That was not the question.

Mr. BENNETT: That is the question now. The Minister of Finance says that is a proper question.

Mr. MACKENZIE (Vancouver): My right hon. friend did not say that before six o'clock.

Mr. BENNETT: He said he was in the hands of the minister.

Mr. MACKENZIE (Vancouver): If he will look up Hansard he will find that he said, "I believe there is a report by the commandant of the Royal Military College.

Mr. BENNETT: But I said I was in the hands of the minister with respect to who made it.

Mr. MACKENZIE (Vancouver): I inquired during the recess and there is no such report.

Mr. BENNETT: I want to know if any officer of the Royal Military College made a report on the movement of stone to the Stansbury property by Drinka?

Mr. MACKENZIE (Vancouver): I am informed there was no report made to Ottawa by any officer of the Royal Military College.

The CHAIRMAN: Shall I report items Nos. 109 and 110 which could not be reported yesterday because the committee was forced to adjourn due on account of there being no quorum?

Some hon. MEMBERS: Yes.

Mr. ROGERS: I believe a correction should be made. Item No. 111 was the first one taken up and passed yesterday.

Progress reported.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. MACKENZIE KING: Before announcing the business for Monday, if the house will permit me to do so I should like to say just a word as to the adjournment of last evening. Hansard records the fact that there was not a quorum in the house when it met at eight o'clock. I think it is only right that there should be on the records of Hansard the fact that yesterday was the day on which we were celebrating the King's birthday, and that in front of the houses of parliament there was from seven o'clock until nine the ceremony of the trooping of the colours, which brought very large crowds to the front of the buildings. As a matter of fact, the crowds were so arranged as to make it impossible for hon. members to come from the central gates by the direct approach to the parliament buildings as they are accustomed to do in attending meetings of the house. Several hon. members I know of—myself among them—experienced difficulty in getting to the House of Commons because of the crowds that were about at that time. However, the fact is that most hon. members who were not in the house at the time had been or were witnessing the ceremony of the trooping of the colours. It may have been an excess of patriotism on the king's birthday, or some excess of loyalty towards the flag or the sovereign, but that surely was excusable in the circumstances. I believe that if the hon. members already in the house had waited just a moment or two, as the corridors were pretty well filled with members at the time, it would not have taken above a minute or two to have had the house well filled.

The business on Monday will be any bills that may be on the order paper, and will continue in supply with the departments of Labour, of Mines and Resources, and possibly Public Works. I cannot say in which order they will be taken up.

Mr. BENNETT: Before the house rises, dealing with the matter mentioned by the Prime Minister (Mr. Mackenzie King), I think it is only fair to point out that those who were here would have been quite ready to have become parties to an extension of time; but as there is no house unless there are twenty present, no motion could be put, nor could the house be adjourned until nine o'clock. It was suggested that it might be adjourned until nine o'clock; but the house cannot be adjourned unless there are twenty people in it, because the constitution itself

provides in section 48 that it is necessary to have twenty people in order that the house may exercise its powers. Therefore there is no house unless and until there are twenty people in it, and a motion of any kind cannot be made.

Mr. MACKENZIE KING: I am not taking exception to the fact that attention was drawn to the bell, but if the bell had been kept ringing a little longer there would have been enough members present.

Mr. BENNETT: We waited five minutes.

Mr. MACKENZIE KING: Perhaps if the house had sung God Save the King for five minutes, the chamber would have been filled.

Mr. ROWE (Dufferin-Simcoe): If the house had sung it for all that time there would not have been anyone left.

Mr. STIRLING: It would have been a thin house.

It being eight minutes after eleven o'clock the house adjourned, without question put, pursuant to standing order.

Monday, June 13, 1938

The house met at three o'clock.

PRIVATE BILLS

FIRST READINGS

Bill No. 147, for the relief of Frank Roy Hedges.—Mr. Emmerson.

Bill No. 148, for the relief of Jessie Fields Chambers Henry.—Mr. Emmerson.

Bill No. 149, for the relief of Marguerite Oldham Jamieson Macdonald.—Mr. Emmerson.

Bill No. 150, for the relief of Ida Hillman Livermore Woodall.—Mr. Emmerson.

Bill No. 151, for the relief of Gabrielle Rachel Cécile Pélissier de Kermeno de Gouzillon.—Mr. Emmerson.

Bill No. 152, for the relief of Millicent Barbeau Edmondson.—Mr. Emmerson.

Bill No. 153, for the relief of Theodore Charles Grothé.—Mr. Donnelly.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

[Mr. Bennett.]

GOVERNMENT PURCHASE OF FENCE POSTS IN SASKATCHEWAN

Mr. FAIR:

1. Did the government of Canada recently enter into an agreement with Mr. C. J. Sedgwick, of Chelan, Saskatchewan, for the supply of poplar fence posts for a community pasture?

2. If so, how many posts were ordered, and what is the agreed price per post, treated and loaded on cars?

Mr. GARDINER:

1. No.

2. Answered by No. 1.

YOUTH EMPLOYMENT COMMITTEE—ALLAN CHAMBERS

Mr. GREEN:

1. What sum was paid to a certain Allan Chambers, former member and chairman of the youth employment committee, for each calendar month, commencing with the month of February, 1937, as travelling expenses?

2. What sum was paid to him for each calendar month commencing February, 1937, as living allowance?

3. What place was considered to be the home of the said Allan Chambers during the time he was a member or chairman of the employment committee?

Mr. ROGERS:

1. Travelling expenses:

February, 1937	nil
March	"
April	"
May	$214 45
June	89 26
July	10 76
August	7 90
September	....
October	....
November	3 13
December	34 95
January, 1938	148 15
	$508 60

2. Living allowance:

February, 1937	$420 00
March	465 00
April	450 00
May	565 00
June	440 00
July	150 00
August	120 00
September	75 00
October	105 00
November	....
December	220 00
January, 1938	470 00
	$3,480 00

3. Victoria, B.C.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FEDERAL CONTRIBUTIONS TO ROAD CONSTRUCTION IN BRITISH COLUMBIA

Mr. HANSON:

1. What amount has been contributed by the federal government, since 1930, towards the construction of arterial highways in British Columbia, giving each year separately, and showing: (a) number and names of projects; (b) how much to each project per year?

2. What amount has been contributed by the federal government, since 1930, towards the construction of mining roads, trails and bridges in British Columbia, showing each year separately, and: (a) number and names of projects; (b) how much to each project per year?

FEDERAL CONTRIBUTIONS TO TRANS-CANADA HIGHWAY CONSTRUCTION IN QUEBEC PROVINCE

Mr. SYLVESTRE:

1. Did the dominion government contribute to the cost of straightening and rebuilding that portion of the trans-Canada highway between Berthierville and Three Rivers, and to the cost of eliminating the railway crossings on that section?

2. What total amount was paid to date by the dominion government for the project, and what other payments, if any, may be expected in the future from the said government in relation thereto?

3. When were such works started, when were they concluded, by whom were they performed, and at what total cost?

4. Was the project performed under a definite price contract awarded after public and regular call for tenders?

5. If so, in what newspapers were such calls for tenders published, and what persons or corporations tendered?

6. Was the contract approved by the dominion government? If so, in what way, and upon the report of what officer?

7. When were the plans for the said project completed by the Quebec highway department, and on what dates, if any, were requests made by the provincial government of Quebec to the dominion government in connection with the said project?

8. What amount was contributed by the dominion government to the provincial government of Quebec for the improvements of the trans-Canada highway between August 7, 1930, and October 23, 1935?

COMPANIES EXEMPT FROM CORPORATION TAX

Mr. GREEN:

1. What companies have been exempted from corporation tax under the provisions of part XIII of the Income War Tax Act which came into force on May 1, 1936?

2. In respect of what mine or mines have each of the said companies qualified for such exemption?

3. Which of such mines have been classified as new, and which as old mines?

4. In what provinces are the different mines located?

5. What certificates have been issued stating a date upon which a mine is deemed to have come into production under the terms of the said part XIII?

6. What fiscal periods during which income derived from any such mine is exempt from corporation tax have been established in the respective certificates issued?

ROYAL COMMISSIONS

Mr. CASSELMAN:

1. What royal commissions have been appointed by the government of Canada since January 1, 1900?

2. What was the cost of each commission?

3. What was the subject matter investigated by each commission?

MOTIONS FOR PAPERS

GRAIN HANDLING AT QUEBEC AND MONTREAL—REQUEST FOR TABLING OF DOCUMENTS RESPECTING HANDLING, RATES AND ADMINISTRATION

Mr. STEVENS:

For a copy of a letter written by Mr. Roberts, a member of the national harbours board, to Mr. Kaiser of the Louis Dreyfus Company of New York and dated April, 1938, and of a memo attached thereto setting forth an understanding regarding certain reductions of rates for the handling of grain through the port of Quebec.

Mr. HOWE: I desire to oppose this motion, but as it is not debatable under the rules I am unable to state my reasons for opposing it. I therefore ask that it be transferred to notices of motions.

Mr. STEVENS: On a point of order, I submit that it is not competent for the minister to suggest that this be transferred to the order for notices of motions, because that is an order which obviously will not be reached again this session; furthermore I have never yet heard of its being done without the consent or request of the mover. A third point is this—and I am not discussing the matter involved; that can be discussed on another occasion. It is a question of the rights of a member of the House of Commons. I contend that I have an absolute right, as has any other member of this House of Commons, to call for the production of this particular document. It is a document that has entered into the public business of Canada.

An hon. MEMBER: He is debating it.

Mr. STEVENS: I am discussing the point of order in this sense, that it is my right to ask for the production of the document. It is the point of order I am discussing, not the subject matter of the motion. I contend that

it is not competent under the rules for the government to take refuge in the possible fact that a document may have been marked "private," if the document affects or deals with public business. That is my contention in regard to this document. The matter has been standing for something like ten days, so that there has been ample opportunity for the government to look into it; otherwise I should not object to a request that it stand for the purpose of examination. But the facts are well known. I must respectfully insist that the right of members of parliament to request the production of public documents be upheld on this occasion.

Mr. LAPOINTE (Quebec East): Mr. Speaker, the matter which is under discussion is dealt with by standing order No. 51.

> Notices of motion for the production of papers which the member asking for the same intends to move without discussion shall be marked by him with an asterisk and shall be placed by the clerk on the order paper above "Notices of Motions" under the heading "Notices of Motions for the Production of Papers." All such notices when called shall be forthwith disposed of; but if on any such motion a debate be desired, it shall be transferred by the clerk to the order of notices of motions.

The Minister of Transport (Mr. Howe) has stated that a debate is desired on this motion, therefore no discretion is to be exercised; it is imperative that the clerk should transfer it to the other order.

Mr. STEVENS: I now rise to a question of privilege.

Mr. LAPOINTE (Quebec East): What was it the first time?

Mr. STEVENS: It was a point of order. I am not going to allow my right hon. friend, with all the respect I have for him in matters of this and other kinds, to delude the house into thinking that the desire is to debate this motion. If the desire is to debate it, that can be done when the estimates are under consideration. But to transfer the motion to the order which the Minister of Transport has called for would remove it from the realm of debate, because it could not then be debated under any other order, and I should be precluded from discussing it. This matter ought to be discussed. Again I protest against the privileges and liberties of members of the House of Commons being interfered with or overridden by a subterfuge of this kind.

Mr. LAPOINTE (Quebec East): On the question of privilege—a new matter—my hon. friend is entirely wrong. We have to observe the rules as they are. He says he will not be able to discuss the matter before going into supply or otherwise. Well, if he were doing me the honour of asking my advice I would give him a very simple way of doing it.

Mr. WOODSWORTH: It seems to me the rule is very clear. Citation 436 under standing order 51 says:

> Addresses are moved for papers and dispatches from the imperial government; for orders in council; for correspondence between the dominion, British and foreign governments, or between the dominion and provincial governments, or between the dominion and any company, corporation or individual.

It seems to me this clearly comes under that head. Paragraph 437 says:

> The general rule is that information to be obtained from or through any of the revenue departments, any department under the treasury, or any department constituted or regulated by statute, is obtained by means of an order, whilst information to be obtained from or through a Secretary of State or the privy council is obtained by means of an address.
>
> 438. The information sought must relate to a matter of public importance and be obtainable through a public authority.

Surely there is no reason why this particular document should not be laid before the house. In any case on the point of order from which this discussion started I do not see that anything has occurred which gives it into the power of the minister to say that the moton should be transferred to another order.

Mr. BENNETT: There is another question which seems to me relevant to this discussion, namely, whether this paper should not be produced and laid on the table without any further discussion in view of the reference made to it the other day by the Minister of Transport (Mr. Howe). I think if the right hon. Minister of Justice (Mr. Lapointe) would look into that phase of it he would be convinced—

Mr. LAPOINTE (Quebec East): That is another question.

Mr. BENNETT: Yes, it is another question. He would be convinced I think that it is a document that should be laid on the table. The general principle of the rule is stated very clearly, that if a public document is referred to by a minister it must be laid on the table in order that access may be had to it by all hon. members of the house so that they may be able to understand and appreciate its contents. The rule is based on sound public policy.

As far as the immediate motion is concerned, it seems to me it cannot be said to be in any sense a debatable motion, because the contents of the paper cannot be anticipated

in the discussion. The only question for debate is whether or not it is a public document, and inasmuch as it has been admitted that it is a document written by one of the members of what might be described as a governmental agency—that, it will be recalled, is the description given of it—surely it should now be produced. I am bound to say that I agree with what the right hon. gentleman has said as to the general question of debate, but this is not a debatable matter in the sense in which those words are used in our rules; because there it is, the contents are known, it is a specific document—specific, mark you. It is not as though this were a roving commission seeking to get something that is not known; there is the description of it: (a) the person who wrote it; (b) the person to whom it is written; (c) it clearly touches public business of, I think everyone will agree, the most outstanding kind, namely the question of rates.

I suggest to the minister, with great deference, that it might be well to let the order stand until it can be further looked into. If the Minister of Justice will examine the authorities with the care which he usually displays in matters of this kind I think he will conclude that having regard to all the circumstances this is not a debatable matter within the rules; and in any event the document should be laid on the table, having regard to the fact that the Minister of Transport referred to it in the terms in which he did the other day, and to the further fact that it is a specific document concerning which we have now the names of the addressee and the sender, and knowledge of the kind of public business to which it relates.

Mr. SPEAKER: Does any other hon. member wish to speak to the point of order?

I believe in this matter the Speaker has no discretion. The standing order states clearly that motions on which debate is desired shall be dealt with in a certain way, and, the minister himself having stated that debate is desired, I think the standing order must be followed and this motion be transferred to the order, notices of motions. I so rule.

Mr. STEVENS: With very great regret, Mr. Speaker, and I think for the first time in my twenty-seven years in the house, I am reluctantly compelled to appeal from your ruling.

Mr. SPEAKER put the question as follows:

Mr. Stevens having moved that an order of the house do issue for a copy of a letter written by Mr. Roberts, a member of the national harbours board, to Mr. Kaiser, of the Louis Dreyfus Company of New York, and dated April, 1938, and of a memo attached thereto setting forth an understanding regarding certain reductions of rates for the handling of grain through the port of Quebec; the Minister of Transport (Mr. Howe) having asked that the said motion be transferred to notices of motions, and the Speaker having decided that it is in order so to do, Mr. Stevens appeals from the ruling of the Speaker.

The house divided on the question: Shall the ruling of the Speaker be sustained? And the ruling was sustained on the following division:

YEAS

Messrs:

Barry
Beaubien
Bertrand (Prescott)
Black (Chateauguay-Huntingdon)
Blair
Blanchette
Bothwell
Bradette
Brasset
Clark (York-Sunbury)
Cochrane
Coté
Crerar
Damude
Deachman
Donnelly
Douglas (Queens)
Duffus
Dunning
Emmerson
Euler
Evans
Fafard
Fiset (Sir Eugène)
Fleming
Fournier (Maisonneuve-Rosemount)
Furniss
Gardiner
Girouard
Gladstone
Glen
Golding
Goulet
Grant
Hanson
Hartigan
Howden
Howe
Hurtubise
Isnor
Johnston (Lake Centre)
King, Mackenzie
Kinley
Lacroix (Quebec-Montmorency)
Lapointe (Quebec East)
Leader
Little
McAvity
McCallum
McCann
McCuaig
McCulloch
McDonald (Pontiac)
McDonald (Souris)
McGeer
McIvor
MacKenzie (Neepawa)
MacKinnon (Edmonton West)
McLarty
MacLean (Cape Breton North-Victoria)
McLean (Melfort)
MacLean (Prince)
McLean (Simcoe East)
McNiven (Regina City)
McPhee
Maybank
Michaud
Motherwell
Mulock
Mutch
Neill
O'Neill
Patterson
Pinard
Pottier
Purdy
Reid
Rennie
Rickard
Robichaud
Rogers
Ross (Moose Jaw)
St-Père
Sanderson
Slaght
Sylvestre
Telford
Thorson
Tomlinson
Tucker
Turgeon
Turner
Veniot
Ward
Weir
Winkler—96.

NAYS

Messrs:

Anderson	MacInnis
Barber	MacNeil
Bennett	MacNicol
Black (Yukon)	Macphail
Blackmore	Marsh
Cahan	Marshall
Casselman	Massey
Clarke (Rosedale)	Mitchell
Douglas (Weyburn)	Needham
Elliott (Kindersley)	Pelletier
Esling	Perley
Green	Poole
Hansell	Quelch
Hayhurst	Ross (St. Paul's)
Heaps	Senn
Jaques	Stevens
Kennedy	Stirling
Kuhl	Taylor (Nanaimo)
Landeryou	Thompson
Lennard	White
Lockhart	Woodsworth—43.
McGregor	

Mr. STEVENS:

For a copy of all letters, telegrams, draft agreements or other documents during the months of February, March, April and May, 1938, passing between the Minister of Transport, the national harbours board or any member or official of the said board, and the Louis Dreyfus Company of New York regarding the handling of grain at the port of Quebec or the port of Montreal or dealing with proposed reduction of rates in the handling of grain at the same ports.

Mr. HOWE: Mr. Speaker, there is no such correspondence except to the extent that this motion may refer to the previous motion. The motion then becomes identical with the previous one, and I would ask that it be disposed of in the same manner and transferred to notices of motions.

Mr. STEVENS: I simply rise to protest against this method of evading the production of public documents.

Mr. SPEAKER: Is it the pleasure of the house that the motion be transferred to notices of motions?

Mr. BENNETT: On division.

Mr. STEVENS:

For a copy of all letters, telegrams and other documents during the months of February, March, April and May, 1938, passing between the Minister of Transport, the national harbours board or any of its officials and the board of grain commissioners, its chairman, its secretary or any of its officials regarding the rates on the handling of grain at the port of Quebec or the port of Montreal or regarding the administration of the Canada Grain Act in relation to the said ports.

Mr. HOWE: Return tabled.

[Mr. Speaker.]

LANDRACE AND YORK HOGS

Mr. BLAIR:

A complete report of all tests made by the experimental farms of the landrace and York hogs, during the years 1936, 1937 and 1938.

AMOS, QUE., POST OFFICE

Mr. BLAIS:

For a copy of all correspondence, letters, telegrams and other documents dated from 1935, with respect to the post office at Amos, Chapleau county, province of Quebec?

RADIO STATION CKGW

Mr. CLARKE (Rosedale):

For a copy of the lease originally made by the Canadian Broadcasting Corporation or by the Canadian radio commission for the leasing of radio station CKGW at Toronto;

Also, a copy of all correspondence, letters, telegrams and other documents passing between the proprietors of the said station CKGW and the Canadian radio commission and/or the Canadian Broadcasting Corporation;

And also, a copy of all correspondence, letters, telegrams and other documents passing between the proprietors of the said station CKGW and the Canadian Broadcasting Corporation relative to the termination of the lease above mentioned.

Mr. HOWE: As the subject matter of this motion is now before the courts, I would ask that it pass with the usual reservation.

Motion agreed to.

NATIONAL PARKS

AMENDMENT OF EXISTING LEGISLATION AFFECTING WAWASKESY, ELK ISLAND AND PRINCE EDWARD ISLAND PARKS

Hon. T. A. CRERAR (Minister of Mines and Resources) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to amend the National Parks Act and the Nova Scotia and Prince Edward Island National Parks Act, 1936, to abolish the Wawaskesy national park in the province of Alberta and vest the land in the province; to change the boundaries of the Elk Island national park in the said province by adding to and parting with certain described areas and transferring the latter to the province; and to withdraw certain lands from the Prince Edward Island national park and vest the same in his majesty in the right of the province.

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.

SMALL LOANS

PROVISIONS RESPECTING INCORPORATION, POWERS AND LICENSING OF COMPANIES

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to introduce an act to regulate the cost of small loans, also with respect to the incorporation and powers of small loan companies, and to provide for the annual licensing of money lenders, for the administration of the said act, and the annual assessment of each licencee for the purpose of meeting the expense incurred by the government in such administration.

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.

BUSINESS OF THE HOUSE

WEDNESDAY EVENING SITTINGS

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

That on Wednesday the 15th of June next, and all subsequent Wednesdays until the end of the session, the sittings shall in every respect be under the same rules provided for other days.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, in view of the fact that the committees of the house are still sitting in the mornings, it is an intolerable burden to place upon hon. members to deprive them of the one night in the week in which they can catch up with their work. I think it must be known to all who are familiar with the work being done by the committees that they have been very busily engaged, and by having this one night in the week hon. members are enabled to do much of their work that has fallen in arrears. I think that until the committees have ceased to function in the mornings this night should be left free. When the committee work has been concluded then this motion could be adopted. That is my personal view.

Mr. MACKENZIE KING: If there is any desire on the part of hon. members not to sit on Wednesday evenings rather than to sit with a view to expediting the work of the house, I shall not press the motion. In view of what the right hon. leader of the opposition (Mr. Bennett) has just said I am quite content that the motion should drop. I do believe, however, that most hon. members of the house would much prefer to sit on Wednesday evenings with the idea of getting through.

Mr. BENNETT: I was very careful to say, until such time as the committees had completed their work.

Some hon. MEMBERS: Question.

Mr. MACKENZIE KING: I shall put a motion again next week for the Wednesday evening of that week.

Motion dropped.

SUSPENSION OF STANDING ORDER 28 RESPECTING COMMITTEE OF SUPPLY

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

That the provision of standing order 28 respecting the committee of supply be suspended for the sittings of Thursday, 16th June and Friday, 17th June, 1938.

He said: As hon. members are aware, Mr. Speaker leaves the chair without motion being put on Thursday. As it is the desire of the Minister of Finance (Mr. Dunning) to present his budget statement while His Honour the Speaker is in the chair, I am asking the house to agree to the suspension of this rule.

Mr. CAHAN: Why mention Friday, June 17?

Mr. MACKENZIE KING: The Speaker also leaves the chair on Fridays without question being put, and I had assumed that it would be the wish of the house to continue the debate on the budget on Friday, in which event by the adoption of this motion, the Speaker would still be in the chair. However, if it were decided on Thursday night that it would not be advisable to continue the debate on the budget on Friday, we could return to the usual order of business on that day.

Mr. CAHAN: It has been usual to allow a day or two to elapse.

Mr. MACKENZIE KING: I shall be glad to allow to elapse whatever time hon. gentlemen opposite may wish. If the house will permit, I shall amend the present motion by striking out "Friday, June 17." The house perhaps will permit me to substitute "committee of ways and means" for "committee of supply." Either is quite correct, but I believe it would be more appropriate to have the Minister of Finance make his budget statement on a motion for the house to resolve itself into a committee on ways and means. The motion as amended would read:

That the provisions of standing order 28 respecting the committee of ways and means be suspended for the sitting of Thursday, 16th June, 1938.

Motion as amended agreed to.

MOTION FOR COMMITTEE OF SUPPLY SUBSEQUENT TO COMMITTEE RISING FOR WANT OF QUORUM—NECESSITY FOR UNANIMOUS CONSENT

On the orders of the day.

Right Hon. R. B. BENNETT (Leader of the Opposition): Before the house proceeds with the orders of the day I desire to direct attention to a matter which perhaps may be of more importance in the future than it is at the present time. On Friday last the right hon. the Prime Minister (Mr. Mackenzie King) moved:

That this house do now resolve itself into a committee to consider of a supply to be granted to His Majesty.

That motion was made in consequence of the committee having lapsed owing to there being no quorum on the preceding evening. Citation 47 under standing order 3 provides:

If the committee of supply, or ways and means, rises because there is not a quorum present, and therefore makes no report and does not ask leave to sit again, a motion with forty-eight hours' notice, unless unanimous consent is granted, must be made that the committee do sit again on some specified date.

I notice both in Hansard and in the Votes and Proceedings it does not appear that this was done by unanimous consent. I rise merely to suggest, having regard to future parliaments, that it might be desirable to add the words, "by unanimous consent," and thereby conform to the rule.

Mr. MACKENZIE KING: As a matter of fact the house did give unanimous consent.

Mr. BENNETT: No, nothing was said about it.

PRIVILEGE—MR. ROGERS

PRESS REPORT OF PROCEEDINGS OF JUNE 9 CONCERNING THE EMPLOYMENT SERVICE OF CANADA

On the orders of the day:

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Speaker, before the orders of the day are called I wish to rise to a question of privilege in connection with a Canadian Press report of the discussions of Thursday, which appeared in the afternoon papers of Friday. There is the following reference to dismissal of officials of the Employment Service of Canada, and the statement is attributed to the leader of the opposition (Mr. Bennett) and is given in quotations. The statement is to the following effect:

The men who occupied positions in them were dismissed when he—

[Mr. Mackenzie King.]

The reference being to me as Minister of Labour.

—came to office. That, in my opinion, is exactly contrary to what was intended when this statute was enacted.

The leader of the opposition made a number of allegations at that time, but I have not been able to discover this was one of them. In any event the statement as given is absolutely untrue. No federal employee of the Employment Service of Canada was dismissed or has been dismissed since the present administration came into office. I hope that the appropriate correction will be made.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, with respect to the same question of privilege, I noticed what the minister has referred to. I was particularly careful to make it clear, and if he will look at Hansard he will see that it is removed from any possible doubt, that the removals or dismissals were by the provincial and not the federal administration.

Mr. ROGERS: I said, Mr. Speaker, that I had not been able to discover that he had made that statement.

NATIONAL HOUSING ACT

MEASURE TO ASSIST THE CONSTRUCTION OF HOUSES—PROVISIONS WITH RESPECT TO LOW RENTAL HOUSES AND MUNICIPAL TAXES

Hon. CHARLES A. DUNNING (Minister of Finance) moved the second reading of Bill No. 145, to assist the construction of houses.

He said: Mr. Speaker, in view of the manner in which the house bore with me in a lengthy and detailed address on this matter when the financial resolution was before the house, I do not think I need at this time add anything to the remarks I then made. They will be found in Hansard of last Wednesday. The discussion which took place on the financial resolution should enable the house to make better progress with respect to this matter in committee than could be made by a further general discussion on the second reading, but that is of course, for members of the house to decide. For myself I think I said on the occasion of the introduction of the financial resolution all that I would desire to say on the second reading.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I intimated the other day that the speech made by the

Minister of Finance (Mr. Dunning) on the financial resolution was really a second reading speech, and if you will permit us to reserve our right to discuss the principles involved in this mesure, when we are in committee, I think the minister's suggestion will serve a useful service and expedite the conduct of business. There are certain matters in the measure as it stands that certainly I cannot think are workable, and therefore it will be my duty to point out that they will not be useful for the purpose intended; but there is no point in discussing them now if the question of principles can be referred to when the house is in committee and the appropriate sections are under consideration.

Mr. DUNNING: If the house will permit me, Mr. Speaker, I should like to say that it is rather difficult to define closely the principle upon which we are deciding on the second reading of this bill. There is of course a separate principle involved in each of the three parts, and it is conceivable that certain members of the house might be quite in favour of the principle involved in part I but opposed to the principle involved in part II, or indeed in favour of any two of the three and against the third. So it will be necessary, I think, to permit discussion of the principle of each part of the bill as we proceed with the discussion in committee, and I certainly shall not stand upon any question of the principle of the bill having been passed upon on the second reading. I think we can expedite business by getting on with the committee stage.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

Section 1 agreed to.

On section 2, paragraph (a)—"approved lending institution."

Mr. DUNNING: It will be seen in section 2 that there is some amendment of the definitions contained in the present Dominion Housing Act. Some of the changes are merely matters of language; others involve quite a change. I would call the attention of the committee particularly to paragraph (e) of this section, which defines "lending value" to mean:

—the estimated cost of construction of a house or its appraised value, whichever is the lesser.

There was no definition of "lending value" in the former act.

Mr. BENNETT: With respect to (a) may I point out that "approved lending institution" as defined means those institutions that were existing as such under the housing act of 1935.

Mr. DUNNING: Yes.

Mr. BENNETT: The definition in (a) goes on to say:

—and any lending institution approved by the governor in council for the purpose of making loans under this part.

Is that sufficiently comprehensive to permit of the exercise of the power?—because it is the old definition that we are sticking to with respect to those that have been approved up to 1935. It is only the language I question.

Mr. DUNNING: The intention, and the legal draftsmen were so instructed, was to enable the existing agreements to continue, and that other lending institutions should have the capacity to enter into agreements. But more than that, in view of the fact that possibly a different type of agreement is contemplated by the new legislation, the intention was to enable new agreements to be entered into where necessary with lending institutions which are at present approved under the existing legislation.

Mr. BENNETT: I realize that, but I doubt if the language is broad enough to cover the case of new lending institutions approved under this section. That is the only thing I had in mind.

Mr. DUNNING: It says, "and any." It could not be much broader, could it?

Mr. BENNETT: It is only the way it is put.

Mr. REID: I wonder if the minister has a list of the approved lending institutions under the old act. In some parts of British Columbia, even yet splendid citizens are being turned down by the present lending institutions. I had a letter the other day from a member of the Vancouver police force, a man who had had a steady job for years, and the lending institutions would not approve of a loan on a house for him estimated to cost $3,000. I should like to have a list of the approved lending institutions of British Columbia.

Mr. DUNNING: The list at present consists of thirteen life insurance companies, all of which I think may be described as national institutions—certainly none of them are local to British Columbia; then there are

thirteen trust and mortgage companies, and I do not notice any British Columbia address as the head office of any of these companies. Then there are three other lending institutions, of which two are Caisse Populaire in the province of Quebec, and one, the Western Savings and Loan Association of Winnipeg. I believe the only parties making loans in British Columbia at the present time are those national lending institutions to which I have referred. I will not now, on this definition section, debate the question whether loans were made that should not have been made; that is difficult to answer. I will tell my hon. friends from British Columbia, however, that at the present time there are more loans being made in British Columbia under the housing act than in any other province of the dominion.

Mr. REID: That is readily understood when one looks at the credit conditions of the province and realizes that as far as mortgages are concerned the situation there is one of the best. In the preamble it is provided that the localities are to be designated by the minister, and one question I should like to have answered is this.

The CHAIRMAN: I would remind the hon. member that we have not yet taken up the preamble; we shall come to that later.

Mr. REID: I realize that, but I thought that under this section it was competent to mention something that appears in the preamble.

Mr. DUNNING: The matter to which the hon. member was about to refer will come up properly under another section of the bill, and it will very much facilitate discussion of this rather complex type of legislation if we confine discussion as closely as we reasonably can to the sections under review. Of course, I am in the hands of the committee but I am sure that any question that arises in its proper place will be fully discussed.

Mr. TAYLOR (Nanaimo): Will the minister be good enough to put on Hansard the names of the lending institutions?

Mr. DUNNING: I shall be glad to do that.

Insurance companies—Head office

Sun Life Assurance Company of Canada, Montreal, Que.
London Life Insurance Company, London, Ont.
North American Life Assurance Company, Toronto, Ont.
Mutual Life Assurance Company of Canada, Waterloo, Ont.
Great-West Life Assurance Company, Winnipeg, Man.
The Northern Life Assurance Company of Canada, London, Ont.
Canada Life Assurance Company, Toronto, Ont.
Confederation Life Association, Toronto, Ont.
The Equitable Life Insurance Company of Canada, Waterloo, Ont.
The Manufacturers Life Insurance Company, Toronto, Ont.
The T. Eaton Life Assurance Company, Toronto, Ont.
Montreal Life Insurance Company, Montreal, Que.
The National Life Assurance Co. of Canada, Toronto, Ont.

Trust companies

The Grey & Bruce Trust & Savings Company, Owen Sound, Ont.
Community Trusts Corporation, Chatham, Ont.
The Sterling Trusts Corporation, Limited, Toronto, Ont.
Capital Trust Corporation, Limited, Ottawa, Ont.
The Premier Trust Company, Toronto, Ont.
Osler & Nanton Trust Company, Winnipeg, Man.
The Ontario Loan & Debenture Company, London, Ont.
The Central Trust Company of Canada, Moncton, N.B.
The Waterloo Trust and Savings Company, Kitchener, Ont.
Canada Permanent Mortgage Corporation, Toronto, Ont.
Guelph & Ontario Investment & Savings Society, Guelph, Ont.
National Trust Company Limited, Toronto, Ont.
Sherbrooke Trust Company, Sherbrooke, Que.

Other lending institutions

The Western Savings & Loan Association, Winnipeg, Man.
La Caisse Populaire de la Cite de Shawinigan, Shawinigan Falls, Que.
La Caisse Populaire de Levis, Levis, Que.

Mr. ESLING: All municipalities are designated as lending authorities, are they not?

Mr. DUNNING: They may be. Local authority means any province, municipality, society, association or corporation having authority to undertake a housing scheme.

Mr. ESLING: I was referring particularly to municipalities. Is it not a fact that in British Columbia no municipality can exercise its authority until the next provincial legislature amends the municipal act? It may be well to have that known right now in order to avoid a lot of useless correspondence.

Mr. DUNNING: That was true with respect to the period since 1935 when the existing Dominion Housing Act was passed, for the reason that the definition of local housing authority is the same in this part

of the new bill as it was in the old Dominion Housing Act, so that any amendment which might have been necessary to the municipal acts in the various provinces to enable municipalities to undertake housing schemes could, and in some cases may, have been made by provincial legislatures in the intervening period. I am not sure whether in a number of provinces at any rate specific amendment would be required to enable the municipality itself to undertake a housing scheme under this part, but certain it is that work that has been done—over seventeen million dollars worth of building that has been done under the existing Dominion Housing Act—has all been done by virtue of agreements between the Minister of Finance, as provided for in that act, and lending institutions. There is no case in the dominion where the municipality itself has taken advantage of that provision under the existing statute. It was thought wise, in carrying forward important parts of the existing statute into this bill, to leave the provision which would enable municipalities to assume the position of lending authority by agreement with the minister if they desired to do so and if, of course, as my hon. friend points out, they have authority so to do from the provincial legislatures. We cannot compel it but we can provide for them to act in that capacity provided they have both the legislative authority from the province and the desire to do it.

Mr. ESLING: In order to clarify the situation it may be pointed out that there were several municipalities that did desire to take advantage of the housing act. The matter was placed before the union of municipalities and that body was asked to pass a resolution asking the provincial government to provide methods by which we could take advantage of the act. But it has not been done and therefore cannot be done until the next meeting of the provincial legislature in Victoria. That should be known and well known in order to avoid a lot of useless correspondence, because so far as British Columbia is concerned, the act cannot become operative until the next session of the legislature.

Mr. DUNNING: My hon. friend is going rather too far. The act can become operative, but the particular method of operating it by municipal action under this part cannot. He may be right in that, but certainly the other method provided by this part of the bill can continue as it is continuing at the present time to operate in British Columbia. I am pleased to be able to make this statement to the hon. member for New Westminster as well as to other members from British Columbia, who have questioned me about the matter. I undertook some time ago to have the director of housing in the Department of Finance pay a visit to that province in an endeavour to find a means of meeting problems which have arisen there, and I have very encouraging reports from him as to the manner in which the provisions of the present housing act can be extended particularly to the interior of the province, from which locality there have come very many complaints of lack of facilities for obtaining loans under the act. I do not say that we can remove every difficulty. Of course, my hon. friend from Kootenay West is quite correct when he says that so far as the municipality acting is concerned, a change in provincial legislation in British Columbia will be necessary; but no municipality anywhere in the dominion has yet taken advantage of this particular feature of the present Dominion Housing Act. At the same time we felt it wise to retain the opportunity for them to do so if they received the necessary authority from the province and desired to take advantage of it.

Mr. MASSEY: Would the minister be good enough to give the distribution by provinces and by years of expenditures so far under the old act?

Mr. DUNNING: Up to May 31 is the last figure I have. I will give the number of family units and the value of loans approved. I have a good deal more information but it will be simpler to stick to the expression "family units" than to complicate the number of loans with units provided.

Mr. MASSEY: This is the total to date?

Mr. DUNNING: Total to March 31, 1938, by provinces:

	Amount loaned	Family units provided
Prince Edward Island	$ 54,034	10
Nova Scotia	1,532,983	351
New Brunswick	328,917	78
Quebec	4,953,627	1,057
Ontario	7,910,287	1,959
Manitoba	425,414	87
Saskatchewan	8,200	2
Alberta	....	....
British Columbia	2,136,942	705
	$17,350,404	4,249

The average loan per family unit as of May 31 was $4,083. I think that covers the information for which my hon. friend asked.

Mr. SENN: I think the minister said the other day that it is the desire of the government to extend the benefits of this legislation

to all parts of the country, to the rural sections and particularly the villages. In the last year or two there has been reluctance on the part of some lending institutions to visit these rural communities and look over applications. Is there anything in this bill which makes it obligatory for an approval lending institution at least to investigate an application from a man residing in a rural district? I understood the minister to say that certain financial aid is to be given, but even then it might not be considered profitable for the company to do it in an isolated case in a particular locality. Is there anything in the bill to oblige the companies to treat all applications on exactly the same basis?

Mr. DUNNING: No, there is nothing in the bill to compel people to lend their money. That positively is not in the bill. But if my hon. friend will wait until we reach section 4, that whole range of questions will then come under review.

Mr. SENN: I was asking if they were being compelled not to lend money but to investigate the application.

Mr. DUNNING: We can induce, but I doubt if we can compel.

Mr. McNIVEN: Have any of the lending institutions in making their applications for approval indicated unwillingness to lend money in certain parts of Canada? I notice that in Saskatchewan there were only two loans, both in the city of Prince Albert.

Mr. DUNNING: I do not recall lending institutions having indicated unwillingness to lend in certain parts of Canada particularly. In fact since I first had anything to do with the act we have endeavoured in every way to get lending institutions to make agreements with the dominion. It has been a slow process to persuade them to enter into agreements at all. I think I can say that it is only during the last year or year and a half we have had anything like the swing of progress in that direction which I should like to have seen. We have not attempted to dictate to lending institutions where they should lend. We have however endeavoured to persuade them to look for business in areas from which it was apparent, from correspondence coming to the department, that a demand existed from people who were able to give the necessary security and under conditions which would enable lending to be done with, in our opinion, reasonable certainty that the loan would be repaid. It will be seen however from my speech of last Wednesday, and from the contents of this bill as we proceed with it, that the great effort with respect to part I is to overcome the deficiency which I pointed out on Wednesday last, that there are considerable areas in all provinces which up to now have not been able to get loans under the provisions of the housing act. When we come to section 4 we shall have opportunity of discussing the precise means by which we propose to overcome that situation. I think discussion on section 4 will clarify the intention in that regard.

Mr. LANDERYOU: The minister said these lending institutions were reluctant to enter into agreements. What reasons did they advance, or did they advance any reasons, for being reluctant?

Mr. DUNNING: Not always the same. There is, to begin with, the general reluctance to enter into an entirely new method of doing business. That had to be overcome by a process of education as to what the Dominion Housing Act really meant from the standpoint of the lending institutions. And there are many institutions which do not particularly like the idea of being in partnership with the government. The process is one of educating the lending institutions in this method of cooperating with the government in meeting a problem. As to specific objections, there was the general question of the cost of operation. We were forcing quite a low rate of interest for the borrower from the standpoint of the lending institutions, and at the same time expecting them to make loans. The cost of making loans under the existing housing act, particularly in the smaller communities, averaged quite high. My hon. friend of course can understand that it is very much cheaper to make loans in a city where one man can inspect the construction of twenty or thirty houses at one time than it is in a community forty or fifty miles away from the company's office where only two or three or four loans are involved. That is a problem which we hope to solve by section 4 of the bill.

Mr. MASSEY: With respect to the tables the minister gave showing the expenditure and number of units, can he say how many of the 4,249 housing units were rural houses?

Mr. DUNNING: In what sense does my hon. friend use the word "rural"?

Mr. MASSEY: In rural communities rather than in municipalities.

Mr. DUNNING: In small urban communities rather than in cities?

Mr. MASSEY: Yes.

Mr. DUNNING: Of course this is not a farm loan act.

Mr. MASSEY: I agree.

Mr. DUNNING: I have here a list of about one hundred communities in Ontario.

Mr. MASSEY: It has been stated that there was difficulty in getting some of these institutions to come and investigate a situation outside of cities or small towns such as a farmhouse away from a municipality. Is that reflected in the number of units already built under this plan?

Mr. DUNNING: There is a very wide distribution among small urban communites in Ontario, but not nearly so much so in other provinces. As to the province of Quebec, apart from the fifteen or sixteen municipalities which are comprised in the metropolitan area of Montreal there are about a dozen communities in which loans have been made; but Quebec is one of the provinces from which complaints have come. For instance, there is the Gaspe peninsula. It can be readily understood that while there are a number of thriving small communities on the Gaspe peninsula, it is difficult to get the lending institutions to undertake the expense of making loans, taking care of the cost of inspection during construction, and so on. That is one of the areas I have in mind that may be helped by section 4 of the bill. In New Brunswick there are about a dozen districts in which loans have been made. In Nova Scotia I should say there were about fifteen communities. In Prince Edward Island there is only one, Charlottetown. In Manitoba, apart from the district that might be called the Winnipeg metropolitan area, there are only three places in which loans have been made. My hon. friend from Regina was not quite correct with regard to Saskatchewan; one loan is in Prince Albert and one is in Yorkton. In British Columbia, if we exclude the Vancouver metropolitan area, there are only nine municipalities in which loans actually had been made up to the end of May last.

Mr. NEILL: That is in municipalities, but I think my hon. friend was inquiring more about rural districts. The minister used the word "urban". That indicates an organized district, but I should like to know if any loans have been made in rural communities not big enough to be towns or villages, just settlements of five or six hundred people.

Mr. DUNNING: Frequent reference is made here in this list of areas in which loans have been made to townships, but of course I must make it clear that this is not a farm loan act. Under this bill, it is not possible to make loans on farms. The loans are on the homes, and as a practical question one can see immediately how difficult it would be to have a separate mortgage on a farm house with the farm under a farm mortgage. It was never contemplated by the authors of the original bill, I am sure, that it should meet that situation. But there is no reason why, with the changes we are proposing in section 4—and you are still compelling me to discuss that section before we reach it—the object of the bill should not be attained, which is to widen the application of the principles of the housing act in its relationship to communities which are not now being served by it, no matter what their class may be; but of course I cannot pretend that it is a farm loan act. We have a farm loan act on the statute books, and we have a farm loan board operating. Under this bill we cannot make loans on farms, but the lending institutions can make loans on rural homes.

Mr. NEILL: But they are not doing it.

Mr. DUNNING: I am not prepared to say definitely that they are not doing it at all at the present time, but I am prepared to say they are not doing it to the extent to which it ought to be done. One of the major objects of the present legislation is to encourage the development of that sort of thing. That will be clear as we proceed with the bill, I am sure.

Mr. MASSEY: The point I had in mind was that a house is a house, whether it is on a farm or in the middle of a thriving community, and if the farm exists before the house is built that farm mortgage cannot possibly take in that house, because it was not built at the time the mortgage was obtained. This loan is to be advanced on the new house that is to be built.

Mr. McCANN: You cannot separate them.

Mr. MASSEY: Why not? The house has not been built; the two did not exist together.

Mr. DUNNING: The house has not been built, but if the farm is under mortgage the land upon which the house will be built forms part of the security for that mortgage. How can you arrange to take a piece of land out of an existing mortgage and place another mortgage on it? And what security value would attach to the house if there was not also the security of the land on which it was built? It is an impossible thing, from a practical point of view.

Mr. MASSEY: But the value of the property increases to the extent of the value of the new house to be constructed on that property.

Mr. DUNNING: It may be, and that can be dealt with under the farm loan act.

Mr. MASSEY: But if the mortgage is held by one of the existing lending companies, as it may be, then the position is not jeopardized from the point of view of the company.

Mr. DUNNING: May I clear that up immediately. If the mortgage on a farm is held by a lending institution which is willing to advance to that farm owner enough money to build a house, there is provision for that already; but when you try to visualize a situation in connection with which one mortgagee would have a mortgage on the house and another mortgagee would have a mortgage on the rest of the farm, it becomes impossible.

Mr. MASSEY: I did not have that in mind.

Mr. DUNNING: The situation where one mortgage exists is already dealt with otherwise than by this statute.

Mr. THOMPSON: Would not the same condition exist in an urban municipality where there was an existing mortgage?

Mr. DUNNING: Well, there could not be a mortgage on an urban property.

Mr. THOMPSON: On the land.

Mr. DUNNING: The land has to be brought in as security before the house can be built on it, under this law. It would have to be cleared off to enable the mortgage to be given on the whole property, the land as well as the buildings.

Paragraph agreed to.

On section 2, paragraph (b)—"Cost of construction."

Mr. ISNOR: I think the other day the minister said it was under this part that he would be willing to advance sums to these companies or firms to carry on their investigations. Would that come under this paragraph?

Mr. DUNNING: No; that is dealt with later on.

Mr. BENNETT: I think this section uses language rather too broad in regard to legal expenses. In the old act we limited it to expenses in connection with the loans. As it stands now it might involve litigation in connection with the acquiring of title, and matters of that sort. The cost of construction should be considered only in respect to the loan itself, in my judgment.

Mr. DUNNING: The view expressed by my right hon. friend is that the words should be "connected with any loan," and we are proposing to make it "necessary to complete the house." That is a minor amendment, but it has arisen out of the experience the legal officers have had with odd, peculiar cases. That is all.

Mr. BENNETT: That is what I had in mind. Should we pay legal expenses for the purpose of completing the house, where it may involve litigation in no sense related to the loan, but which must be disposed of before the loan can be made? I have particular cases which have arisen in which litigation was pending. A man wants a loan, and he gets that litigation wound up and acquires title. In doing so he spends $150 or $200. As this reads now it is broad enough to include that amount in the cost of the house, and in my judgment it has no relation to such cost. I think there was some discussion along that line either in this house or out of it. It is always difficult; you cannot cover every case, and we finally arrived at the conclusion at that time that it was wise to say "connected with any loan."

Mr. DUNNING: Would my right hon. friend read the definition of "lending value" in paragraph (e) in relation to paragraph (b)? We were of opinion that that covered the probability of the extraordinary case.

Mr. BENNETT: Perhaps it does.

Mr. LANDERYOU: Under paragraph (c) would money be loaned to any of these lending companies by the government for the erection of apartment houses?

Mr. DUNNING: Yes; it is being loaned to-day.

Paragraph agreed to.

Paragraph (c) agreed to.

On section 2, paragraph (d)—lending institution.

Mr. BENNETT: In paragraph (f) we say "association or corporation." I notice that in the old act, which was prepared hurriedly, the same words are used, but I think it is desirable to use the same language when we are dealing with the same thing. The words "company" and "corporation" are used for the same purpose. It should be either "company" or "corporation."

Mr. DUNNING: My right hon. friend means that in both cases we should use either the word "company" or the word "corporation."

Mr. BENNETT: I submit that, yes. Of course there may be some reason for having it otherwise.

Mr. DUNNING: There are some insurance companies which are not companies; they are associations.

Mr. BENNETT: That is all right. The word "association" is all right, and should be left in the paragraph.

Mr. DUNNING: It is intended to cover in those two definitions all possible types of institution which could be dealing in this matter; up to now there has been no difficulty.

Mr. BENNETT: A trust company is not in the same class as an insurance company, and I assume that under this measure trust companies are making loans. We will need to add the word "trust."

Mr. DUNNING: We have a number of trust companies.

Mr. BENNETT: I think the word "trust" should be inserted after the word "insurance," because in this I believe we scarcely regard a trust company as being in the same class as the other classes mentioned.

Mr. DUNNING: If my colleague will so move, I will agree to including the word "trust." There will be a comma after the word "insurance," and then the word "trust."

Mr. ROGERS: I so move.

Mr. McIVOR: Do these lending institutions have to be guaranteed by the provinces? Whether they be insurance companies or private companies, must they all be guaranteed?

Mr. DUNNING: Not under this part of the bill. There is no guarantee by a province contemplated under part I of the bill.

Mr. BENNETT: No more than there was under the old act.

Mr. DUNNING: That is correct.

Mr. BENNETT: It would remove any possible chance of difficulty if we used the words "company or corporation" in line 17, and then in line 23 the same words—"association, company or corporation." I say that because we refer to the Toronto General Trusts Corporation and to the Royal Trust Company, which is incorporated by statute.

Mr. DUNNING: I see no difficulty in accepting that.

Mr. BENNETT: I suggest it only to avoid possible difficulties.

Mr. ROGERS: I move that the words "or corporation" be added after the word "company" in line 17.

Mr. DUNNING: The right hon. gentleman indicated an addition after the word "association" in line 23. It could scarcely be a company in that connection. It is a borrower.

Mr. BENNETT: In its present form the paragraph reads,—

"Local authority" means any province, municipality, society, association.

We would add the word "company" before the word "corporation."

Mr. DUNNING: "Having authority to undertake a housing scheme."

Mr. BENNETT: The minister dealt with a case the other day of a municipality creating a separate branch of its activity, and giving it a name. That is why I suggest that the word "company" is hardly an apt word to use. Neither is the word "corporation."

Mr. DUNNING: "Association or society."

Mr. BENNETT: "Association" is hardly right.

Mr. ROGERS: Do you mean "housing commission"?

Mr. BENNETT: That is what I mean.

Mr. DUNNING: "Association or corporation."

Mr. BENNETT: I think the expression "association or corporation" covers it.

Mr. DUNNING: And after the word "corporation" we could add the word "commission."

Mr. BENNETT: I would not make the suggestion were it not for what the minister said the other day in respect to independent bodies, which are really corporations, but which operate to all intents and purposes as though they were separate entities.

Mr. DUNNING: Perhaps the Minister of Labour would be good enough to move that the words "or commission" be inserted after the word "corporation" in line 23.

Mr. BENNETT: And take out the word "or" before the word "corporation." I am taking up the time of the committee only in consequence of what was said the other day as to what might be desirable to meet the case.

Mr. ROGERS: I move accordingly.

The CHAIRMAN: That is an amendment to paragraph (f).

Mr. TAYLOR (Nanaimo): Have we finished with paragraph (e)?

Mr. DUNNING: We had better pass the amendments first.

Mr. NEILL: We have not yet passed paragraph (e).

Mr. BENNETT: We were going to have the amendments first, so as to get them out of the way. The section has not yet been passed.

Mr. DUNNING: Perhaps the chairman would be good enough to read paragraph (d) as amended, so that we could carry it.

The CHAIRMAN: It is as follows:

(d) "Lending institution" means a loan, insurance, trust or other company or corporation authorized to lend money on the security of real or immovable property;

Paragraph (d) as amended agreed to.

Mr. DUNNING: We will now discuss paragraph (e).

On section 2, paragraph (e)—"Lending value."

Mr. TAYLOR (Nanaimo): Mr. Chairman, I have encountered a certain indefiniteness and have had some difficulty in understanding paragraph (e). It states:

"Lending value" means the estimated cost of construction of a house or its appraised value whichever is the lesser;

If that paragraph is taken literally, then of course the land is left out.

Mr. DUNNING: No.

Mr. TAYLOR (Nanaimo): Under paragraph (b) the cost of construction is intended to include the land.

Mr. DUNNING: Yes, absolutely.

Mr. TAYLOR (Nanaimo): For the sake of clarity I suggest, if it meets with the approval of the minister, that single quotation marks be placed around the expression "cost of construction".

Mr. DUNNING: From the standpoint of legal construction I am advised that there is no doubt about it. I can tell my hon. friend that when this section came to me I raised the same point. The legal draftsmen assured me that having defined the cost of construction as including the cost of the land, it automatically applies in other respects.

Mr. TAYLOR (Nanaimo): All right.

[Mr. Rogers.]

Mr. HEAPS: Before the section is carried may I say that under paragraph (c) it would appear that a "house" means a building intended exclusively for human habitation, comprising one or more self-contained dwelling places. If a person wishes to erect a building containing four dwellings can he do so under this measure?

Mr. DUNNING: Yes, surely.

Mr. HEAPS: If it is an apartment block?

Mr. DUNNING: Yes, it is being done to-day.

Mr. HEAPS: I wonder if that is the intent and purpose of the bill?

Mr. DUNNING: Oh, yes. Under the existing housing act we make loans on apartments.

Mr. BERTRAND (Prescott): Would a loan be considered on a schoolhouse?

Mr. DUNNING: No, it must be used for human habitation.

Mr. McGREGOR: This would not apply to a store with a house attached?

Mr. DUNNING: No.

Paragraph (e) agreed to.

On section 2, paragraph (f)—"Local authority".

The CHAIRMAN: There is an amendment to paragraph (f). I shall read the paragraph as it is amended:

(f) "Local authority" means any province, municipality, society, association, corporation or commission having authority to undertake a housing scheme.

Mr. BRADETTE: I do not know that that would cover all sections of Canada. In the northern parts of Ontario and Quebec we have what are known as unorganized districts, in which there are no local municipalities. There would be no machinery through which they could apply for loans under this scheme.

Mr. DUNNING: Yes, they could apply as individuals. Paragraph (f), dealing with "local authority" applies to a certain way of operating under part I. It has no reference at all to the individual applying for a loan. He may apply just the same. It does not matter where he is situated.

Mr. BRADETTE: He will have to apply to the provincial government.

Mr. DUNNING: No, not to any government, but to a lending institution. This part of the bill has nothing to do with the administration of a housing scheme by a municipality

except that we are continuing the provisions of the existing Dominion Housing Act whereby a municipality, if it wishes, may assume the position of a lending institution to lend to its own people. The reason for the definition in paragraph (f) is to define those classes of municipalities, commissions, corporations and so forth which can, if they wish, become lenders under the act to their own people. None have done so up to the present and I do not anticipate any great move in that direction. So far as a new borrower is concerned, normally he would get into touch with a lending institution which has entered into an agreement with the minister, as contemplated in paragraph (d).

Mr. BRADETTE: The minister realizes that lending institutions do not operate in those sections of the country to which I have just referred.

Mr. DUNNING: That matter could be discussed under section 4.

Mr. NEILL: What is covered by "association"? Does that mean an incorporated body, and, if so, under what law or laws would it have to come? Out in the west we have the habit of calling a dozen or so men who get together for some purpose an association. There is no formality or legality about it at all.

Mr. DUNNING: The concluding words, "having authority to undertake a housing scheme" indicate the meaning of the clause.

Mr. NEILL: The association would have to have that power?

Mr. DUNNING: That would have to be among its powers.

Mr. NEILL: How would it have to be incorporated, under the Benevolent Societies Act, or what?

Mr. DUNNING: The incorporation is not nearly so important as the next step which they would have to take, that is, satisfy the Minister of Finance that they could effectively and reasonably safely lend money under this act. The necessary qualification under paragraph (f) is that an agreement must be entered into with the Minister of Finance for the purpose of lending money. An association would have to satisfy the minister as to its ability so to do and as to its authority under whatever laws may exist in the province in which it is situated and in which it is likely to lend money. Otherwise the minister would not enter into an agreement.

Mr. McIVOR: Does that mean that a group of men who were sound financially could not operate a scheme of this kind?

Mr. DUNNING: They would have to band themselves together in a manner which would permit them to enter into an agreement with the minister. The manner of banding together is the only point that would arise under this clause.

Mr. McIVOR: A group of men who were sound financially could not make an agreement with the minister.

Mr. DUNNING: They would have to have some corporate existence in order to undertake a scheme over a period of years. There must be continuity. I should be pleased to see individuals of the type referred to form themselves into companies for the purpose of making loans under this scheme. They would have to demonstrate financial soundness and guarantee the necessary continuity to carry on the scheme.

Mr. McIVOR: I think that is one of the fine things in the bill.

Mr. LANDERYOU: How would the cost of a house be estimated under paragraph (e)?

Mr. DUNNING: Plans and specifications, quantities, contract prices and all that sort of thing would enter into it.

Mr. LANDERYOU: In the various areas?

Mr. DUNNING: Yes.

Paragraph (f) as amended agreed to.

Paragraph (g) agreed to.

Section agreed to.

On section 3, paragraph (a)—Investigations and plans.

Mr. DUNNING: A change has been made from the present act due to the fact that there is now no economic council. Under this section the minister is given the power, with the approval of the governor in council, to investigate certain matters which were to be dealt with by the proposed economic council under the former legislation.

Mr. LANDERYOU: How is it intended to set up investigations?

Mr. DUNNING: That would depend upon the thing to be investigated. A decision would have to be reached in each particular case. For instance, at the present time the director of housing has been sent to British Columbia because of a particular type of complaint that has developed there. He is meeting boards of trade, municipal authorities and interested people who want to borrow money and is advising and helping them in connection with taking advantage of the provisions of the act. That is one type

of investigation. I can conceive of others where a community will desire to do something in the way of a community effort in the development of a particular area. We are being written to constantly by people who do not understand all the implications of the act. We are continually putting people, either in groups or as individuals, into touch with the lending institutions in order to facilitate the general move forward in connection with housing. There are a thousand different things that arise from time to time requiring investigation. In connection with plans we have had two competitions, both dominion-wide. These were for low cost houses, and in connection with these competitions we had the cooperation of the architects' organizations. Prizes were awarded for the best plans and the judging was by a committee of eminent people who were representative of the different parts of the country and classes of business. At the present time these low cost housing plans are available to anyone who wishes them for $10 per set. There are ten different sets of plans, all for houses costing $3,000 more or less, varying with different localities. We have already sold a considerable number of these plans. All of this work is intended to stimulate public interest in better housing, particularly in low cost housing.

Mr. LANDERYOU: Would this investigation include a survey of slum areas in the large cities?

Mr. DUNNING: That would not come under this part of the bill.

Mr. LANDERYOU: Is there any intention to carry on an investigation of that kind?

Mr. DUNNING: I would not say that we have the power to investigate slum areas, but part II of the bill is designed to provide a remedy for those conditions. We must remember that housing and public health in our cities are matters within the jurisdiction of the principal governments. We must step carefully and not get into that too deeply. When we come to part II it will be found that inducements are offered to municipalities to provide low rental housing, which is a specific form of attack on the slum problem. Nowhere in this bill do we assume to take the power, which in any case this parliament could not give us, to eliminate slums as such. I think my right hon. friend will agree with me that there is no question constitutionally that we cannot attack directly this problem as such. However, by providing cheap money we can bring about, with the consent of the provinces and the municipalities, the erection of more low rental houses, which of itself will be one of the best means of getting rid of our slums.

Mr. BENNETT: Paragraph (d) of the old section provided for an investigation with reference to slum areas. I agree with the minister that we have no power to deal with it according to the act.

Mr. LANDERYOU: There is plenty of building material and labour in the country, and I was wondering if the investigations carried on under this section would result in a report being submitted to parliament as to the real reasons why people have not been building houses in the last five or six years.

Mr. DUNNING: One of the reasons for bringing down legislation of this kind is that we all know that people have not been building as many houses as they should have. This whole bill is designed to facilitate the building of more houses because of the opinion we all have that Canada and the people of Canada need houses to a greater extent than they have been provided in the last few years.

I would not undertake to send out an investigator to find out why people did not build houses. I would much prefer to bring down legislation such as this, which is intended to help them build more houses, because the reasons why they have not done so during the last number of years would range over a very wide variety of opinions. One man's opinion would be one thing, another man's opinion would be another, and the reasons would differ in various parts of Canada. So I doubt if any practical good would come of appointing people to find out why houses have not been built in sufficient numbers. I should prefer to proceed on the constructive lines which this bill contemplates of making it easier for houses to be built in the future.

Mr. THOMPSON: Does the minister not think that this bill will further retard the building of houses by private capital?—because two per cent will not carry the building of houses in any municipality. When the government undertakes to supply money below cost—for the government cannot today borrow long-term money at two per cent—what inducement will there be for private capital to invest in housing? In my humble opinion houses are not being built because a man cannot build a house in any city or town in this country, rent it and pay the taxes, and make money. He simply cannot get a profit, and that has tied up building operations. This legislation I believe will put a further damper on the investment of private

capital in building, because private capital cannot compete with the government's two per cent money.

Mr. DUNNING: If my hon. friend will forgive me, he is speaking constantly of two per cent money. There is no provision whatever for two per cent money in connection with part I of the act. The money to which my hon. friend refers is in connection with part II, which is solely for low rental projects, if the municipality and the province desire to get into them. There is no two per cent money at all under the part we are discussing.

Mr. THOMPSON: Unless the municipality agrees with the minister to borrow the money.

Mr. DUNNING: And in that case they do not get two per cent money.

Mr. THOMPSON: They do not get two per cent money?

Mr. DUNNING: Oh, no.

Mr. THOMPSON: If the government would do something to lower the taxes, it might be of greater assistance. We should not be burdened with the taxation we have at present. There is enough money lying in the banks in Canada, drawing one and a half per cent to supply all the houses that would be required, and when the government steps in to remedy the housing situation it is to my mind putting the cart before the horse. What we really need is a reduction in taxation, to encourage private capital to invest money in housing. The more the government goes into business in this country the worse it will be for the people of Canada. What we should do is to cease hampering and impeding private enterprise, and lower the taxation.

Mr. DUNNING: May I just reply to my hon. friend, because I am very anxious that in this discussion we should endeavour to stay on a constructive plane, as I believe is everyone's desire. The taxes to which my hon. friend refers as retarding the building of houses are, I think he will admit, mostly municipal taxes.

Mr. THOMPSON: Not entirely.

Mr. DUNNING: Not entirely, but for the major part. I know that in the district in which I live just outside this city the great deterrent on building houses is the municipal rate of taxation which applies. That is not to the discredit of that particular municipality. It is true of many others. That is the major problem. We have enough responsibility in this parliament, goodness knows, and it should be made clear that we are not responsible for municipal taxation except in so far as it may be said that municipal taxation is increased by virtue of relief costs. To that extent I suppose we must take our share of responsibility.

Mr. BENNETT: There is the sales tax.

Mr. DUNNING: The sales tax enters only in a small degree into the mill rate of a municipality.

Mr. BENNETT: The builder pays the sales tax on what he has to buy.

Mr. DUNNING: The individual has to pay sales tax, but that is the man who is building houses, and what my hon. friend from Lanark (Mr. Thompson) was speaking of was the house that exists to-day, to which no sales tax applies. It is the present taxes on that house which he says prevent the landlord from being able to rent it at a figure which will enable him to make any money.

Mr. THOMPSON: You cannot build a house to-day and make money, because there is a sales tax of eight per cent on everything you buy. Even if a man does make a profit, the government comes along and taxes his profit in the form of income tax. It is plain to-day that capital is running to cover, putting its money in government bonds at two or three per cent, or leaving it in the bank. That is what is the matter. We must get to the place where a man can build a house and rent it and pay taxes on it and make a profit.

Mr. LANDERYOU: The hon. gentleman believes that private capital should not be interfered with, that the government should not give assistance to the people in the building of homes. Private capital has had plenty of opportunity in the last few years to assist in the housing problem, but they have not invested their money in building houses for the simple reason that they have had no faith in the ability of the people to pay back the money they borrowed. I am glad the government is taking steps to solve this housing problem by advancing credit to assist in the erection of houses; but I cannot agree that the minister is bringing down very constructive legislation, because, after all, it is simply adding $100,000,000 to the debts of the country.

Mr. DUNNING: No, it is not.

Mr. LANDERYOU: You are lending $100,000,000. That is what it amounts to.

Mr. DUNNING: No.

Mr. LANDERYOU: I cannot see anything else but that you are lending $100,000,000 for the erection of houses—

Mr. DUNNING: Oh, no.

Mr. LANDERYOU: —thus adding to the public and private debt. I cannot see how these people are going to be able to pay it back, with municipal taxation as high as it is to-day. An investigation would prove that it is the high tax rate of municipalities that is holding up many building enterprises.

The minister says that we are not responsible for the taxes and debts of the municipalities, but constitutionally we have jurisdiction over interest, and we have done nothing to lower the interest rate on municipal debts. These high debt charges have increased municipal taxation throughout Canada. The minister is making provision in this bill for the government to pay the taxes on these houses one hundred per cent the first year, fifty per cent the second year, and twenty-five per cent the third year. But what is going to happen in the fourth year? How do we know that the citizens will be able to keep their houses? There are so many people throughout the country to-day who are losing property, and if people with homes cannot keep them now, if they are losing them through foreclosure, I do not see how we can very well advance $50,000,000 to add to public and private debts at five per cent in order to encourage the building of homes, even by paying a certain amount of the taxes, because we have no assurance of economic stability. We do not know whether the people will be able to pay off the debt.

Mr. McIVOR: I have listened to speeches loud, long and emphatic on this side of the house pointing out why the government should embark upon a cheap housing or rental scheme, and I was enthusiastically behind those speakers, because that is one of the needs of the time. Now I am wondering whether that is what those speakers meant or wanted.

Mr. ISNOR: Before section 3 passes I wish to say I looked through the bill and failed to find any other section dealing with investigations and complaints. Reading paragraphs (a), (b), (c), (d) and (e), we find that practically all these provisions have already under the act been carried out, but I should like to ask the minister what form of investigation he proposes in regard to the actual construction of the homes after the work is started. I have in mind a recent investigation in Halifax county, particularly in connection with the town of Dartmouth, when there were two groups of houses constructed, one a group of twenty and the other a group of ten. The construction was faulty. I believe the director of housing visited that section of the country; the contention that construction was faulty was borne out, and it was suggested that a waste of the investors' money could possibly have been prevented if some form of investigation had been carried out in connection with these groups of houses. I quite appreciate that the minister may say this is a matter for the company who had advanced the money, but it seems to me that there should be some further form of investigation, and it is in that particular respect that I am asking the minister whether he could not add another clause to those already included in paragraphs (a), (b), (c), (d) and (e) so that there would be stricter supervision in connection with the construction of houses.

Mr. DUNNING: Perhaps I should be perfectly frank in expressing my opinion as to that kind of suggestion. There is a limit to the extent to which the government can wet-nurse both the lending institutions and the man borrowing money for the construction of a house in which he is to live. We cannot possibly undertake, as a parliament or a government, to see to it that the contractual relations between the parties are carried out to the satisfaction of all concerned. As a matter of fact there are three parties, because the contractor enters into the matter. With respect to the Halifax incident, because of noise made locally, I felt it desirable to send the director of housing to see what exactly the condition was, and in that connection I have a report indicating that the matters referred to were very much exaggerated. Here is a man borrowing money from a lending institution to build a house; here is a lending institution putting in at least sixty per cent of the total amount of the loan; and here is the contractor.

Mr. BENNETT: Without guarantee.

Mr. DUNNING: And without guarantee. Then people say that the government should see to it that these three parties play square with one another. The lending institution and the owner are both interested in seeing that the house is built according to the specifications, and they are there right on the ground watching their own interests. Why call upon the dominion government to step in between two parties who have a definite contract, the specifications of which have been approved under the dominion housing scheme? We simply cannot undertake as a government to

wet-nurse the parties to these contracts, I put it bluntly. Surely they are capable of looking after their own interests in a reasonable way. The owner of the house is interested in seeing that the contractor carries out his contract; the lending institution, which is risking sixty per cent of the money, is interested in seeing that a good job is done. The government has taken an interest in the matter to ensure that the specifications on which the house is to be built, the specifications included in the contract, shall be those of a reasonably well constructed house of the type desired, but it seems to me that is as far as the government should be expected to go. After that, the interests of the various parties ought to ensure that the house is built as it should be. I believe there was some deficiency but not nearly the deficiency that the reports indicate. But one should remember that the Dominion Housing Act has enemies to-day, and the new housing act will have enemies, self-interested enemies. I say nothing against them, because they have a perfect right to criticize; but if we approach this legislation in the belief that everyone will hold up both hands to help us, then we are ignorant of the facts. The fact is that criticism will develop from all those sources which are interested in some other method of dealing with this problem. I am saying nothing specific about Halifax in that regard, but from my point of view the average man who intends to own a home of his own will see to it that the specifications under which the home is built are carried out.

Mr. BENNETT: If he does not, he should not have a loan.

Mr. DUNNING: Exactly.

Mr. ISNOR: I quite agree with the general thought expressed by the minister, but the dominion government has laid down certain rules, plans and specifications. The minister admits that the government has approved the plans and specifications, and it is true that the insurance company advances sixty per cent. But I still contend that a certain obligation rests upon the government to supervise the carrying out of the plans to the extent of making sure that the builder is putting up a house that is in accordance with those specifications. I do not believe there are any enemies of this scheme in Nova Scotia. In fact, as one of the representatives of that province, I wish to congratulate the minister upon this forward step. In Canada in 1935 building permits amounted to $140,988,228; in 1936 this had increased slightly to $142,628,800, and in 1937 for the first ten months of the year it had risen to $198,576,800. Therefore there has been a considerable improvement in our building program in the dominion, and I have no doubt it will increase still further. Fully realizing that, I was merely offering a constructive suggestion which I thought the minister might take into consideration. I do not think he helped himself by adopting the tone he did, because he rather resented the suggestion. I offered it in good faith, and I think he should accept it in that spirit. I hold that there should be further supervision of any housing scheme in connection with which the dominion is in the position of guarantor.

Mr. BENNETT: There is in the bill a provision empowering the minister to supervise.

Mr. ISNOR: If there is, it is all right, but it is not stated in that particular section, and that is the only section which applies to investigation.

Mr. DUNNING: If I owe my hon. friend an apology I am glad to tender it right now. It was not that I resented the suggestion, but I do deprecate any idea going out from this house that in some way the government will nurse along every man who wants a home, will even see that after he has made his contract, made all his arrangements for his loan, the government will step in and make sure that the contractor puts every nail in its place. That is the idea which would go out if we undertook to become responsible for seeing that the ordinary contractual relations between borrower and lender and prospective home owner and contractor were lived up to. It would require an army to undertake any such thing. That is why I spoke as I did. This is a big, a tremendously wide country. To undertake specific governmental supervision of every house built under this legislation is impossible. I am sorry I gave the impression of heat to my hon. friend; I did not intend to do so with respect to his suggestion; but certainly harm would be done if the idea went abroad that we could undertake supervision of that kind.

Mr. ISNOR: If I remember rightly, under the home improvement act there was a penalty imposed if a person borrowed money and did not carry out the plan for which he borrowed it. Is there any penalty under this bill for a person who borrows to build a certain type of building according to certain specifications and then does not follow those specifications?

Mr. DUNNING: No, there is no penalty.

Mr. ISNOR: Possibly that would overcome it.

Mr. LANDERYOU: Paragraph (a) is what we are discussing. The minister may:

. . . carry on or arrange for the carrying on of investigations as to housing conditions and the adequacy of existing housing accommodation in Canada. . . .

"The adequacy of existing housing accommodation." Surely investigation would have to be made in at least the large centres of Canada, if not in the rural centres, as to just what slum conditions do obtain, so that we would have a general idea of the amount of money that would have to be spent really to abolish slums in Canada. The minister says there is to be no investigation of that. Then how did he arrive at $100,000,000 as being sufficient to meet the problem this year? Is it because we cannot increase the amount, or why is it limited to $100,000,000 and no investigation to be made as to the need for more?

Mr. DUNNING: Would my hon. friend look through this bill carefully in the next five minutes and find that $100,000,000 of which he speaks?

Mr. LANDERYOU: Well, we got some idea regarding the amount of money that would be issued; we expected $100,000,000 would be the amount.

Mr. MASSEY: The other day the minister pointed out that the distribution among municipalities would be on the basis of population.

Mr. DUNNING: Not in part I, solely with respect to part II.

Mr. REID: Do the regulations require lending institutions to confine loans to houses in zoned areas, that is town-planned areas?

Mr. DUNNING: No.

Mr. BENNETT: What has been the average rate of interest payable by borrowers under the act of 1935?

Mr. DUNNING: Five per cent, always five per cent.

Mr. LANDERYOU: How much money is involved? Is it $30,000,000?

Mr. DUNNING: My hon. friend mixes up two things when he speaks in terms of money. The provision in this part of the bill is clear, as will be seen a little later; it is $20,000,000 as far as governmental expenditure is concerned under this part. One may estimate what the total amount of building made possible by the dominion putting in $20,000,000 will be; that is a matter of estimate. Under the existing act the dominion has invested up to the present about

$4,500,000, if my memory is correct, and $17,000,000 of building has resulted. If we apply the same proportions to the $20,000,000 authorized by this part of the bill, it would give somewhere in the neighbourhood of $80,000,000. Then in part II provision is made for $30,000,000 to be advanced by the dominion for low rental housing schemes. In connection with that, either ten per cent in the case of a municipality undertaking the scheme or twenty per cent in the case of a limited dividend housing corporation must be added to what the dominion puts in. Under the third part of the bill we make a taxation subsidy. If you add the whole thing together you might get $100,000,000, you might get $120,000,000. The bill is intended to stimulate the investment of capital by the man who wants to own a home and by the institution which has money seeking an outlet but which is afraid of the risk; and part III is to help for a period of years in connection with the taxation on new low cost homes. That is the whole principle of the measure. I did not intend by this legislation to bring in the millennium, but it represents a carefully thought out means of assistance in connection with what we all recognize to be a serious problem; one in connection with which, as I said the other day, we have only limited jurisdiction; we can assist only financially, and some eminent authorities even question our authority to do that. It is intended as an attack upon this particular problem, not as a means of bringing about a new heaven and a new earth.

Mr. KINLEY: I think there is another aspect of this bill to be kept in mind, that is that it will have the effect of bringing down interest rates generally on real estate. I do not think the lending institutions are going to let the government get all that business; if they are going to continue in business, and legislation like this is a competitive feature, they will have to lower their rates, and that is desirable, because as regards interest rates on real estate security, as they are charged, especially in Nova Scotia, and I may say in Halifax—and there is no city in Canada where trust companies do a better business, and do it more efficiently perhaps—if the secondary effect of this bill is to bring down the interest rates charged by trust companies in this country, that will be salutary.

Mr. HEAPS: The statement was made this afternoon that private capital may be scared away by the legislation now under consideration. I am of the opinion that the result will be the very reverse. Perhaps the

minister is in a position to state at this time how much money was actually lent by private institutions under the old housing legislation.

Mr. DUNNING: I said a moment ago that up to date it is $17,350,000 of which the dominion is responsible for $4,500,000.

Mr. HEAPS: In other words the fear of some hon. members that private capital is going to be frightened away is ill founded; the result has been the very opposite. This legislation may have the effect of stimulating the lending of money where previously they did nothing of the kind.

Paragraph agreed to.

On section 3, paragraph (b).

Mr. McNIVEN: I notice we have authority here to undertake investigations elsewhere than in Canada. Have any such investigations been undertaken by the department; for example, in Sweden, Great Britain or any of the countries which have housing schemes, so that there will be information available for municipalities which decide to undertake such a scheme?

Mr. DUNNING: We have not made investigations by way of sending officials to other countries, except to the United States. The director of housing has been in touch with the housing authority at Washington with respect to the schemes which are operating in that country. Of course we have all the detailed information we could secure from Sweden, which was mentioned by my hon. friend; in fact, only a week or so ago a member of the Swedish parliament who is also an economist—which is an unusual thing—was in the city, and I had a long talk with him about housing and other matters in Sweden. The officials of the department also took advantage of his presence here to learn a great deal about it. But there has been no sending of officials there. It must be remembered that the act we have been working under, the Dominion Housing Act, was designed—as is this part of the new measure—to fit Canadian conditions, which are not similar to conditions in some other countries to which reference is frequently made; and by studying the plans in operation in those other countries we can get a pretty good idea of just what parts of such plans will be applicable to our conditions. We have too, of course, full information with respect to the British housing plans, and I do not think it necessary to send anyone to that country. The inclusion of this section, which is similar to section 3 of the old act, was merely to give authority to the minister to get information when and where and how it could be obtained. There really is no necessity for debate on it; it is really the old section, substituting the Minister of Finance with the approval of the governor in council for the former economic council.

Mr. BENNETT: With some amendments.

Mr. DUNNING: Some small amendments.

Mr. DUFFUS: Perhaps I should have asked this question under paragraph (b) section 2, but as yet I have not ascertained whether it is the intention to permit the building of houses at a lower cost than $2,500; for example, $1,500?

Mr. DUNNING: Oh, yes.

Mr. BENNETT: There is no limitation in this part.

Mr. DUNNING: No.

Mr. TAYLOR (Nanaimo): I did not hear the remarks of the minister, but this does appear to indicate some investigation and research, does it not?

Mr. DUNNING: It makes it possible, if conditions render it necessary.

Paragraph agreed to.

On section 3, paragraph (c).

Mr. McNIVEN: When the home improvement plan wes inaugurated, almost immediately there was a twenty per cent increase in the cost of building materials. It seems to me there is a great probability of a substantial increase in the cost of building material once this plan is launched, which will render null the minister's well laid plans.

Mr. BENNETT: This has been in operation for two and a half years.

Mr. McNIVEN: I was wondering whether under this section there was any power in the minister to deal with such a situation, or if he would have to invoke the good offices of the Minister of Labour under the Combines Investigation Act to preserve some degree of certainty as to the cost of building material.

Mr. DUNNING: My hon. friend started with a statement which I can neither confirm nor deny, with respect to a twenty per cent increase in the cost of building materials. I do not know whether or not that was the case. There is nothing in this legislation which will enable the minister to control costs, but I would direct attention to what I said last Wednesday:

—this legislation is a challenge to the building construction industry of this country, and is so intended. It is often stated that of all

our industries, the one most laggard in advancing, in taking advantage of possibilities of improved technique, of lowering costs, of the standardizing of commodities, is the building industry. I do not join in that criticism, but I do say that there is one way in which anything this parliament may do in connection with housing can be killed, and that is for the building construction industry, capital and labour, material suppliers and all the rest, to believe that they can, by reason of it, start a steady upward trend in the price of the commodities they have to sell, whether those commodities consist of capital, goods or labour. We require the maximum of cooperative effort from everybody concerned—

With respect to investigations, the laws of Canada provide through the combines act and other legislation means of dealing with some of the matters to which my hon. friend refers. In connection with this section I had in mind that if abuse of a national kind was alleged, this would offer another means of securing the facts of the case. There are no punitive measures in this bill. The combines act and other similar acts which are on the statute books exist for that purpose. This bill is brought down with the desire of cooperating with all those engaged in the building industry, and I believe the people engaged in the construction industry will see in this legislation a great opportunity. From the messages I have received, from both capital and labour in the building industry, I have every reason to believe that they are desirous of cooperating and that they appreciate the spirit in which I spoke the other day, as I have just quoted.

Mr. MASSEY: I understand that at the moment there are plans, at the rate of $10 per set, available for the $2,500 houses.

Mr. DUNNING: Three thousand dollars and under.

Mr. MASSEY: This paragraph says, "as to the feasibility by any means of securing economies and increased efficiency in such construction." Under that I assume the possibilities of pre-fabrication would be considered, not only in regard to whole sections but also in regard to casements, doors and so on. Has anything been done so far in that respect?

Mr. DUNNING: Yes; we have quite a lot of information with respect to pre-fabrication and the concerns which undertake it. At this stage I cannot elaborate on it; in fact I have not it all in mind, but I can say that the department intends to follow up every development both in the United States and in Great Britain particularly, where there appears to have been more in the way of taking advantage of mass production methods as applied to the construction industry than has been the case elsewhere. There is some question as to the extent to which what has been done elsewhere in that regard can be made applicable here because of our climatic conditions.

Mr. MASSEY: And our fire laws, and so on.

Mr. DUNNING: Yes; particularly our extremes of temperature, but that is also in mind in connection with the power to make investigations.

Mr. MASSEY: In connection with the plans the minister has in his possession, do they contemplate houses of brick or of timber, or both?

Mr. DUNNING: Some of each.

Mr. MASSEY: Would the minister tell the committee what plans are available?

Mr. DUNNING: There are ten different types of small houses. The basis of the computation was a house that could be built for $3,000 under average conditions in Canada. There would be variations above and below that $3,000, depending upon the conditions prevailing in various parts of the country.

Mr. TAYLOR (Nanaimo): I assume a general sketch is first obtainable?

Mr. DUNNING: Any one of ten different types.

Mr. TAYLOR (Nanaimo): But how do you know which one you want unless you have all ten before you?

Mr. DUNNING: The general plans have been published in all the newspapers, and we also have a booklet which contains the general designs. I can assure my hon. friend that he will not have to buy a pig in a poke. He will be able to get a look at the pig anyway.

Mr. TAYLOR (Nanaimo): I ask these questions for the benefit of those who will read Hansard, and discover what the bill means.

Mr. DUNNING: I understand that.

Mr. McNIVEN: Does the figure of $3,000 apply to every part of Canada?

Mr. DUNNING: I said under average conditions. It would vary above and below the $3,000, according to local conditions in the different parts of Canada.

Mr. McNIVEN: I recall that last year—and I believe it was when the estimates were before the committee—this matter was discussed. The minister mentioned that a house could be built for $2,500.

Mr. DUNNING: Yes.

Mr. McNIVEN: I made inquiries and found that was a pre-fabricated house, built in the city of Hamilton. After I obtained the plans and specifications, I submitted them to contractors for construction in western Canada and found that to build the same house in that part of the country it would cost $4,000 to $4,200. I was wondering whether local conditions in western Canada had been considered when the price was fixed at $3,000.

Mr. DUNNING: That will be taken into consideration. I hope, however, that the hon. member will bear in mind that some people do not welcome changes in technique which involve pre-fabrication. I need not say more.

Paragraph agreed to.

On section 3, paragraph (d).

Mr. LENNARD: In connection with low cost housing may I ask if there is any determination as to rates of wages to be applied among the different building trades?

Mr. DUNNING: No.

Mr. LENNARD: That is not considered?

Mr. DUNNING: No.

Mr. LENNARD: Then how is the cost arrived at?

Mr. DUNNING: Those factors are all considered when we are arriving at specifications.

Mr. LENNARD: Are standard wages considered?

Mr. DUNNING: Yes; it is based upon standard wages.

Paragraph agreed to.

Paragraph (e) agreed to.

Section agreed to.

On section 4, subsection 1—Advances.

Mr. SENN: In connection with a former item I asked the minister what the government intended to do about extending these privileges to the country districts. May I state a case in point?

Mr. DUNNING: I would suggest that the hon. member read paragraph (g), and that he make his observation on that paragraph. If that were done, we would get along faster.

Subsection agreed to.

On section 4, subsection 2, paragraph (a)—Conditions.

Mr. DUNNING: This paragraph is the same as in the present act.

Paragraph agreed to.

On section 4, subsection 2, paragraph (b).

Mr. NEILL: Would the minister explain why the paragraph makes it mandatory or compulsory to borrow not less than seventy per cent? Suppose a man wishes to borrow only fifty per cent; would that not be all right? Why is he compelled to borrow seventy per cent?

Mr. LAWSON: Is not this the part of the bill which relates to individual loans?

Mr. BENNETT: Yes.

Mr. LAWSON: Is not the whole scheme one of helping those who have not enough money to finance the building of houses?

Mr. DUNNING: Yes. There is the further point, that those loans smaller than seventy per cent are loans in connection with which government assistance ought not to be required. When a man has an equity of forty per cent or fifty per cent of the cost of the proposed house, then the lending institution ought to be able to fill the bill, without the assistance of the government. The tendency has been, in areas where loaning has been done under the Dominion Housing Act, for the rate effect of the act to become visible in connection with loans which were made not under the Dominion Housing Act, but for smaller percentages in the form of straight loans by lending institutions. That is a by-product of the Dominion Housing Act.

Mr. McCUAIG: It seems to me, if I may be permitted to follow up the question, that seventy per cent is too high a figure. In many municipalities it is very difficult to borrow money privately to a point as high as seventy per cent. I know in my own locality if a person had $2,000 and wanted to build a house valued at $5,000, he might be able to borrow the $3,000. Therefore a man wanting to borrow between sixty per cent and seventy per cent would be outside this section of the bill, and yet the amount he would have to borrow would be higher than he could borrow from a private individual. It seems to me it would be advisable to reduce the amount to a point below seventy per cent. Perhaps it should be as low as sixty per cent.

Mr. BENNETT: I noticed that the old section provides that the advance made by the minister shall not exceed twenty per cent of the cost of construction of the house or its appraised value, whichever is the lesser. Then it goes on to say that the interest payable shall be so and so. Under the present measure, whether a man likes it or not, he has to borrow seventy per cent. He must borrow not less than seventy per cent or more than eighty per cent.

Mr. DUNNING: If my right hon. friend will read farther on, he will see that the results are about the same.

Mr. BENNETT: Yes, but I am talking about this paragraph. The advance made jointly by the minister and the lending institution or local authority shall not, according to the paragraph be less than seventy per cent.

Mr. DUNNING: Yes, and not more than eighty per cent.

Mr. BENNETT: On a $2,000 house he must borrow from the lending institution and the government $1,400. But suppose he needs only $1,000.

Mr. DUNNING: We have been operating under paragraph (c) of section 4 in the old act, which states:

The advance by the minister shall be made only if the lending institution or local authority lends, in addition to the amount of the advance, sixty per cent of the cost of construction of the house or the appraised value—

And so on.

Mr. BENNETT: Quite.

Mr. DUNNING: And it continues:

—whichever is the lesser: provided that the governor in council may in any class of cases fix the percentage at less than the sixty per cent aforesaid.

And under that power the regulations were made on a graduated scale of seventy, seventy-five and eighty. It is the result of experience that has made us put in the seventy per cent provision.

Mr. BENNETT: If a person does not require that much, why should he be compelled to take it? It precludes him from doing business with the government, and compels him to go somewhere else and pay a higher rate.

Mr. DUNNING: No; the effect of it strangely enough has been that a man in the position of the one described by the hon. member for Simcoe North (Mr. McCuaig) has been, by virtue of this legislation, enabled to borrow from the lending institution itself on terms approximating the terms under the Dominion Housing Act, in cases where such person may have a larger equity than is contemplated by the act. That has been one of the by-products. That is the way in which the act has been working up to now, in actual practice.

Mr. NEILL: But it has not worked out. The trouble is that in British Columbia the lending companies do not make loans outside the big cities, and there is a demand for houses in the smaller municipalities. The people in those municipalities cannot borrow from the lending institutions, because they are simply met with the statement—and I have approached them on behalf of some people—"We will not go into that town." The lending institution will not go outside the big towns.

Mr. DUNNING: Has the hon. member read paragraph (g)? We have not reached that part of the section which enables me to discuss the methods whereby we hope to overcome the difficulty.

Mr. McIVOR: If a man making a loan wishes to make payment before the time stated, has he permission to pay off the whole loan?

Mr. DUNNING: It operates under an amortization plan, of course. But the contract usually contains a provision whereby a loan may be paid off. I forget the exact terms. I may say, however, that there is such a provision.

The CHAIRMAN: Shall paragraph (b) carry?

Mr. BENNETT: I must say I cannot follow paragraph (b) in its present form.

Mr. DUNNING: I am willing to consider taking out the seventy per cent. My right hon. friend is speaking of the minimum?

Mr. BENNETT: Yes.

Mr. DUNNING: The suggestion is that we should extend government assistance to the man who is able to put up fifty, sixty or seventy per cent of the amount and is taking only a small loan. If that is done, a large part of the dominion's proportion will be taken up by people who have the capacity to make private arrangements to borrow money. I am anxious not to open the door too widely. Would the committee think sixty per cent would be too much?

Mr. BARBER: No.

Mr. DUNNING: I do not want these companies to be trying to make low percentage loans only.

Mr. BENNETT: Let me demonstrate how it works out. Let me take the case put to the committee by one of the members. This paragraph reads:

The advance made jointly by the minister and the lending institution or local authority shall not be less than seventy per centum and not more than eighty per centum of the lending value of the house.

Suppose the lending value is $2,000. As this section now stands, the man, whether

he wants to or not, would have to borrow $1,400 of that sum. The government would put up twenty-five per cent of that $1,400, which amounts to $350. In other words, the lending institution would put up $1,050 and the government would put up $350. The man must do that. I see no reason why we should make it compulsory that he should borrow seventy per cent. Perhaps I have not made myself clear.

Mr. DUNNING: I am at the disadvantage of having to try to get these companies to make loans sufficient in amount to enable people in the income group that build $2,400 houses to get a loan. It has been rare in my experience to find a man with $600 who is willing to live in a $2,000 house. The great complaint against the existing housing act is the exact opposite of that, that is, it does not come down low enough to reach the man in the income group concerned. That is why we are making provision under paragraph (g) to go up as high as ninety per cent of the total lending value.

Mr. KINLEY: It might help out the rural situation if you brought it down to sixty per cent. It would be then more attractive to the loan companies to go into the rural communities.

Mr. BENNETT: Because of its being guaranteed by the government?

Mr. KINLEY: It makes a better risk.

Mr. DUNNING: I am sure the committee will appreciate the position of the lending institutions. Naturally they try to be as selective as they can. They want the maximum security and it is their duty to get it. If we pull down that percentage, I am afraid we shall be placing an inducement in the way of the lending institutions to look for the people who have the most money. What I want this bill to do is to help those who have the least money. The principle of selectivity enters into the matter. We have had this difficulty up to date. I am not worrying much about embarrassing the man who has more money than this bill calls for, but I am worrying a great deal about the fellow who is just able to get together the amount called for by this bill. That really is the difference between us. The lending institutions will always look for the maximum security and will tend to be unwilling to make loans to those who have only a little money. We want them to make loans to those people who have only a little but who have the other essentials, the character and the desire to own a home and the ability to work out a plan under this scheme whereby in many cases the rent they are paying will pay for their homes over a period of years. That is really what we are after. I am sure it will be found in practice that the lower the percentage requirement is put, the more the lending institutions will tend to concentrate on those people who have the most money. We want to induce them to consider the other class.

Mr. KINLEY: I am concerned about the people in the rural communities. The loan companies do not like to make loans in rural communities.

Mr. DUNNING: The inducement is offered under paragraph (g).

Mr. KINLEY: If a man in the country had a little more money to put into a project, it would be more attractive to the loan companies and we would likely get more action under this bill.

Mr. DUNNING: Our experience is just the reverse.

Mr. NEILL: The minister says that we must induce the loan companies to lend to the man who has just a little stake; otherwise they will be looking for the man who is the best risk. That argument pre-supposes that the lending institutions have only a limited amount of money to lend, whereas they have all kinds of money. If you lower the percentage to sixty and induce them to go into the small country villages, they will take on everything that comes. If you do not encourage them to go in, then the people of whom the hon. member behind me speaks will be simply out of luck. We have found by experience that these loan companies will not go into the country places.

Mr. DUNNING: My hon. friend and the hon. member behind him keep on debating the problem which paragraph (g) seeks to meet. I am trying to save my own energy as much as I can, and I shall not follow my hon. friend in attempting to debate just how paragraph (g) seeks to overcome that problem. I do not recognize that the problem suggested by my hon. friends has any material relationship to the seventy per cent provision, but it does have a most important relationship to the new principle we are inserting in paragraphs (g) and (h) of this subsection. I may tell my hon. friends quite frankly that under the existing housing act our experience has been directly the opposite of what they suggest.

Mr. KINLEY: If the percentage were lowered to sixty per cent, the security would be increased in connection with rural loans.

Mr. DUNNING: I shall answer that, although it is in advance of the question. I am sure that difference would not be sufficient to induce the loan companies to go into the rural areas.

Mr. NEILL: It would help.

Mr. DUNNING: You may think it will help if they have ten per cent more, but what are the problems with which they have to deal in making loans in small areas like that?

Mr. NEILL: There are not enough loans.

Mr. DUNNING: There are not enough loans over which to distribute the cost of overhead. Next, there is a relative lack of salability of the security. The third problem is that of collection. An increase of ten per cent in the original equity would not be sufficient to overcome those difficulties. That is why we are introducing an entirely new principle, so far as the Dominion Housing Act is concerned, in paragraphs (g) and (h). We are attempting to make the lender feel more secure when lending money in these communities. However, I would prefer to take that up when we come to those paragraphs. Probably I have not quite grasped the point raised by the leader of the opposition in connection with the seventy per cent provision.

Mr. BENNETT: The sixty per cent provision would work adversely to the view which the minister has presented. It would have to be eighty per cent to make it effective. In order to make his point, he would have to increase it instead of decreasing it. Consider a $2,500 loan. If we are to advance seventy per cent, that would be only $1,750. If we say it is to be eighty per cent, it would be $2,000. If we say sixty per cent we have hardened the position as against the borrower; for sixty per cent of $2,500 is $1,500, and then he has to find somewhere another $1,000. It is putting the sixty per cent the wrong way, not in favour of the borrower, but against him.

Mr. DUNNING: No; that is my whole point.

Mr. BENNETT: The difficulty I see is the rigidity when you say seventy per cent. As the old act stood, there was elasticity and discretion.

Mr. DUNNING: Not below sixty per cent.

Mr. BENNETT: Oh, yes. It said that the advance made by the minister shall not exceed twenty per cent of the cost of construction of the house or its appraised value, whichever is the lesser, and the advance by the minister shall be made only if the lending institution lends sixty per cent of the cost of construction of the house.

Mr. DUNNING: In addition to the amount advanced by the government.

Mr. BENNETT: Quite, and the government was finding not more than twenty per cent of the cost of the construction of the house or its appraised value, whichever was the lesser. But we have changed that, and it is the rigidity which the minister has introduced which I think is unfair. He says positively: You have to get seventy per cent from the lending company. The introduction of that rigidity may make the legislation impossible of operation. I am not concerned about the seventy and eighty per cent, and that sort of thing. All I want is to have some elasticity so that the situation that develops later under paragraph (g) shall not be the only situation to which that applies, and I still think that perhaps the old method was the better. You may say: The advance of the country and the lending institution together shall not exceed so much. We are taking not more than twenty-five per cent of the loan; that is clear, is it not? On a $2,500 loan we may go up to ninety per cent; that is, not more than ninety per cent of the lending value shall be borne by the country.

Just take this case. You have a $2,500 property, and we are going to carry ninety per cent of the load of the loan. How much is the loan going to be?

Mr. DUNNING: Not ninety per cent. We do not carry ninety per cent.

Mr. BENNETT: No, twenty-five per cent, I should say.

Mr. DUNNING: Twenty-five per cent of ninety per cent.

Mr. BENNETT: And ninety per cent of $2,500 is $2,250, and that $2,250 is not borne by the lending institution alone. That is the maximum loan which can be made against the property.

Mr. DUNNING: Of which we bear twenty-five per cent.

Mr. BENNETT: Quite so, or $562.50.

Mr. DUNNING: That is right.

Mr. BENNETT: Now, $562.50 from $2,250 leaves the amount that is borne by the lending institution, namely, $1,687.50. Is that correct?

Mr. DUNNING: Yes.

Mr. BENNETT: That is the lending institution's part of the load, and our part is $562.50. Why should we not leave some elasticity with respect to the matter? Why should we say, not less than seventy per cent and not more than ninety per cent? I am not forgetting the provisions in paragraphs (g) and (h), but we are dealing now with another class of case altogether. I confess I do not know why there should be that rigidity. I am quite content that the other form should be used, namely, that the advance made shall not exceed such and such per cent, of which we bear twenty-five per cent. But doing it in this way makes it absolutely rigid, and we say to these borrowers: You have to borrow seventy per cent to avail yourself of the provisions of this section and get the dominion's contribution.

Mr. DUNNING: I am quite prepared to let paragraph (b) of subsection 2 stand for further consideration, although I do not think I can express any more plainly than I have already done the reason for it.

Mr. BENNETT: I had no difficulty in following the minister, but the difficulty I see is in having that rigid provision there.

Mr. DUNNING: I intended to explain that in practice we have not been advancing up to date under the Dominion Housing Act any loans of less than seventy per cent of the lending value. Seventy per cent is the way in which it works out at present.

Mr. BENNETT: Because the statute is there. That is the reason.

Mr. DUNNING: Yes, and it has worked. The only reason we are changing the incidence of the dominion's proportion is in order to meet the problem which arises by the possible juggling of valuations to make them come within a particular percentage.

Mr. BENNETT: We have met that by our definition.

Mr. DUNNING: Yes, we have met that by our definition and by the fact that the dominion will take not more than twenty-five per cent with respect to any percentage of loan which is made.

Mr. BENNETT: Twenty-five per cent of the advance is our maximum?

Mr. DUNNING: Exactly. It will simplify bookkeeping and help tremendously in avoiding that difficulty of people trying to get an appraised value which would bring them under the wire.

Mr. BENNETT: Have you not covered that, making it inflexible and still keeping your twenty-five per cent? There is no flexibility now, but there is rigidity with respect to our liability, namely, twenty-five per cent of the advance by the lending institution and the crown. The only thing that remains is flexibility as to the amount to be advanced by the lending company.

Take the case put by the hon. member for Queens-Lunenburg (Mr. Kinley) of a man who had more money but did not want to go the whole seventy per cent. I am quite content that the minister should still have power between seventy and ninety per cent, but I do not wish to make it obligatory and say the man must take seventy per cent.

Mr. BRADETTE: I would not be in favour of making it too low. If it is not made of interest to the lending companies, they will not lend money in the unorganized sections, and we suffered from that in my part of the country last year and the previous year. The higher we make it, the more inducement there will be to the lending companies to loan in the unorganized sections, where we are suffering from not being able to get money for new homes.

Paragraph stands.

Section stands.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

SUPPLY

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

DEPARTMENT OF MINES AND RESOURCES

Indian Affairs branch—branch administration, $53,362.50.

Mr. TAYLOR (Nanaimo): I desire to speak on the potlatch custom. Would the minister prefer to have it spoken to now?

Hon. T. A. CRERAR (Minister of Mines and Resources): Perhaps we might pass the first item, branch administration, dealing with expenditures in connection with the head office of the Indian Affairs branch. Remarks on the potlatch might better come under item No. 163. However, it is immaterial.

Mr. BENNETT: The whole administration of the Indian Affairs department must necessarily have undergone some change by reason of the consolidation of departments, and as this is the first opportunity the minister has had to explain what changes have been brought about in the administration, and this being the administration item, he might be able to make a short statement as to what is now the administrative practice with respect to Indians as covered by this item.

Mr. CRERAR: Very few changes have taken place in the administration since the consolidation of these various departments under mines and resources; that is, if the question of the leader of the opposition has reference to organic changes in administration. Previously the Indian Affairs department was a separate department of government; I believe it was associated with the Department of the Interior, under one minister.

Mr. BENNETT: And he was Superintendent General of Indian Affairs.

Mr. CRERAR: The Superintendent General was the Minister of the Interior of the day. There was a deputy superintendent general, who under the set-up of the new department becomes director of Indian administration. The work of the Indian Affairs department continues as it has been hitherto, prior to the union of the various departments into the Department of Mines and Resources. It is concerned with education, medical care, welfare work, administration of agencies all over Canada and the like. We are endeavouring to make some changes in the administration, not in the organic sense, but more in the direction in which the work relating to this very important department is carried on.

In my opinion, Indian Affairs administration is one of the problems of this country. There was a time, if we look back thirty-five or forty years, or to more distant periods, when the consensus of opinion throughout Canada was that the Indian problem, if we had an Indian problem, would probably solve itself with the effluxion of time. At that time there was a decline year by year in the Indian population of Canada. That has changed now and our Indian population is on the increase, increasing at the rate of about one and one-half per cent per annum. That is due to better care. If we compare the expenditures in medical services alone at the present time with what they were thirty-five or forty years ago, we see that there has been a vast increase in the amounts of money voted by parliament each year for medical care, hospitalization, and general welfare work. All this has tended naturally, as it was intended to do, to lift the standard of living of the Indians. Better medical care and better hospitalization mean lower mortality, and they are the factors which I think may be said to be mainly responsible for the change-over from a declining to an increasing Indian population.

For instance, in these estimates we have included $275,000 looking towards the eradication of tuberculosis in our Indian population. Tuberculosis has been one of the most difficult diseases to combat among the Indians, and we find that as our various provincial administrations have taken steps to deal with it in the white population it is necessary to deal with it among the Indians. As I intimated to the committee a year ago, representations have been made from practically every province urging the federal government to take some steps to reduce and control mortality from tuberculosis among the Indians. Every reserve was a centre of infection, and consequently pressure of public opinion in that direction has moved on further towards inducing the federal administration to take some preliminary steps this year in a program looking to that end.

Mr. BENNETT: Oh, it has been going on for years.

Mr. CRERAR: Not directly with tuberculosis.

Mr. BENNETT: Oh, yes.

Mr. CRERAR: Well, we shall not quarrel over that.

Mr. BENNETT: No; I am only glad it is so.

Mr. CRERAR: The point I want to make is that the effect of all this is simply to decrease the mortality and accelerate the increase in Indian population.

We have another problem, in this sense, that practically one-third of the Indian population of Canada are known as hunting and trapping Indians; that is, Indians who live by the chase. They are mostly in the northern parts of our provinces. The reserves where they are located are not suitable for agriculture. They live by fishing as far as their food supplies are concerned, and by the chase and such purchases of other food as they may be able to make from their meagre income.

Mr. BENNETT: Some of them get treaty money.

Mr. CRERAR: The treaty money is a comparatively small item. No one can say that the treaty money was a generous provision for the Indians; it was not. But the effect of all this is being seen more clearly

as the years pass. Since the resources were turned over to the western provinces there has been a marked increase in the number of white trappers trapping in these areas where formerly the Indian had free sway. Owing, I think, to rather short-sighted policies which governments of Canada have at times followed, there has been a decline, and in some places almost complete eradication, of the fur-bearing animals. As the number of fur-bearing animals went down, the natural means of livelihood of the Indians went down also, and they were thrown in greater degree from year to year into dependence upon the federal administration. That, to my mind, is one of the serious problems we are facing in respect to at least one-third of the Indian population of this country. It is estimated that the Indian population to-day is about 118,000, and at the present rate of increase it will not be many years before it reaches 150,000. If some steps cannot be taken to enable our Indian population to depend more upon their own resources, it is a safe assumption that they will become an increasing burden upon the state. To-day many of these Indians desire to become more or less independent. That was one of the reasons behind the legislation I introduced a few weeks ago to set up a revolving fund from which advances might be made to individual Indians, or to Indians on reserves in a communal sense, or to Indian schools, for the purpose of providing materials to educate Indian girls and boys in handicraft arts.

Mr. BENNETT: Would it interrupt the minister to ask the relative number of the 118,000 in the east and the west?

Mr. CRERAR: British Columbia has about 24,000.

Mr. BENNETT: That is, who live by the chase and fishing?

Mr. CRERAR: Well, some live by fishing; some work in the lumber or logging camps.

Mr. BENNETT: And canneries.

Mr. CRERAR: But in the main they live by the chase. Alberta has about 11,000; Saskatchewan, 12,000; Manitoba, 13,000; Ontario, about 30,000; Quebec, 13,000, and there are about 4,000 altogether in the maritime provinces and the remainder in the Northwest Territories and the Yukon. That is a rough approximation of the distribution of the Indian population.

Mr. BENNETT: Of that type, or of the whole?

Mr. CRERAR: The whole population.

Mr. BENNETT: The minister said one-third of the Indians lived by hunting and fishing, and then he said that number was 118,000.

Mr. CRERAR: No; the total number is about 118,000; roughly one-third of those are regarded as hunting and trapping Indians, or something under 40,000.

Many of the reserves are suitable for agriculture, and efforts are being made on those reserves to induce the Indians to take up that mode of livelihood. In Ontario many of them find opportunities for work, some of them adjacent to mining camps, others in the pulpwood industry and the like. I recall a few reserves east of Port Arthur where this work has been taken up; contracts were made for the delivery of pulpwood; they also engage in the manufacture of canoes, snowshoes, skis, and I believe they have taken some contracts for supplying grain doors for railway cars and that sort of thing.

The problem is an interesting one, and difficult in some aspects. It must be borne in mind that since the beginning of Indian administration they have been regarded as wards of the state. Under the terms of the surrenders of their lands there is a definite responsibility in wardship on the part of the federal government to the Indians. But I think the methods we have followed in the past have tended to perpetuate that idea among the Indians themselves. I recognize the difficulty of changing that state of affairs. I am not optimistic enough to think that change will be other than gradual and slow. But I do think we can shape the policy of Indian administration to that end, not only in the administration of the reserves, but as well in the whole field of Indian education.

I wish to pay tribute to the splendid work done by the various churches in the field of Indian education. I know I shall not be misunderstood if I say that I think there were times when a somewhat different direction might have been given to education and much better results thereby secured. If mistakes have been made in the past in that respect, it has been in the effort to graft the white man's way too quickly upon the Indian population. I know of Indian girls and boys coming to the residential schools at the age of six or seven, remaining perhaps ten or twelve years, acquiring an education in the sense we ordinarily understand, the ability to read and write and figure, the three R's, learning habits of personal cleanliness, how to operate an electric washing machine and an electric iron; but when they left the school there was only one place for them to go, namely,

back to the reserve, and often the education they received in the schools was not adapted to that mode of living. I may say that I have discussed this matter with many of those engaged in educational work in connection with the churches, and I have found nothing but the finest spirit of cooperation when I offered some suggestion as to where I thought improvements might be made in that respect. I think the education could be made more vocational in character, with much better results.

So far as the organic set-up of the branch is concerned, those members of the committee who are interested will find the details on page 188 and succeeding pages in the report of the Department of Mines and Resources, tabled at the beginning of this session, for the year ending March 31, 1937. Generally speaking, there are five divisions in the branch, with some subdivisions. First, there is the division of field administration, which has to do with supervision of the various Indian reserves and agencies throughout Canada. Second, there is the medical service, which has grown to very considerable proportions. There is next a division that has to do with reserves and trusts. For instance, there is something between thirteen and fourteen million dollars of trust funds, or band funds as we call them, in the branch. Some of the bands have very large funds. The greater number, however, have very little if any; probably a majority of the reserves have no band funds at all. The next division is the welfare and training service, which has to do with the educational side of the activities of the department and the general welfare work. Then there is a records service, where all the records of the administration are kept and classified, so that information going back as long as there has been an administration may be available.

That very briefly sets out the five general divisions into which the Indian administration work is divided. Possibly this brief summary, given in a rather fragmentary fashion, will give members of the committee an idea of the general set-up, and I shall be glad to supply any additional information when we discuss the items in detail.

Mr. BENNETT: Mr. Chairman, I am sure the members of the committee appreciate, as I do, what the minister has said. I confess that to me the Indian problem has always been one of great interest and, I might add, of considerable concern. I know that the changes which have been made during the last ten years have been marked and very striking indeed. We have provided for the care of the Indians in this country a medical service which in my judgment is as good as that of any country in the world, if not better. It has involved the expenditure of substantial sums of money, but I think the reasons given by the minister as to why we should deal with tuberculosis and other diseases in the manner in which we are endeavouring to deal with them need not be amplified by me.

There are essentially two problems of which we have to think in connection with the Indian. The one concerns his living, which is very important, and the other concerns his health, which may be divided into his mental and physical health and his spiritual well-being. The churches are not lacking in their efforts to care for the latter; and upon us rests the responsibility for caring for his body and mind, and in a broad and general way I think we have made great advances in that regard. The minister has detailed them. I need not go into them now, because there are some about which I may have to offer some little criticism as we proceed. As to his getting a living, after all the Indian regards that as important, and in my observation he is not alone in that regard. How is he to get a living? At some points in the east they have splendid reserves. They farm; they are agriculturists in the large sense of the term, and they do very well. In some of the western reserves, for instance at the Blackfoot reserve at Gleichen, they have their coal mines and their cattle on the ranges, and grain is grown in considerable quantities. You have the cattle ranges of the Indians at Macleod and in that section of the country; and then you have the Stoneys who are essentially hunters. On the rocky reserve which they inhabit the Stoneys are unable to make for themselves an adequate living. So you have two classes to consider when you come to the question of a living: one class that lives by its hunting and fishing ability, on the proceeds of the chase—and each year it is getting more difficult, as the minister has pointed out, to make a living in that way—and the other class.

How are you going to care for the first class? That is a real problem. There are forty thousand people who must be cared for. We exercise supervision over them. We have given them reserves, and they have surrendered their rights to surrounding territory. The reserves are not sufficient, either in area or in quality of soil, to produce a living. That problem we have not mastered. We have played with it, and I do not mean that offensively. We have attempted to deal with that branch of it, but we have had no settled policy to deal with it, and I do not know what policy we could adopt. You could not

confine those Indians to those particular reserves; they are going to go out and hunt and fish.

Then you have the second class, who derive some benefits from agriculture, from farming in the large sense, including cattle raising, and from mining. In some instances they get something from their forests, because some of them did have a few trees scattered around their reserves, though in the main these reserves are not near forests. Well, we have provided them with farm machinery; we have provided them with supervision; we have provided them with pure bred stock to lay the foundation of their herds; but as yet we cannot say that we have established them in lines of endeavour that ensure their livelihood. I think that is not an unfair way to put it. I think the effort to stimulate the activity of the individual Indians, as indicated by the bill passed the other day, by means of the revolving fund, may have some beneficial results; but, Mr. Chairman, the Indian is still an Indian. He cannot change his racial characteristics, which are as firm and as well marked to-day as they were when this country was discovered. They have been weakened by contact with the whites; they have suffered the consequences of contagious diseases which they have contracted; they have been weakened physically; but essentially the Indian is still an Indian.

I am going to say something that may be regarded as almost heresy, but I do not think the efforts we are making to educate the Indians are worth any fraction of the money we spend in doing so. This is not a sudden conversion; I have had this conviction for many years. I have looked into the matter pretty closely, and frankly I do not think we are getting from our endeavours to educate the Indians results that are at all comparable with the results that might be obtained by the expenditure of the same money in endeavouring to make the Indian economically independent. I believe that a limited expenditure of money towards education, and generous expenditures towards developing his tendency to improve his own position economically will give us excellent results.

I happen to know of three or four cases which came to my direct attention. As the minister stated, we take ten or twelve years to educate a boy or a girl. I have in mind a boy—I believe the minister spoke about a girl —who six months after the time he was out of school was back to the reserve, the only place where he could go. I am sorry to say that boy was just plain ignorant. What is more, Mr. Chairman—and I regret to say this—from the standpoint of his tribe and his contribution to the life of his band, he is not as good as was his contemporary who did not go to school at all; for it has unfitted him, unless he drops straight down into the stratum from which he came.

There is the difficulty. I know the minister is deeply interested in the matter. I confess one never talks to an Indian of intelligence without looking at him and wondering what is in the back of his head; for he has a tradition; he has an uncanny way of knowing things. He has a knowledge of everything about him which makes him one of the most wonderful studies to be found in this world. He looks out across the great prairie and you see in his eye something more than the mere looking at the land, the trees, the forests or the mines. You see something which makes you realize that he is thinking of days and generations which have gone by, when he had handed down to him from sire to son, and on and on and on, the story of their past. If you could only get them to tell you about it, you would realize how difficult is the problem to make of them something they are not. All you have to do is to visit the burial ground of the Blackfoot tribe and see where their old leader was laid away, and the provision they made for his future. You see how he was to go to the Happy Hunting Ground, and the way in which he was to carry on when he got there. You see the provisions that those who had been left behind made for him as he went, the little covering they placed over the supplies which were to serve him in that Happy Hunting Ground. You need only to see these things to realize how difficult is the problem of dealing with them.

I assure the minister that any assistance which can be given to improve their physical condition, their health, their happiness of mind, or anything which bears directly on their happiness of mind or on efforts to strengthen their physical resistance to the very conditions to which the minister referred, is time well spent. Speaking as a Canadian I am extremely proud of the way in which we have handled our Indians. True, at times we have made mistakes; but in the main we have treated them better than have most countries. If we have deprived them of their inheritance, we have at least paid a price for it, and we shall continue to do so till the end.

I want to say this to the minister: He will find it impossible to induce the Indian to part from the thought of wardship. What does he say to me? He produces his silver medal, a great medal as large as a saucer, which the great White Mother gave to his father or

grandfather. That means that so long as the sun shines and water runs he will be cared for. In that sense wardship crops up in the most unexpected moment; it is an amazing thing. I can recall talking to one old fellow and hearing him say, "White man take my land, my home; great White Mother, she say we never want as long as sun shine or water run." That thought is handed on from generation to generation, and will continue.

I think we must frankly recognize the sense of wardship, to which the minister has referred, as the basis of our policy. On the other hand I venture to direct the attention of the department to a complaint I have received. They sent a man out to try to ascertain what the conditions were with the Stoneys and the complaints made with respect to the Kootenays. I must say I did feel for a moment a little bit ashamed of my country, because a citizen of the great republic to the south was talking to me on the train about the way in which these Indians were being cared for. He has expended of his own substance for the purpose of keeping them from starvation. That is a condition which the minister cannot help, but which we must frankly realize involves us as a nation in spending money to keep them alive, whether we like it or not. That is what they look upon as the obligation which we assumed when we took from them their land and gave them these reservations. The Kootenay band is not far from Cranbrook, and certainly they put in a terrible time last winter. I know of a citizen, not of this country, but of another, who did take them supplies and provided them with, shall I say, a few of the necessities of life to keep them alive.

In eastern Canada one is not so familiar with the story, but one does know something about the great band which lives in the reserve near the St. Lawrence river where the bridge crosses. They have a very interesting history, and in the main, I would say, not an unhappy one. I refer to the Caughnawaga tribe. Among them have been men who have accepted education in an amazing way. I suppose the minister has come in contact with a number of them, and must realize that education there has accomplished a very great deal. Then, when we come to Ontario, around Brantford and that section of the country, we find a high type of Indian. When I have come in contact with some of them especially during the great war, and have had occasion to talk to them, I have realized they were men who differed from their white brothers only in colour, in the straightness of their hair, and in those small physical attributes which distinguish the Indian from the white man. That was what I found when I came into personal contact with some of them. I saw their farms and homes, and realized that the problems they had to face were entirely different from those of the Kootenays, the Stoneys or some of those other Indian tribes in the far north, who rarely come as far south as Edmonton in Alberta or as Prince Albert in Saskatchewan. Certainly they do not get farther south than the northern towns of Manitoba. They live, fish and hunt in the far north.

I can only say to the minister that I for one would personally be glad to expedite any grant which would involve greater medical attention and care for the Indians, but I am more concerned about their economic life, which does not consist in keeping them in schools for a while, and then letting them go back to the reserves where they may revert to savagery. I do not refer to the savagery of old times, but to the refined type of savagery which has developed from their contact with the white man, which has come about as a result of our having appropriated their property, and given them reserves.

Mr. MacNICOL: When a previous item was under consideration I intimated to the minister that I should like to say a word or two about his department. In my travels over Indian reserves I have known where the minister has been, and have strongly endorsed his endeavour to improve the lot of the Indians. I have listened with interest to what he has said to-night. If he continues along present lines, I believe the Indians may have a better time than they are now having.

I first became interested in the Indian problem through using Indians as guides, motor mechanics and canoeists in travels I have made in the northern country. I expect to use them again this summer in northern Ontario where I propose to go again. I shall do my level best to see that these Indian lands in northern Ontario are not exploited by the diversion of the Albany river into the great lakes.

On leaving there I visited about five different reservations and I shall refer briefly to one or two matters that came under my observation. The minister and the right hon. leader of the opposition have both referred to the education of the Indians, and I believe they both recommended some improvements. I visited many homes of Indians, but in one home in particular the daughter had just come back from school. She was a fine looking girl of about eighteen years and had been trained in the Indian school on the reservation.

As the minister relates, she had been taught to read and use the different utensils now employed in modern homes. She had been taught how to cook and preserve. I saw some of the work that had been done when I visited the school later on. But one fact struck me most strongly. When that girl returned home, to what did she return? She returned to nothing but a hut. I measured this particular hut myself; it was ten feet by twelve feet, and six people were living in it. You could see out through the walls and the roof in every direction. There were two bunks in the one room which made up the hut, and I suppose the two old folks slept in one, while the four children, including this girl of eighteen, slept in the other.

What is the use in sending these Indian children to school to teach them modern civilization and then having them come home to something like that? We should give some consideration to the homes of these Indians as well as to providing schools on the reservation. I saw many of the children attending these schools and they appeared just as bright as other children, but they seemed to lose their brightness once they left school. It is not right that they should receive this education and then have to come back to living conditions such as I have described. This hut was one, not the worst, on the reservation.

I found the officials to be very good. The doctors, the Indian agents and the police officers were a fine type of men. I found the teachers in the school on the reservation to which I refer to be excellent. The doctor on one reservation discussed the matter of tuberculosis with me. He suggested that on those reservations where there are no hospitals, hospitals should be provided. The Indian parents love their children just as much as other parents, and they do not want to have them sent to hospitals many miles away from the reservation. In order to prevent this, they try to hide the fact that their children have tuberculosis. This doctor told me that if I lifted my voice at all in this connection, I should try to persuade the minister and the department to establish hospitals on those reservations where there is none. Then the Indian father and mother could visit their child in the hospital on the reservation. It was felt that this would mean the saving of many lives.

There is one thing I found to be very satisfactory. I do not know how long this practice has been in force, but on this particular reservation prizes have been given for the last few years at Indian fairs. Perhaps the minister could tell us if prizes are granted to Indians on all the reservations. This encourages the Indians to raise various kinds of vegetables, and they are pleased with the idea. One suggestion I would make is that instead of buying vegetables and so on from whites to be used for the relief of Indians, these commodities should be purchased from the Indians. When I came back to Ottawa I checked up on the Indian estimates and I found that large supplies of potatoes had been shipped in to one particular reservation for relief purposes. These potatoes had been purchased from whites a hundred or a hundred and fifty miles away, whereas there were on that reservation large piles of potatoes that had been frozen and rendered useless because the Indians did not take care of them. If these supplies were purchased from the Indians, they would be encouraged to that extent.

In some of the reservations in northern Ontario I found a growing feeling of resentment against the whites. The newspapers all over the country have indicated just what is going on. I shall not read any of these articles, but perhaps the headlines will be illuminating. Some of these read:

> Geographer deplores wresting of hunting grounds from former native owners.
> Indian rights being defended.
> Indians organize league, demand return of "rights."
> Chief urges fair chance for Indians.
> Indians claim rights invaded.
> Fear hunting war will flare between whites and Indians as game preserves depleted.

A few days ago I made a brief reference to what I had found in northern Ontario.

Mr. BRADETTE: To what section of northern Ontario is the hon. member referring?

Mr. MacNICOL: North of lake Nipigon, where I propose to go again this summer. Many miles north of that lake I found the hunting grounds and the old trails to be as they had been for perhaps a thousand years. Over the height of land to the Albany and towards James bay the trails were as they had been since the earliest record of the whites. But what did I find? I found that the Indians are not engaged by the government as guides and fire rangers. My opinion is that they should be. I asked the Indians if they could do this work, and they told me they could. It may be that they are not efficient. I am not saying that they are, because I am not familiar with their habits.

Mr. BRADETTE: That would be provincial.

Mr. MacNICOL: Going up and down the rivers I met white trappers, and the Indians who were with me told me that when white trappers came on a river where Indians trapped, the whites simply took their trapping places and interfered with their natural bent to trap and fish. I do not think that should be allowed. The country I was in is further west than that of the hon. member for Cochrane (Mr. Bradette). That country is still unsettled; but if it becomes settled, where are the Indians going? Are they going to be driven further north where the climate is more severe? I have surveyed this Indian question, and in my travels in the last five years I have visited the places where they had their origins in America and first came in contact with the whites, and visited also every reservation in the Mohawk valley. In the early days there were great men among those Indians. Brant was a great man; Half King was a great man; Redjacket was a great man, and so were many other Indian chiefs of those days. They must have had ability; they were dealing with the whites in those early days. I am afraid—I may be wrong—we are not perhaps, as the minister himself said a few moments ago, directing our efforts to the best advantage so far as the Indians are concerned, and if the department has any new plan for directing the Indians along lines where they will become more self-sustaining and tend to get out of the class of being simply wards of the government, it would hold out the hope of a very great advance being made.

Why should the red man be so backward? The coloured people are able to take their places with the whites. The coloured people of South Africa, for example, vote to elect members to the parliament of South Africa. Last year when I was in London I read of a bill that was to allow the natives of South Africa exclusively to elect three members, Europeans, to the legislature and two to the senate, and we may be sure that those members elected solely by the coloured people of South Africa will look after their interests in the legislature. But we have nothing like that here. I wonder if the time will ever come when Indians will be able to return a member to this House of Commons to present their views.

During the last eight years, of my attendance in this house, every time the Indian estimates have come up they have been voted one after another usually with just a "carried," "carried," "carried." In fact, when I rose to speak this evening a colleague on this side of the house said to me, "Sit down; you do not know anything about the Indians; you have none in your riding; what are you going to talk about the Indians for?" That may be quite true; but somebody has to speak for the Indians and try to help them; I propose to make a more thorough study of their conditions, visit more Indian reserves and come in contact with more of the Indians so that I shall be better able on some future occasion to say a word on their behalf, and I shall be glad to support any measure that will help to improve their lot.

Mr. CRERAR: I appreciate the suggestions that have been made by the hon. member for Davenport (Mr. MacNicol) and by the leader of the opposition (Mr. Bennett). The committee may rest assured that I wish to get all the assistance I can in dealing with this Indian problem.

The hon. member for Davenport referred to his experiences in northern Ontario, north of lake Nipigon, and I quite agree with his observations. The fur has been depleted in that region, and it has been depleted largely by white trappers who have too frequently frightened the Indians off their usual trapping grounds. Unfortunately that is something we cannot control. The Indians in northern Ontario, and indeed in several provinces, are now segregated almost entirely upon reserves. It is true they have been given permission to trap over areas outside their reserves; but we cannot control the white trappers, and while we do the best we can to assist the Indians, that is a problem over which we have no control.

But on the Indian reserves in the more settled communities, undoubtedly progress can be made. In western Ontario, for example, we have a reserve on which the relief bill in the past year has been cut in two, on account of the fact that a year ago we started community gardens on the reserve, where under the supervision of a foreman the Indians produced enough vegetables, properly looked after, to supply their needs throughout the winter. These community gardens were started on a great many reserves in 1937, and the plan will be extended to more reserves this year. The director just tells me that on a reserve a very considerable distance north of Prince Albert they have planted a community garden from which the Indians will get vegetables that will help to carry them over next winter.

There is one aspect of Indian administration which I think may be of interest to the committee. My observation has led me to the conclusion that one of the most important cogs in the wheel of Indian administration is the Indian agent in charge of the reserve. In

Indian agent requires qualities that cannot be assessed in the ordinary way. I should say that some of the necessary, almost indispensable qualties that he needs are firmness, sympathy and understanding, and a little bit of the missionary spirit. He must win the confidence of the people he is looking after; for in many respects they are like children, and my observation has led me to conclude that where we have Indian agents of a certain character, type and quality, there you will find the reserves that are doing the best. In the Nipigon area, for example, to which the hon. member for Davenport referred, the Indian agent secured contracts for taking out ties cut from timber on the Indian reserves, and this year some $18,000 worth of ties have been taken off the reserve by the Indians. As a result of this agent's work practically no relief has been necessary on a number of the reserves in his agency during the last three or four years. In other words, he has brought the Indians to a point where they are sustaining themselves. That can be done in a great many instances, I am convinced, but it is by a process of education and of building up.

The leader of the opposition referred to conditions in the northern areas. It was, I think, unfortunate when the resources were transferred to the prairie provinces several years ago that areas were not reserved for Indian trapping grounds, particularly in the northern parts of the western provinces. We are now negotiating with the three western provincial governments to get back sufficient areas where we hope to build up the fur-bearing animals.

Mr. BENNETT: We still have the northwest territories.

Mr. CRERAR: Yes, but the Indians of northern Manitoba do not wish to go to the northwest territories, and I shall say a further word about that in a moment. In Manitoba we are endeavouring to secure an area of, roughly, 175,000 acres east of The Pas. We are negotiating to lease it from the provincial government at a very low rental so that we may get control of it, and then we shall make a survey—there is an item in the supplementary estimates to cover it—and probably build some dams or cut some ditches to secure uniform water levels, and then we shall endeavour to bring back the muskrat, because that territory is the natural home of the muskrat.

In another part of Manitoba we are trying to secure a block of 300,000 acres. We had a survey made of it last summer. It is an excellent beaver country, and we are planning to take beaver from our national parks, where they are becoming a bit of a nuisance, and to leave them in this area and let them multiply.

Work of this kind has been carried on by a few private individuals across Canada. There is one not far from Ottawa, and some in Manitoba, proving beyond reasonable doubt that fur-bearing animals can be brought back by proper conservation measures. I am told that the state of Louisiana went into the muskrat industry a number of years ago, and as a result of the application of simple methods Louisiana is to-day one of the great producers of muskrat pelts. In northern Canada we have the natural habitat of the muskrat, and I am satisfied that if we can get control of the areas and forbid white trappers trapping there we can restore these animals. The Indian is naturally a conservationist; he is so by tradition and training, and no difficulty arises with him. But when an Indian sees white trappers trapping everything ahead of them, he considers he may as well do the same and get all he can while it lasts, and the result is a complete loss of fur-bearing animals.

In Alberta I have had conversations with the minister of resources; and while there has been a great deal of criticism of the Alberta government, I have had the fullest cooperation with the minister there in getting areas in northern Alberta taken care of. I have discussed the matter with the authorities in British Columbia and they are sympathetic. In the province of Quebec we have recently secured a considerable area south of James bay where we have about a thousand Indians, and we hope to introduce the beaver and other fur-bearing animals. If that policy is carried out consistently over a period of years we shall, as time passes, reach the point where many of the Indians can, at any rate, largely sustain themselves by trapping. In the northwest territories we have better opportunities. In the Mackenzie basin we have recently set aside on the west side of the Mackenzie river a very large area running into tens of thousands of square miles, and we shall control it as far as fur is concerned. At present we are closely regulating trapping permits in the northwest territories. No outsider can come in and get a licence to trap fur there to-day. He must have been a resident of the territories for at least four years. We are contemplating even stiffer restrictions so far as trapping there is concerned.

Mr. BENNETT: Is a permit required for trapping in Hudson bay?

Mr. CRERAR: They require a trading permit, I am told. These are all problems relating to administration. We shall have another problem in the eastern arctic before a great many years in connection with the Eskimo. So far as the administration of Indian affairs is concerned, I think I can say this of all the officials, that they are alive to these problems that are developing. We can learn from experience of the past, and I have no doubt that as regards the northwest territories, where the area is completely under federal control, we can maintain conditions of life that will enable the Indians to live.

We are trying an experiment this year. In our parks we have taken several bright Indian boys from the Indian schools and are training them to be guides. That is a field which may open up useful employment for boys from Indian schools. Only last summer I was told of a gentleman from Minneapolis who, with a party of four or five including his wife, went to northern Manitoba. They wanted an Indian guide, a good canoe man who could build fires, cook, and wash dishes. They could not find one for several weeks to fill their requirements. That is something which might be taken up by the Indian schools. Why could we not direct the education of Indian boys to this sort of thing, for which they are naturally fitted? I have offered this suggestion to one or two residential schools in the northern part of these provinces, "Why do you not develop a fur farm adjacent to your school?" We find fox farms and mink farms all over Canada in the older settled communities. Why cannot that be adopted as part of the education of Indian boys in Indian schools? Then there is the making of snowshoes and canoes. We are having an increasing tourist business in Canada, and I am quite sure that by wise and judicious methods we can gradually increase the number of tourists coming to Canada. One of the things these tourists desire to buy is Indian handicraft work. They go to a store in Winnipeg and buy some goods that are supposed to represent Indian handicraft work, but if you trace it back you will find that it was probably made in some city of eastern Canada or possibly in Japan. It is not the genuine article. I have suggested to some of those in charge of the Indian schools that they teach Indian girls work of this kind. We hope to supply the materials, get these things made and find a market for them in the tourist traffic of the country.

There are many ways in which opportunities can be made available to the young Indian lads in the future. There is one other point and that is with regard to the observations made by the leader of the opposition touching the East Kootenay reserve. I recall the occasion on which he brought it to my attention.

Mr. BENNETT: I telegraphed from Victoria.

Mr. CRERAR: Yes, and I immediately had an investigation made. As it happened, the Indian commissioner for British Columbia had been there a short time before. When I got back to Ottawa I found that representations had also been made to the Prime Minister; knowing the source from which they came he passed them on to me, and a very complete investigation was made. I am bound to say that in my opinion Mr. Drayton, the gentleman in question, was misinformed. I checked up with the Indian agent who is very well regarded in the administration, the district nurse of British Columbia in the community, and the Indian doctor who had had many years of service on the reserve. I checked up on the amount of relief that had been distributed month by month to the reserve, and I could come to no other conclusion than that the gentleman who had made complaints had been misinformed. As a matter of fact he wrote a letter later to the Prime Minister regretting that a good many of the supposed facts upon which he had based his representations were not well founded.

When I am travelling around the country and have opportunity I talk to the Indians. A year ago I was in a little northern town in Manitoba where the Indian chief came to see me with two or three of his councillors to talk about some grievances. I listened, and then I said, "Have you anything else?" And he started another story of grievances. I continued with that for the better part of an hour, and I think if I could have remained for five hours the chief and his councillors would have kept on digging out new grievances and complaints. In considering these things you have to take into account the Indian character. I assure my right hon. friend that I was grateful to him for bringing to my attention the matters to which he referred, because the only way by which these things can be checked is to have them brought to one's attention. But they were investigated very fully, and I do not think there was much ground for the complaint made.

Mr. McIVOR: Perhaps what I have to say might be said on the next item; but when Thunder Bay district is being considered

that, of course, is treading on ground with which I am quite familiar. I cannot agree altogether with the hon. member for Davenport (Mr. MacNicol). I have visited those reserves ninety-five miles up lake Nipigon, and I have frequently visited the other bands. I find in Squaw bay that the agent there was instructing the Indians in making canoes and motor boats and snowshoes, such snowshoes that when even a white man goes out in the snow with them on he will feel almost as fleet as an Indian. When I visited the bands on lake Nipigon with the agent and the inspector of schools I was delighted to see the condition of those schools. When the hon. member for Davenport said that the Indians are living in huts I do not think he was referring to the whole district, because if he visited one band he would see the cottages placed in crescent shape just as they would be at a summer resort on the shore of lake Superior.

Another thing that interested me very much was about thirty acres of potatoes. If anything gladdens the hearts of an Irishman it is a fine crop of potatoes, clean, juicy and tasty. I have not seen anything better since I left the Green Isle. There was a reason; these Indians were encouraged by the agent to fertilize. They could not buy fertilizer very well, so they went to the lake and took out fish, coarse fish, by the wagon load, and filled the drills with fish. They planted the potatoes, Wee McGregor or Irish Cobbler, and those potatoes grew in abundance the like of which I had not seen before. They were able to sell enough potatoes to buy their groceries for the winter and to store enough potatoes for their own needs in fine root houses; I have not seen anything better in the west. If I had as good an imagination as the hon. member for Davenport, and sat down to a plate of those potatoes properly French-fried, I would not have much trouble in imagining it was fish and chips.

Mr. MacNICOL: Let me interject that anything I said was not imagination. I spoke about what I saw.

Mr. McIVOR: I never doubt my hon. friend; he is as truthful as I am. I will do the imagining for him. I would have no trouble sitting down to a plate of those potatoes French-fried and feeling that they were just as good as fish and chips.

Having taught in an industrial school, I know that the Indians respond to leadership. I took a group of Indians from the industrial school at Regina, and in at least one instance we were able to put it over the civic football team of that city. The Indians respond in other ways. They get more like the white man every day, and I am convinced that with agents like Mr. Jerry Burk the Indians are not going to take second place to the white man even on the reserve.

Mr. WARREN: I have not had much experience with Indians, but these references to the education of the Indian remind me of a little experience I had during the past year which tends to prove that the Indian, if educated, can take his place among any Canadians. Last year a young woman came to visit me; I was surprised to find that she came from the Indian reserve at Golden lake. She had been holding a good position as stenographer for eight or nine years. She came to me because she was interested in a young brother who had attended public school and had gone to continuation school for two years. She said she did not want that brother to be idle; she wanted to get him at some kind of work. Eventually that boy got into the Royal Canadian Air Force as a labourer. I have met that boy two or three times since then; he is as bright and happy and capable looking a young man as I have met, happy at his work and sending money home to help the family. The father of that family is working all the time as sectionman on the railway. On that reserve we have Indians who are just as good bushmen as any whites. If we give the Indians the education and opportunities that we give our own people, I do not see that the education will hurt them at all. Apparently, if they have the necessary education, they are just as able to fill important positions in our everyday life as any of the rest of us.

Mr. NEEDHAM: I congratulate the minister upon what he is trying to do for the Indians. I should be interested if he would explain something more in regard to administration on the reserve. Last summer I spent some time on several reserves, and I find they have this difficulty: They feel that too much is left to the agent or the department at Ottawa, and they are kept in the dark as to their financial standing. Will the minister explain whether the agent makes an accounting to the tribe of how they stand with the department and how each individual stands in relation to the tribe? I found this to be one great difficulty, that they did not know whether they had a credit or a debit, what was coming to the tribe or what was in trust for the tribe and whether they could or could not use it. They were absolutely in the dark. I talked with two of the chiefs and some of the young men who have been through the schools and are fluent, bright young fellows,

and they are anxious to know where they stand. They do not seem to be getting the encouragement they think is their right.

In addition to other things, they feel that they should be consulted more than they are in connection with what is planned for them. In regard to education, they think they should have some say in the selection of the teacher on the reserve. That, I understand, is left largely to the church which has charge of the school. The church selects the teacher; the Indians have no say in the matter, and when they are discussing these matters they say very often they get a lemon or someone who does not apply himself, because he is responsible only to the church. There is another point as well. You may have two reserves very close together, without even a fence between them. On one reserve there will be an Anglican school and on the other, a Roman Catholic school. That does not make for harmony, and I think matters of that kind should be rectified in some way.

On the reserves I visited I had some conversation with the farm instructors and also with the Indians. In one instance I found that the stock was greatly depleted. I asked the instructor how long he had been there and he said, "Some twenty odd years." I asked what was the amount of stock on the reserve when he went there, and he told me. I asked what the stock amounted to then at the time of my visit, and found it was less than half what it had been in the first place. As a consequence the Indians are putting up hay, getting a permit, peddling a load now and then, and doing the same with firewood and things of that kind. I should like the minister, if he would, to explain the system and show how the Indians stand with the department at Ottawa, and how they may get an accounting of the funds held in trust for them.

Mr. CRERAR: I think what the hon. member is referring to is the matter of band funds on the reserve.

Mr. NEEDHAM: And how their yearly production, whether it be in stock or grain, is accounted for.

Mr. CRERAR: I am dealing with the point raised in regard to the Indians getting information as to the position of their band funds. The chief and counsellors of the tribe can always get that information from the Indian agent. If he has not that information he can easily obtain it, and there is no reason why it should not be given to the Indians. As a matter of fact I think we have the right to use the increment of the fund for the purposes of the Indians without their consent, in connection with certain matters such as relief and medical care, but no disposition can be made of band funds without the approval of the Indians themselves. On the other hand the Indians cannot dispose of the band funds without the approval of the administration. In other words, before band funds can be utilized for any purpose both the Indians who are interested in the fund and the department which administers it must agree as to its disposition. As I have already said, so far as I know there is no reason why the chief and his counsellors should not be able to ascertain at any time the standing of their fund and the disposition that has been made of it.

With reference to the other point, of course I do not know the reserve to which my hon. friend refers. I think what he has stated is true on some reserves; that is, that if anything they have progressed backward in their agricultural methods in the last twenty or twenty-five years. That is due perhaps to, shall I say, indifference in administration; or perhaps a farm instructor gets into a rut, as human beings sometimes do, and does not take his job seriously enough. The check on that I think is better and more constant supervision. I am bound to say this, that I think in the past administrations have perhaps erred on the side of too much economy in the administration of these services. If I could induce my colleagues to expand the Indian vote, I think I see where I could spend another $100,000 to excellent advantage. But even without that I hope a steady improvement will take place.

I wish, however, to say this to the committee. I do not think there is any more important unit in the administration than the man who has charge of the reserve, the farming instructor on the reserve, and those who have to do with the Indians in their day to day contacts. If there is understanding, sympathy, firmness and intelligence in dealing with situations as they arise, unquestionably you get better results. On the other hand if, as unfortunately may be the case in some instances, officials lack those qualities, then you have a certain amount of suspicion, distrust and retrogression. Probably that is the situation in the reserve to which my hon. friend refers.

Mr. NEEDHAM: I am very happy to hear that expression of opinion on the part of the minister, but I am given to understand that the agent will not give the chief or his counsellors information as to how the band stands with the department at Ottawa. Supposing they have a credit which they wish to invest

in stock or in a fur farm such as the minister referred to, as I understand the situation, that band has the right to utilize that money in that way.

Mr. CRERAR: Is my hon. friend referring to the vote we are now considering or to the revolving fund to which earlier reference was made?

Mr. NEEDHAM: I am referring to any credit that the band may have with the government.

Mr. CRERAR: The circumstances of each individual case will be studied. If you have a reserve that is adapted to the rearing of cattle, I would hope that we would be able to put some stock, at any rate, on that reserve, and see that hay was put up to feed the animals and that they were properly looked after. If the venture were properly handled there would be a natural increase, and there is no reason on earth why on a reserve that is adapted to stock raising there should not be a substantial herd of cattle. In some instances some of these animals may be owned by individual Indians; or it may be a communal effort on the part of the band, but again I stress the importance of supervision and care in dealing with these questions. Sometimes, by his traditional way of living, the Indian becomes careless in looking after stock, and it is necessary to have someone to see that the stock is properly cared for. That is all part of the whole scheme of general welfare and improvement among these Indians. I know it is going to be a long, patient business, but I do think it offers some possibilities of getting many of these people into a much better position than they are in to-day. At any rate that is the principle which is guiding us in this action.

Mr. BLACKMORE: I should like to express to the minister my appreciation for the vision which he manifested in his speech regarding the development of fur farming and other activities among the Indians. It is my feeling that he is producing very fine results, and I should like to encourage him. I believe he certainly should have that other $100,000 because beyond question there is arising among the Indians a very definite need. May I use as an illustration the reserve in my own constituency. For a long time the Indians have been able to go off the reserve and work at such jobs as picking up potatoes, harvesting beets, and working in the grain fields. The returns from that kind of labour supplemented their regular income. However, since the coming of the depression it has been virtually impossible for the Indian to get any such work, with the result that many of them are suffering painfully. Unless something is done on the reserve to replace the revenue they have lost through their inability to get employment, manifestly the Indians are going to tend to decay in numbers and morale.

I believe the minister is thoroughly justified in asking for sufficient money to develop industries on the reserve. He has mentioned fur farming and stock raising as being possibilities. The reserve in my constituency would be well adapted to stock raising and also to grain growing. A good deal of the ground has been ploughed up, and in many instances grain has been grown. In some respects, however, some of the Indians do not find themselves adapted to farming, though others do it very well. A number of them have found that the grasslands from which they cut their hay have been depleted, and for that reason they have been placed in a difficult position. If money were available and if the Indians who were adapted to fur farming were encouraged to go into it, it would be a great blessing.

I greatly appreciate what the minister has said, and I for one will certainly support him in any requests for additional money he may make to help the Indian. I believe the Indians are a very important element of our growing population.

Mr. LOCKHART: Is there any coordination between the minister's department and the tourist bureaux? I refer particularly to the contact with guides.

Mr. CRERAR: Yes; we are trying an experiment this year, which will probably answer the hon. member's question. We are taking over some bright boys who have been recommended to us by the principals in Indian schools. They are to be given training to act as guides in our parks, under the supervision of experienced park wardens. If the experiment works out satisfactorily, we shall expand the effort. This plan may give opportunities to a number of these lads to become engaged in useful occupation.

I have suggested to some who are in charge of the more northern schools that the boys be given some training in the art of guiding—because I am told it is an art—so that on occasions they may find useful work. So far as the matter of correlation with the tourist industry is concerned, I am not just sure what the hon. member had in mind, but I believe it is possible to link up the production of handicraft work among the Indians with a sales system for the benefit of United States or English tourists who may come to Canada. That matter is now being studied.

I am satisfied if we can encourage the development of handicraft work, we shall be doing the Indians a good service. Some excellent specimens of work come from the teepees away back in the northern land. The Indians seem to have a natural capacity for this kind of work. I feel sure means can be found to find a sale for their work, and to transfer the proceeds of such sales to the credit of the Indians who produce the goods. In that way we could help them to be more self-sustaining.

Mr. LOCKHART: Perhaps the minister did not clearly understand my question. It has been my privilege to cooperate to a considerable extent with tourist bureaux. I believe I have given service to at least one hundred and fifty Americans who travel as far south as Mexico, and who are in the habit of coming to Canada periodically to travel in the far north. On two occasions by personal contact with one of the reserves I have been able to provide qualified Indian guides. On several occasions I have been asked if guides were available, and it occurs to me that in view of the fact that an experiment is being made this year, at the time advertising is being sent out to certain individuals it would be helpful to have those men, who are enthusiastic about the great Canadian north, supplied with Indian guides, and to have a condition whereby those guides would be available without great trouble, and would be found trustworthy and reliable. I pass that suggestion on because it has come to my attention particularly in the last two years.

I should like to make one further observation with reference to the matter of co-operation about which the minister has spoken. This may be a matter which is more or less within provincial jurisdiction, but I pass it on for what it is worth. I feel that it has some bearing on federal jurisdiction. About two years ago the great niece of General Brock came to Canada from the Guernsey Isle to place a wreath on the monument at Queenston Heights. On that occasion some eminent Indian chiefs attended. Had the minister been able to read a verbatim report of the speech made by one of the Indian chiefs, I believe he would have been impressed with the resentment expressed concerning the way in which the Indian is sometimes neglected. In passing, I would suggest to the minister that in his negotiations with the provincial government—and I assume he was referring to the Ontario government—consideration be given to this matter. On the occasion of the celebration one of the chiefs said pointedly that no recognition had ever been given of the part played by the Indian in the history of Upper Canada. I would point out that those tribes in southern Ontario would greatly appreciate some recognition of the part they played in the great war in which General Brock fell. I know the Indians would appreciate any recognition which could be given of the help they gave at that time.

Mr. STIRLING: There is one phase of the Indian question to which I should like to refer for a moment, and when I have concluded I should like to hear the minister's observations on the matter. In southern British Columbia we find a considerable number of reserves. In my own constituency they are dotted all the way down the valley of the Similkameen river, and through the Okanagan valley. There is no doubt that in times past the Okanagan band must have covered a very considerable part of what is now the state of Washington, and have reached well into the present province of British Columbia. The difficulty to which I allude is that by intermarriage and constant visiting a mix-up has developed between United States and Canadian Indians. At times there is evidence of unrest, and when the trouble is looked into it generally boils down to a question of jealousy between United States and Canadian Indians. I often wonder whether this difficulty is confined to this particular part of British Columbia. It does not seem to me to be reasonable that there should be Indians of the same tribe resident on reserves in the state of Washington who are receiving certain benefits from Canada, while there are Indians resident on our reserves who are receiving official assistance from the United States government. I wonder if it would not be possible to arrive at some solution of this problem so that there might be a definite understanding between the two governments, or at least between the two departments of government that administer the matter? Perhaps a separation could take place between the Indians who are definitely Canadian and those who are definitely United States. If this were not a cause of friction, there would be no reason to raise the question, but I am persuaded that it is. I have had it up with the minister and with the deputy superintendent, and I should like the minister to let us have his observations.

Mr. CRERAR: The only places where the difficulty referred to by the hon. member is to be found is on the Okanagan reserve in British Columbia, and in Manitoba, perhaps to a lesser degree, in connection with the Sioux Indians. As my hon. friend says, there

are Indians living in the United States who get money from Canada, while there are Indians who were born in the United States, who are now more or less residents of Canada and who receive treaty money from the United States government. There are some Indians living in Canada who own property in the United States. So far as I am aware, there has been no discussion between the two governments in connection with the matter referred to by the hon. gentleman. I suppose the free movement from country to country could be prevented, but I do not think the difficulties arising therefrom are such as to warrant anything in the nature of restriction. I am inclined to think that as time goes on the problem will tend to solve itself. This has been the experience in Manitoba.

Mr. DUFFUS: I desire to compliment the minister and the committee upon the sympathetic attitude displayed toward these original Canadians. They are obviously permanently among us, and our duty is to improve their circumstances in every way possible and to do everything reasonable in providing education. We should try to attract these people to the soil because they make splendid farmers. A large number of ploughing matches are held throughout Ontario every fall. For some years it was necessary to have the Indians in separate classes at these matches, but more recently they have resented this and have asked that they be placed in the same classes with the white men. In many instances they have carried off the championships. I believe there should be strong supervision, both temporal and spiritual, on these reserves. This is the duty that we should accept as a matter of course, since they are wards of the government.

Mr. WALSH: I listened to the minister with some degree of interest when he referred to the educational policy being pursued by the government. It naturally gladdens the heart of an educationalist to hear that modern methods are creeping into the administration of the schools on the Indian reserves. I am hoping that the minister will persevere along this line so that the Indians may have the benefit of modern improvements.

Has the minister any further information as to the condition now prevailing on the branch reserve at Oka? I understand this is a branch of the Caughnawaga reserve. I have taken up this matter with the department, and I am interested to know whether there are any further developments and a possibility of a permanent solution of this problem.

Mr. CRERAR: The Indians at Oka have not title to the lands upon which they are living. This story goes back into ancient history. The order of Sulpicians was given a grant over two hundred years ago to land in this particular district, and my information is that at that time the Indians were allowed to stay. Some question has arisen in more recent years as to their right to be there, and this has given rise to some local difficulty.

Mr. BENNETT: If I remember rightly, they claim title by prescription.

Mr. CRERAR: I am advised that a case was carried to the privy council, and the ruling was against the Indians staying there.

Mr. BENNETT: I knew of their claim, but I had forgotten about the decision.

Mr. CRERAR: It is a difficult problem, and I may say to the hon. member for Mount Royal (Mr. Walsh) that it has engaged the attention of the department for some time past. I am not prepared at the moment to say just what will be the final solution, but it is a rather knotty problem.

Mr. WALSH: I understand the land has been sold by the Sulpician order to a Belgian concern, and the Indians have lost their rights to the woodland. At the present time I think the department have to purchase the wood and deliver it to the Indian reserve. Of course, the Indian still desires to go into the same bush he and his ancestors have been going into for some two hundreds years, and they are constantly being arrested for trespassing. It is giving rise to a certain amount of discontent among the Indians and considerable apprehension among the whites living in the immediate vicinity. I took the matter up with the department and received every consideration. I know the department is anxious to find a reasonable solution, and I was wondering if we had come any nearer to a solution or if the plan might be to move these Indians to a more desirable place, perhaps even to some other province, where they might be located to better advantage. I know the Indians would be loath to leave that particular spot which they have inhabited for several hundred years. Their old burying ground is there, and naturally they have an attachment to that particular part of Canada and feel that they have been deprived of their rights; but with a little gentle persuasion from the department, the Indians, if they were tactfully handled, could, I believe, be induced to move to a more desirable place where they would enjoy more freedom than they are enjoying to-day.

In the courts of St. Jerome this winter there were several prosecutions, which the Indian interprets as persecution, and if it

continues for another year conditions might be more serious. Even last winter, as probably the minister knows, when certain police officers went there in the discharge of their duties there was friction that pretty nearly resulted in a charge of murder. It was only an accident that a murder was not committed. It would be deplorable to have such a thing happen if there is anything we can do to settle the difficulties amicably so that the Indian would feel that the white man was not trying to drive him into the lake of Two Mountains or out of existence. I know I have the sympathy of the department and that the officials understand and sympathize with the position, and I have no complaint whatever to make of the department, but I just wanted to impress on the minister the desirability of making further progress towards a complete solution of this thorny problem in that particular district.

Item agreed to.

Indian agencies, $714,952.

Mr. BENNETT: How many agencies are there?

Mr. CRERAR: There are 114.

Mr. TAYLOR (Nanaimo): Mr. Chairman, I feel constrained to impose somewhat on the time of the committee to deal at some length with the custom of the potlatch among the Indians of British Columbia, and especially those Indians of the Kwawkewlth agency, of which the head and front might be said to be Alert Bay. In the session of 1936 the government introduced an amendment to the Indian Act designed to establish greater strictures against this custom of the potlatch; but owing almost entirely to the efforts of the hon. member for Comox-Alberni (Mr. Neill), the member for the district in which this agency lies, the minister withdrew his amendment, and the act remains in statu quo ante. In that controversy I had myself taken some part, and predisposed thereto by a principle I have long held, supported the hon. member in his contentions. This principle was that customs of native peoples in contact with the culture of the present day, or the culture of any day for that matter, tended to sublime and the bad features of the custom to fall away and become only an interesting memory.

However, the situation in one part of British Columbia is quite different. About a year after the above discussion took place I received a very earnest communication from the Reverend F. Comley of Oak Bay, near Victoria, pleading for my cooperation, and to this letter I replied immediately stating that, if possible, at a later date I would investigate the condition nearer to its happening. In the meantime I developed considerable correspondence in an effort to discover whether there was a real grievance in and around the agency. I could read here copious extracts from this correspondence and detail much of the information I have received; but I am disposed to be very much the other way in the general objection to the potlatch which many of my correspondents voice, because it has always been my impression that the wisdom of the real conqueror, of the real colonist, of the real leader of people, is best demonstrated when he permits his conquered people or those over whom he exercises dominion to retain their customs and tribal traditions.

In this Kwawkewlth agency, however, I believe we are definitely facing a traditional rite and custom from which some of the bestializing elements have not been sufficiently or speedily enough removed, and it appears to me to be our duty to listen to the protests that are being made, to discover the reason and to remedy the cause.

My own inquiries made in Alert Bay and elsewhere from both potlatch Indians and those who have already renounced the potlatch leave me only with this conclusion: It is admittedly very difficult to understand the genesis of the potlatch; but if one goes outside the Indians ample evidence throughout history abounds of emissaries from one nation visiting a strange or neighbour nation bearing gifts to the potentate, arranging peace pacts, and returning to their own ruler with the largess of the country they have visited. The Arabian Nights, that cradle of our romantic literature, abounds in just such stories. Holy Writ has also complete evidence of the fact that these things had existed from ancient times. It is extremely likely that along the coast of British Columbia, with its many islands, there were in former times many self-contained tribes or phratries of Indians of widely differing origins just as there are to-day, and that because they could not read or write or count or estimate, it became necessary for them to rely upon memory for such records of history as, for instance, the marriage of the scion of one tribe into another or any other historical circumstance, which the tribe wished to record and remember. The ceremony of marriage, birth or death must under such circumstances be observed by the largest possible number of people even if they had to be brought from far cape Flattery in the south or from Fort Simpson in the far north. Such a gathering,

invested with all the traditions of the people, was coloured by dancing and made festive and notable by gifts.

Undoubtedly it formed in the history of these primitive peoples a definite encouragement to peace and promoted a union of interest as frequently as it did also union of blood. In the primitive lives of these people, living on the bountiful products of nature, gifts were simple in themselves or at the most they represented the deft workmanship of the worker, either weaver or carver, or some other clever or deft workman and were unique and valuable for that reason. There is great difficulty—and I have asked many questions about it—in discovering the origin of the word "potlatch," but it does appear to have come out of the Chinook jargon and to be definitely related to the giving of gifts. The giving of these gifts has always taken place at these large gatherings of which I have spoken, although the mere giving is only a part—quite an important part, I grant, but only a part—of the ceremony of the potlatch as we understand it. At the same time, irrespective of the meaning of the word, the customs to which it is annexed are rooted in the social structure of the people, and these customs have tended to become in some measure depraved instead of becoming sublimed—in contact, that is, with our present type of civilization. The people themselves are now increasingly realizing that their responsibilities to one another, translated in terms of dollars and cents, are beggaring them beyond hope of recovery, and that the solace of the creditor Indian is poor indeed; for all he frequently obtains is the knowledge that the individual obligations of the many people to whom he has given gifts may some day be met, but that in the meantime all his security is the memory of the debtor supported by the age-old traditions of his people.

Of course, it can be easily understood that in largess there is the implication of a return of largess. Among the Indians this has been an inexorable condition. When the man or woman makes a gift in the potlatch there is the silent but otherwise entirely inescapable obligation to return the gift not less than twofold. When a blanket is given two blankets or their equivalent is the debt assumed for all time by the donee and his family. If the gift be made to a poor person, the debt then is more difficult to redeem; for often 250 per cent and even 300 per cent is required in settlement. Imagine the involutions of a custom where a poor man borrows at 250 per cent to potlatch a 200 per cent obligation.

But, as I have said, the giving of gifts is only one of the outward and visible ceremonies apparently indispensable to the gathering together of a large number of tribal members to whom will be advertised the changes in the tribal history of the person or persons drawing the people together. Nor is the giving indiscriminate. In its proper functioning there is an order of precedence as rigid and as impenetrable as that of any court or the list of the filtered drops from the distillation of the social elite. Then, also, each tribe has an order of precedence which has been established for all by their original spirits, or temenwos, in the progress of the creative birth of these people; as for example, in the definite case of the eagle tribe, which is highest in importance, the eagle bird itself is, or can be invested spiritually by any of the original spirits of the tribe; and in like manner at will departed from. And, be it understood, these spirits are not spirits of departing Indians or members of the eagle tribe of Indians, but they are the transcendent original spirits or temenwos, responsible for the investiture of human beings on earth with their own spiritual qualities. So it is with the wolf tribe; so it is with the bear tribe; so it is with all the other tribes.

Now that is a very highly-developed conception of creative conditions. Such a religious conviction of their creation is, to the Indian, as profoundly inspiring as is the Biblical story of creation to the Hebrew or the Christian. In such a background then, the incidents of birth, adolescence, marriage and death are sacredly sealed; it is with these incidents that the ceremonies are developing, and it is for these ceremonies that the potlatch of goods is both a card of invitation and an inducement to attend. The incidents of birth and death in Indian ceremonies have little enough which we can criticize, and I believe that the Indians in the Kwawkewlth agency are permitted to bury their dead according to their own rites. But the incident of marriage is entirely different. Girls in the tribe speaking the Kwawkala tongue are not married as we understand it. I am not now referring to the licensed marriage according to our laws or religion when I say that. These girls do not select their own husbands; they are not even sold by their parents; they are transferred to their husbands in perpetuity, shall I say, subject to the repayment of the mortgage by which they are held. In tradition, nothing, not even death, releases them from their biological mortgagee. Release can come only by repayment of the money received in the original

transaction. This physical bondage, of course, does not prevent the separation of so-called married people or the development of illegitimacy.

Let me enlarge on this so that the committee may understand completely and definitely the gravity of the situation. A certain man dies and leaves behind him a widow and one or two girls. To bury him and forget him the superior position he occupied in the tribe and among the phratries generally would be a crime against the traditions of the people, unthinkable to a true Indian, while the Indian wife herself would become definitely an outcast. There is no money, there is no property; none has been left by the deceased. There must be some declaration. Therefore there must be a potlatch. How can it be financed? The matter is settled by borrowing money for the potlatch, secured by mortgage on one or both of the girls. The girls, however, are only six and eight years old respectively. So, until they are ready for marriage, the mortgage over one or both may change hands several times. And neither the widowed mother nor the growing girls can know who the man will be who will claim the girls when their time comes.

Let me take another case. A chief has a son. It is time the boy was married. How fine it would be if the boy could one day be a chief like his father! The chief looks around the various tribes and discovers a man with a daughter, who may be an idiot but is otherwise eligible because her father has a copper, representing a potlatch value of some $5,000 or more. Negotiations are opened, and the girl's father agrees that he will permit the copper to become the property of the young couple by way of dowry with the girl, subject, however, to payment of the $5,000, paid as to a deposit of $200 on the sealing of the agreement, and a further $1,000 paid at the ceremony in reduction of the balance of the $5,000. The ceremony is held; the potlatch takes place; the mortgage money is paid over in part; the couple are mated, and thereafter day in and day out they—yes, they and all their friends and relatives—save and slave to complete the payment for the copper. It is easy to conceive the misery which will develop in the lives of that young couple, and to realize the truth that often the girl's body swells the fund which will make the copper their own sacred property.

The copper, let me explain, is the token coin, shall I say, of wealth among these Indians. It carries a varying and generally an accumulating value in the community; its possession is a hallmark of substance to its owner. It is handed down from generation to generation, or sold as a sacred asset. The

[Mr. J. S. Taylor.]

grudge against or the hatred of a man for his neighbour is in no way more maliciously and bitterly expressed than by the breaking of a copper and throwing the small fragments at the enemy, or, if he be dead, by nailing it over his coffin. Eternal woe follows the curse. Friends and relatives alike will struggle relentlessly to remove the burden.

Of course all this is not according to Canadian law, and is actually forbidden. But there is no policeman at Alert Bay, or at any of these ceremonies, and the Indian agent can do nothing. The Indians can fool the agent and the government, and they can fool the church too; for they will get married now in church and all will be well. And although the minister, the agent and the others know what has been done, the Christian ceremony proceeds and the Indian laughs as he dances, laughs as he potlatches, because in his clever, sly way he has fooled the white man. In 1935, just three years ago, three out of four girls trained for years in residental school in that area, on completing their term of scholarship went to their homes and were raped by their biological mortgagees, their Indian husbands. Well, some people will say, that is all right; that is their tradition, and that is their right to do things. But I charge all when I say that with knowledge alone comes responsibility. As we implant in these boys and girls our ideas of life and living, our codes of right and wrong, our whisperings of the romance of love and the selective choice of the loved one, we impose on them also the spiritual responsibility attaching inexorably to that knowledge, and we do not fail to attach it to ourselves. They live in the closely regulated atmosphere of school life and unconsciously develop their romances, and then, having learned enough of the viewpoint of their Canadian guardians, the government, they are dragged back into the worst feature of their native tradition and are lost to the finer ideals which we have struggled so hard to implant in their minds. True they often marry in church; but on both sides it is a hideous farce; for the minister too often senses if he does not know that the couple are thus seeking the religious cloak to cover their native susceptibilities.

In 1916 the last public potlatch was held at Alert Bay, when Charlie Newman married Lucy the daughter of Charlie James. All the tribes except the Cape Mudge Indians were present at this festivity. Since 1917 the potlatch has been going on clandestinely, although the facts leak out before or after. While I was in Alert Bay many Indians of the surrounding tribes were gathered at Gilford island and Village island, and many from Kingcome

inlet had been there for weeks. They are bold now and are carrying on these practices consistently. The government is aware of these facts from its own agents as well as from many other sources, and it is essential that action be taken on that knowledge. The Indians know how utterly impossible it is for an agent to be a policeman as well, and in consequence they hold the law in contempt.

Within the last day or two I have received a further letter from the Reverend F. Comley of Victoria, B.C., which is so related to what I am saying that I think it well to read it here. The letter is dated May 9, 1938:

Dear Mr. Taylor:

You will remember we had an exchange of opinions re the potlatch last year. You requested that if anything else arose in connection with the potlatch that I thought might be useful, would I send it along. During the past winter the Indians of the Kwawkewlth tribes have had a large gathering at Gwyas-dums. This is an Indian reserve on Gilford island about twenty-five miles from Alert Bay. It is isolated and the Indians have not used it very often during the past twenty-five years, but when I went to Alert Bay thirty years ago it was a popular winter resort for their winter dances, especially "the red fir dance." That should be "the red bark dance." They take the red bark, the fibrous matter under the outer bark, and colour it, bind it around their heads, arms and bodies, also a huge band around the neck. The principal character is the "Hamatsi." He is sent naked into the woods and comes out surrounded by a bodyguard, he is called "the wild man." I have seen this awful dance from beginning to end at Cape Mudge, Alert Bay, Village island and Kingcome inlet. It is one of the most ghastly spectacles I have ever seen. Everybody bitten by the "Hamatsi" must give a potlatch. It was forbidden years ago and seems to me very closely related to the famous sun dance of the prairie Indians. I have only seen it once during the last twelve years, but this year, gaining confidence by being left alone, the Indians returned to Gwyas-dums and ignored all law and order.

This is very bad for the Indians in every way as you know; children are neglected, nothing matters but this hideous dance goes on night and day. I brought this matter up in our provincial synod on Thursday, April 28th, and the following resolution was passed unanimously:

"Resolved—That this provincial synod of B.C. in session assembled unanimously endorse the action of Mr. J. S. Taylor, M.P. for the Nanaimo division of British Columbia in petitioning the government at Ottawa to have the present potlatch law enforced among the Kwawkewlth Indians of Vancouver Island and the adjoining islands and mainland."

Moved by Rev. F. Comley.

Seconded by Rev. H. C. R. Gibson.

The secretary should send this to you, but if he forgets you will know what we tried to do.

More power to your efforts is the desire of all real friends of the Indians.

With kind regards,

Very sincerely yours,

F. Comley.

In order that you may realize that this is a matter which I have taken up entirely apart from Rev. Mr. Comley, I may say that I have never met the gentleman, and have dealt with him entirely by correspondence.

P.S. I am saying not what someone has told me but what I saw as I lived with these people at Kingcome, Fort Rupert, Alert Bay, Cape Mudge, etc.

The reverend gentleman's letter leaves little room for doubt that a serious retrogression is sedulously developing among these people, and in order that the gravity of the situation might become patent to the hon. members of this committee I shall read from Stories of Early British Columbia by Doctor W. Wymond Walkem, published in 1914 in Vancouver. The late Doctor Walkem was the father of the present mayor of the city of Ladysmith, British Columbia, and the particular incident written about occurred in the fall of 1876. I read:—

For six weeks or more the "would-be" shaman wanders sadly through the mountains picking his sustenance from the berries, or edible tubers which everywhere abound. His nights were wholly consumed in the never-ending appeal to the temenwos, or to those spirits good or evil which may hear his distressing appeals for recognition. They are spiritualists, pure and simple, but their spiritualism differs from the modern "ism" of the present day, in that the spirit or "temenwos" whom they appeal to is in their belief an original spirit, and not the spirit of one who has died. Privation and lack of food no doubt reduce the Indian novitiate to a condition bordering on hysteria, and when in that condition he is liable to believe that he hears the answer to his plaintive wails for help and recognition. It is at this stage that he determines to return to the homes of his tribe. He is now dangerous—a species of demon, whose hunger must be appeased by flesh.

Slowly and stealthily he makes his way back to where his former companions are anxiously awaiting his return. When within a short distance of his place of birth, he rushes in with frightful yells, and woe betide the unfortunate native whom he first encouters on his way. He leaps upon him like a wild beast, and probably bites a piece out of his victim's arm. No resistance is offered, as it is considered a great privilege to be thus bitten by the future shaman. The man is famished and he devours the piece of flesh like a hungry dog. If, instead of meeting with one of his own kind, he sees a dog, he will, if possible, seize it with both hands and rend the animal in pieces.

Once inside the village or settlement, four or more sturdy members of the tribe pounce on him and confine him for the last and trying ordeal which I saw in the case of Johnny Chiceete, or "grey-haired" Johnny, as he was known to the whites. I will describe this shortly.

Then I turn to it:—

About three-quarters of an hour had elapsed when the drummers in the centre of the ground space began to beat a regular rhythmic strcke upon the gigantic drums which they had before

them. Four shamans were walking up and down in this space, one of whom reminded me of a huge baboon I had seen at the zoological gardens in Regent's Park. While singing they were shaking rattles, as well as their ankles, most assiduously, which were adorned with shells and small rattles. In a few moments some of the women and men stepped out upon the floor, and began to move about in the usual dancing step. Their tunes are always the same, and the movements of the dancers also. These dances were kept up for some time, one middle-aged man showed his gastric capacity by swallowing a square gin bottle of dog fish oil without drawing a breath. He subsided in a helpless condition upon the earthen floor, from which he was promptly packed off to one of the platform seats.

At 8 o'clock everything was perfectly quiet, so quiet indeed, that you could have heard a pin drop in the dusty floor. Then a noise, with much howling was suddenly heard proceeding from the roof. In a few moments a human body was pushed through the square hole in the roof of the rancherie. As the body dangled inside of the skylight, as I will call it, I was able to see that the figure was pendant by four hooks and chains, from the pulley I have already mentioned as being at the ends of the four poles, lying across the skylight. It was the body of Johnny Chiceete which was dangling in the upper air. He was hanging suspended by four hooks, one through the muscles of each upper arm, and one through the muscles of each thigh. He was completely naked with the exception of a loin covering made from the inner bark of the cedar.

His attendants on the roof lowered him slowly to the ground, then back to the roof and down again. This was repeated three times. While going up and down he shouted out some words which I took to be a specie of ritual, for at every pause in his speech he was answered by the shamans on the ground below. They kept walking up and down in line for about twenty feet and back, silent while Johnny Chiceete was speaking, and picking up the words just as Johnny ceased. No sign on Johnny's face told of the horrible torture he must have been enduring. He could not have been more quiet if he had been lowered and raised in a capacious basket.

At the termination of the third drop, four big powerful members of his tribe rushed out and grasped him by the arms, while the hooks were kept quite taut to prevent his breaking away. Straps were slipped round his arms to give his captors a good firm hold and command of his body. The hooks were then removed, and Johnny sprang to his feet, and attempted to break away.

Many of the audience, fearful he should escape from his captors, began to seek safer positions. Now came the most curious part of the ceremony. Ten Indians came down the circular pathway, naked to the waist. Johnny saw them, and began to gnash his teeth in anticipation of a feast, for he was fearfully hungry, having arrived from the mountains a short hour before his appearance on the roof. As Johnny strained like a dog on the leash to get at the first semi-naked Siwash, he seemed more like a wild beast than a human being.

Gradually he dragged his keepers to his first victim, the shamans following in the rear with pieces or strips of cotton and Indian balm.

[Mr. J. S. Taylor.]

Arriving at the first man, he seized his arm, and bit a large piece out of it, and then passed on towards the next. The shamans to our surprise called our special attention to the wound in the first man's arm, to show there was no fake about it, I suppose. Then they applied some balm or ointment, and wrapped up the whole in cotton.

After binding up the wound on the first man's arm, a shaman slipped a ten-dollar gold piece into the victim's hand, according, as I was afterwards told by Mr. Horne, to an arrangement between the victim and Johnny Chiceete's friends. After his first performance with his teeth, Mrs. Horne and Mrs. Grant retired from the building. It was too horrible for their sensitive nerves. Mr. Horne, Mr. Grant and I stayed on to see the ceremony through. Johnny completed his round with the hired victims, and just as he finished with the last, he saw a small dog near the platform, which he seized with both hands and began to eat alive. He was pushed, with the dog in his hands, towards the entrance and was taken by his friends to a cabin specially prepared for him, where his hook wounds received special attention. All of those who supplied Johnny with arms to bite were rewarded in the same way as the first one was, who by the way was an Indian known to the whites as Siwash George. I only heard the names of three others. They were Three Fingered Jimmy, Saweetlum and Potato Johnny.

To face this matter, officially it must be regretted that there are no policemen at Alert Bay. I do not refer to the provincial police. Fine men they are, but they cannot deal in a proper manner with this which is a purely federal and departmental matter. The government should most certainly have a policeman and police engineer with a suitable fast boat to cope with the situation as it now exists. This boat and these officers should be based on Alert Bay.

But this action will not in itself be sufficient. I consider that the chiefs who persist in potlatching and intriguing in the more uncivilized customs and traditions of their people should be denied recognition in every sense as chiefs by this government. They should be deposed officially by the government from their chieftainship. Further, some element of discrimination should be developed by the government which would distinguish the practiser of the potlatch from the Indian, Christian or other, who has definitely renounced it.

We are perpetuating a serious evil and senselessly throwing away much money now being expended if we do nothing more than teach the Indian to despise our guidance. In effect, some of these people are in real danger of becoming more certainly savages than they now may be. These matters all want close investigation and a thorough airing. It is evidently not for nothing that the Indians at Kingcome inlet have taken to exchanging IOU's in their potlatches. In

addition to what I have said I am prevented by time—not inclination—from reading letters of unequivocal value from men of long residence among these tribes, and I would certainly have liked to mention the opinions of students of Indian tradition and lore like Professor Hill Tout and many others. This I will say, however, that whatever has to be done—and it is important to record it and accept it thus—must be done firmly, considerately, intelligently, so that the Indians themselves may preserve the sublimed values of their customs, while casting away the practices to which they have been slaves.

I have claimed that contact with civilization tends to bring this about naturally if the contact is made real and forceful. There was a time in Europe when we stuck the skulls of our enemies on spears or poles in front of our tents or lodges. To-day we raise stone gate-posts and carve round balls on top to remind us of those early days. At one time before we understood the constructional technique of foundations we, the white people, offered living sacrifices, to seal the cracks in our city walls, our great buildings, our cathedrals. The good book tells us that Jericho's walls were rebuilt in the sacrifice of the first-born of the builder and they were completed in the sacrifice of the builder himself.

The CHAIRMAN: I must inform the hon. member that he has exhausted the time at his disposal.

Mr. TAYLOR (Nanaimo): I would crave the indulgence of the committee for another few moments.

Mr. BENNETT: Mr. Chairman, I am sure we would like to hear the remainder of this instructive statement on potlatching. Now that I have made my little contribution, perhaps the hon. member could continue.

Mr. TAYLOR (Nanaimo): I thank the right hon. gentleman. Hamburg's city walls contained the bones of many sacrificed as votive appeasement of the wrath of the gods. These elementary conceptions gave way in the face of civilization and Christianity until in the cracks in churches lighted candles symbolized the offering of a life and were walled up in the necessary repair.

Everywhere this sublimation goes on and knowledge breeds its kind, but we do wrong to ourselves and the Indian if we complacently regard his efforts towards civilization as struggles for which we are in no wise responsible. I do most earnestly urge the minister to believe that the complaints of many citizens who are deeply interested in these promising and lovable people are real and prompted by the most worthy ideals.

I understand that the minister has also been very fully advised by the Indian agent on the spot. Surely his understanding, training, and devotion to the service should also be set on the scales in this matter. It is possible that some advantage might develop from civil marriages to avoid the present farcical practices. Marriages could later be solemnized for Christian members of Christian churches, but do not let us perpetuate this evil of the potlatch, as it is now being perpetuated.

Mr. NEILL: As I represent the district in which these horrible orgies are supposed to have taken place, it is perhaps my duty to say something in defence of these poor Indians whose character and reputation have been so bitterly and unfairly assailed. I yield to no one in this house in my regard for the good qualities of heart and mind of the hon. member for Nanaimo, but his judgment is negligible; that is the trouble.

I have listened with amused horror to his remarks which contained a little bit of sordid truth, very much exaggerated, and an immensity of imagination which would make another volume of Grimm's fairy tales. The two mixed together have produced the treatise which the hon. member has read. These people live from 200 to 250 miles away from the district which the hon. gentleman represents. They are in the far northern part of the district I represent.

In some respects we are a peculiar people in Comox-Alberni, in a scriptural sense, and we do not very much care for outside interference. We somehow think we are capable of looking after our own political affairs, and we believe in doing as we would be done by. Six months ago I was asked to go down to the district represented by the hon. member and to interfere in a matter connected with the Indians. But it was purely a local trouble, one which had nothing to do with my district; and as it had nothing to do with provincial rights or interests I declined. I recommended that they go to the hon. member who I said I knew was a man of good intention and of good heart, and one who would do what he could. I was doing only as I would be done by. Therefore we hesitate to be guided by the advice of the hon. member.

So far as his statements are concerned, he has been talking out of the dead past. Let us realize that the passage of the Indian from savagery to civilization has been one which has taken place in two generations. In the case of the white man, it has been ten centuries. He is trying to compare the one with

the other. If we are going to do that, we shall have to go back to the days when maidens were sacrificed on the altars of the Druids. That has long since passed. It is only two generations since the Indians were living under the same conditions as we were so long ago.

I can illustrate what happened to my hon. friend. I know quite well what occurred. He went up there looking for horrors, and he got them. Let me give an illustration of a similar case. Many years ago when I was Indian agent there came into my office a gentleman bearing credentials from the Ottawa department. They instructed me that he had come to write up Indian folklore and I was to give him every assistance possible. A Mr. Cox was chief of the white police at that time and he could talk the Indian language. I enlisted his sympathies, and we arranged for this gentleman to talk with some of the old people. In each band or tribe there is generally one old person who is regarded more or less as the historian of the band. He gets up at potlatch time and hands on the traditions of the tribe. That is the only way they can do it. I arranged for this gentleman to get in touch with the historian of this tribe, but we found out that that was not satisfactory. That would involve sitting in a dirty Indian hut with a mud floor and possibly in unclean conditions, draughty, smelly and everything else. He did not like that.

In the course of a few days he intimated to us that he was able to run things in his own way. He got hold of an Indian boy just out of school. He paid him what was a fabulous sum in those days, $3 a day, to come down and sit in the comfortable hotel room and furnish him with this folklore. Presently it got noised about what wonderful folklore this gentleman was getting. This information came to Mr. Cox and myself and we hunted up this Indian boy. We knew very well that the stuff he was giving this gentleman was pure nonsense. We knew it had no relation whatever to the folklore as we knew it. We asked this Indian lad what he meant by fooling this gentleman from Ottawa. The result was that we learned that this boy had given him what little folklore he knew, and then finished off with a garbled version of what he had gotten from a book in the Indian school. I often yearned to see that book published. This boy had a very comfortable job, and he wanted to keep it. The man from Ottawa wanted to get some folklore under comfortable circumstances, and he got it.

My hon. friend went snooping around in a district 250 miles away from the country with which he was familiar. He was asking for horrors and he got them. He mentioned this Mr. Comley. Mr. Comley is quite an old gentleman, a former church missionary. He referred to this horrible red bark dance at a place called Quathiaski Cove.

Mr. TAYLOR (Nanaimo): I never mentioned that.

Mr. NEILL: At Cape Mudge, which is close by.

Mr. TAYLOR (Nanaimo): In the early days.

Mr. NEILL: That is right. I hold in my hand a letter which appeared in the public press, from the Reverend M. F. Eby, a very reliable man whom I know well. He is in charge of the missionary society at this place called Cape Mudge, and he writes to protest strongly against Mr. Comley having suggested that this dance had been held by his Indians. He states that they are quite decent Indians and have not practised that dance for many years.

Mr. TAYLOR (Nanaimo): That is precisely what the Reverend Mr. Comley said.

Mr. NEILL: Mr. Comley writes back to Mr. Eby, and he prints the letter. Mr. Comley blames the press and states that he was misunderstood, that it did not take place recently at Cape Mudge, but twenty-nine years ago. He describes it as "The Most Devilish Spectacle" he has ever seen. Then he goes on to elaborate upon the whole thing. Remember, this is Mr. Comley, not me. It is interesting to note that the words "The Most Devilish Spectacle," are in capitals. He describes how this awful dance is carried on and states that the children are neglected. Are not our white children sometimes neglected when their parents go out to play bridge? He states these dances cause strife and malice, but unfortunately to-day we find strife and malice not only between people but among nations. But this "devilish spectacle" took place twenty-nine years ago. That is a long time ago.

Then he talks about selling women. He has twisted a very small matter and tried to make it into a large one. We do not need to go so far back into history to the time when the chiefs of the Scottish clans or the knights in England had the bestowal of the wards under their authority. Quite often a girl was given to one of the knights, and if the gentleman was a seemly looking man, the girl was not long in accepting him. That is the true explanation of this selling. There is absolutely no justification for the statement that these girls are biologically raped by their

husbands. As to the tale that there is a mortgage which is in effect until it is repaid, it is like our dowry. The trouble I had when I was Indian agent was in getting the men and women to stick together. Wives and husbands had a playful habit of getting rid of each other and taking newer and younger mates. It was not a case of getting back their mortgage money. All the time I was Indian agent I never heard of one woman being sold in that way.

Another complaint is that there is no policeman at Alert Bay, and then he qualifies that statement later on by saying he meant no dominion policeman. By making such a statement he insults the reputation of the provincial police, a very fine body of men. I wrote to the chief of police in Victoria asking him if he had any trouble in handling the crime situation at Alert Bay. He told me that he had not. He said they had two men there now and if an extra one was needed, he would be put on. He told me that there was no need for an extra man up to the present. Then I asked him about these dreadful orgies that were supposed to go on and this potlatch business. It turned out that this was a most trivial matter. He told me there had not been a murder, a bank robbery or a burglary in many years. The worst crime was drunkenness and he told me he averaged one and a half cases a week over a period of two years. The provincial police are perfectly capable of handling the Indians. They also administer other dominion statutes, because that is part of the bargain made between the dominion and the province.

A long quotation was made from a book written by Mr. Walkem, describing conditions in 1876, sixty-two years ago. He talked about eating dogs. There used to be something about taking bites out of a living dog, but that never occurred in the district about which he is talking. That was away up in the north, and that practice has been out of date for at least thirty or forty years. He has been loaded up with all this stuff of the past. He wants to know why the law is not enforced. The law is strictly enforced. Any one who takes part in any Indian festival, dance or other ceremony of which the giving away or giving back of money, goods or articles of any sort forms a part, is liable to imprisonment for a term not exceeding six months and not less than two months. The question is whether it is wise to take these Indians by the throat, so to speak, and try to make Christians out of them. Here is a telegram I received from the Indians. They did not send it collect either, as many white men would. It reads:

> Investigator on potlatch went Alert Bay only, which not fair deal. We want investigator for both Indians and Indian agent, not one-sided. Hold his report until you hear from us. We desire square deal and want honest and truthful man. We know he is taking report on potlatch which he got from young people, not from older people.

And they send a letter in which they say the same thing. It is not in very good English, but they say that they are not satisfied with the work of the investigator who was at Alert Bay—that is, the hon. member for Nanaimo (Mr. Taylor)—and they want an investigator to interview them and their officials. The letter went on to say that there were people who were deadly against their custom who would feature one instance, possibly an undesirable one, and ignore everything else in its favour, and also listen to gossip and rumour.

I wrote to the minister and asked if he knew anything about the matter in his department, and I have a reply saying that he did not sanction anybody going up there and that he knew nothing about it.

I have a further letter from the chiefs to say that they had word that a Mr. Taylor was at Alert Bay, who is also an M.P.—that is how they express it—they ask me to find out what knowledge of the potlatch Mr. Taylor got from the people, and they remark with a good deal of truth that what he should have done was to meet the chiefs and the people of this agency. As a matter of fact, he was trespassing and stirring up one bunch of Indians against another, which is illegal.

There is one other phase. My hon. friend quoted the good book. Let me follow his example. Scripture says something about taking the beam out of your own eye before you meddle with the mote in your brother's eye. And when he was pussyfooting around my district, without invitation, and with a very restricted welcome, what was going on in his own district? I have a cutting here from a paper published in Nanaimo, the capital of his seat, with a population of about nine thousand people, and eight hundred Indians were turned loose there one day, these dreadful debauches, in his own capital city! Here is the heading on the article describing it: "Day long potlatch is held at Nanaimo." The article goes on to say that eight hundred Indians participated and it reveals the dark and awesome tale. It all amounts to this: There was a marriage, which

is neither an illegal nor an uncommon thing, and they had a feast, also not unusual. The article also goes on to say:

Potlatches are banned under British Columbia law, but special sanction was obtained for the Nanaimo celebration.

Very well, it was illegal, but special sanction was obtained. When or where? Was the hon. member a party to it? If he was, then he was allowing a potlatch to go on in his own district while he was denouncing one in mine. If he was not a party to it he was neglecting his duty by not taking the beam out of his own eye. It would have been very much better if he had attended, to put it roughly, to the details of his own district.

But I must hurry on. I have here a letter from these people. They write requesting me to get in touch with His Excellency the Governor General to ask if he would act as patron of the opening of their new church, to be dedicated by the bishop, and the ceremony in connection with a totem pole which they had erected at great cost and trouble to the memory of King George. I have the very kindly letter of his excellency saying that he was pleased to be a patron and that he was reporting their action of loyalty to the king. Then I have an invitation, very nicely printed, with "God Save the King" on it in dialect, and a picture of the totem pole. I will send the two photographs over to the minister and the Prime Minister, but they are to be passed as an order for return because I want them back again. I have here the Victoria Colonist, a half page of which is devoted to the ceremony. There is a picture of the hall and of the church, a much better one than I worship in at home; the bishop is shown in his robes on the steps of the church, and there is a picture of the communicants taking their first communion. It is very nicely written up, and there is also a picture of the totem pole. These are hardly the people, one would think, who would indulge in these bloody orgies about which my hon. friend talks. Surely good progress has been made in two generations.

Let me cite South Africa. They just recently, within the last few months, passed a law allowing native courts to be set up to deal with the natives in accordance with native law and customs, and among other things polygamy is allowed, which will horrify my hon. friend. The idea is to make decent, Christian natives out of these people, instead of imitation white men. They have passed that law in Africa, declaring that the law shall be in accordance with the native customs, and that is how to make these people Christians, not by force of arms and by policemen, but by teaching them in a reasonable way.

Here is what a man, a missionary, wrote to the paper the other day; I quote one paragraph:

The mistake we have been making is in trying to make of the Indian what he was never intended to be—a white man. The church, by adopting compulsory measures, may succeed in suppressing the potlatch but she will never win the Indian.

He will respond, as he has always done, to sound leadership, wise counsel and, above all, consistent example.

It goes on to say:

It is not the intention of this letter to minimize the evils in some of these old Indian customs—

Nor am I trying to do it.

—or to cast any reflection upon those who, under great handicaps, are labouring in Indian communities: its object is respectfully to commend to the leaders of the church a far better and more effective way of dealing with this problem, namely the christian way of sympathetic understanding and moral suasion.

Which is the better method? The policeman with his revolver in his hand saying, you shall not do that, or the kindly moral suasion of the church, leading the Indian step by step? My hon. friend himself says there has not been a public potlatch since 1916. The custom is wearing itself out. It only needs time and moderation. It is the old principle again, if you tell a man not to do something that he has been habituated to doing for a hundred years, that never stops him; but if you tell him that it is not a good thing, you can gradually lead him to different ideals. That is better than putting a policeman there and trying to make the Indians what they were never intended to be—white men.

Item agreed to.

Reserves and trusts—administration, $55,980.

Mr. BENNETT: What is the amount of the fund now available for administration?

Mr. CRERAR: Indian trust funds?

Mr. BENNETT: Yes.

Mr. CRERAR: About $14,000,000.

Mr. BENNETT: How is it invested? It is part of the consolidated fund, of course, but what interest does it pay?

Mr. CRERAR: About five per cent. The capital fund has increased during the past year. I am not in a position to say how the accretion to the fund through interest was disposed of.

Item agreed to.

Progress reported.

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

Tuesday, June 14, 1938

The house met at three o'clock.

BANKING AND COMMERCE

Sixth report of the standing committee on banking and commerce.—Mr. Moore.

JUDGE T. M. COSTELLO

REPORTED WARNING TO RECIPIENTS OF NATURALIZATION CERTIFICATES NOT TO JOIN COMMUNISTIC OR SOCIALISTIC PARTIES

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I should like to call the attention of the Minister of Justice (Mr. Lapointe) to a dispatch in the Toronto Daily Star, June 8, from Guelph, in which it is stated that Judge T. M. Costello of Goderich in recommending that certain people should receive naturalization certificates warned them that they should not join any communistic or socialistic parties. "Keep away from them, because they are trying to teach you something that is not good for either you or me to know," he is reported as saying. I should like to ask whether it is proper for a judge to participate in this way in distinctly political affairs.

Right Hon. ERNEST LAPOINTE (Minister of Justice): I shall inquire as to the accuracy of the report before making any comment upon it. May I remark, though, that it shows that sometimes even freedom of speech has to be restrained to some extent.

BANKS IN ALBERTA

REQUEST FOR TABLING OF COMMUNICATIONS WITH RESPECT TO POSSIBLE CLOSING OF BRANCHES

On the orders of the day:

Mr. J. H. BLACKMORE (Lethbridge): I should like to direct the following question to the Prime Minister (Mr. Mackenzie King). Is the Prime Minister prepared at the present time to make public his reply to the telegram of June 3, from Premier Aberhart of Alberta, and the letter from Premier Aberhart, with regard to the threatened withdrawal of some of the branch banks in Alberta.

Right Hon. W. L. MACKENZIE KING (Prime Minister): My hon. friend gave me notice of his intention to ask this question, and I sent immediately for the communications to which it was supposed to have reference. His question asks to have made public the reply to a telegram of June 3. I have no telegram of June 3, from Hon. Mr. Aberhart, but I believe the telegram to which my hon. friend refers is one of June 4. My reply is dated June 6. The telegram of June 4 is as follows:

Calgary, Alberta,
June 4, 1938.

The Right Hon. Lyon Mackenzie King,
Ottawa, Ont.

This government has been advised of several instances in which local managers of banks have informed residents that unless the existing laws in regard to certain taxation are disallowed or withdrawn branch banks throughout the province will be closed. The matter is being investigated at this end but as your government claims complete jurisdiction over banks and banking I must point out that this action of the banks has serious implications. Firstly it could be interpreted as a coercive threat to the people of Alberta and directed against his majesty's government in this province. Secondly the withdrawal of an essential service will place this government in a position of being forced to take such action as may be necessary to safeguard the welfare of our people. The banks are under definite obligation to serve the people and it is the duty of your government to see that such obligation is adequately discharged or alternatively that due notice is given to the government of Alberta of the banks' unwillingness to maintain these necessary services in which case we must insist that we be left free to organize our own banking system to serve the needs of our people.

William Aberhart,
Premier.

To this message I sent a reply on June 6, as follows:

Hon. William Aberhart,
Edmonton, Alberta.

I wish to acknowledge your telegram of June the 4th regarding the possible closing of branch banks throughout the province of Alberta, and to assure you that its representations are receiving the careful consideration of our government.

W. L. Mackenzie King.

NATIONAL PARKS

AMENDMENT OF EXISTING LEGISLATION AFFECTING WAWASKESY, ELK ISLAND AND PRINCE EDWARD ISLAND PARKS

Hon. T. A. CRERAR (Minister of Mines and Resources) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to amend the National Parks Act and the Nova Scotia and Prince Edward Island National Parks Act, 1936, to abolish the Wawaskesy national park in the province of Alberta and vest the land in the province; to change the boundaries of the Elk Island national park in the said province by adding to and parting with certain described areas and transferring the latter to the province; and to withdraw certain lands from the Prince Edward Island national park and vest the same in His Majesty in the right of the province.

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

Mr. CRERAR: Mr. Chairman, the purpose of this resolution is to lead up to a bill amending The National Parks Act and The Nova Scotia and Prince Edward Island National Parks Act. It is necessary to make some corrections in the boundaries of the park in Prince Edward Island. As the members of the committee are aware, the government of Prince Edward Island set aside or acquired the area that was later transferred to the dominion administration for the development of a national park in that province. This involved the acquisition of property from various individuals, and in the adjustments incidental to the acquisition of this property it is now found necessary to change in some slight particulars the boundaries of some of the areas acquired.

There is also an amendment to The National Parks Act relating to a slight change in the boundary of the Elk Island park east of Edmonton. This is a slight rectification to permit the provincial government road, which passes by the park, to take off one small corner of it, which is replaced by an addition of some thirty-five or forty acres, according to my recollection, in another part of the park.

Then there is provision for the abandonment of a park known as the Wawaskesy national park north of Medicine Hat. This was acquired quite a number of years ago for the purpose of creating a preserve for the pronghorned antelope in Alberta. It has never been fenced. It consisted of a sort of elbow in the Saskatchewan river. At the same time another park west and south of Medicine Hat, known as the Nemiskam park, was secured for the same purpose, and now it is felt that it is unnecessary to maintain both parks. A resolution was passed by the Alberta legislature, I think at its last session, to the effect that the Wawaskesy park should be either fenced or abandoned by the federal government. Since the other park which I mentioned a moment ago is quite sufficient, in the judgment of the park administration, for the maintenance of the pronghorned antelope, under this legislation it is proposed to abandon the Wawaskesy park and let it revert to the ownership of the province.

I believe that covers all the amendments proposed under this legislation.

Mr. PELLETIER: Unfortunately we could not hear very much of what was said by the minister. I was wondering if he would mention the negotiations that preceded the introduction of this resolution.

Mr. CRERAR: I cannot hear my hon. friend.

Mr. PELLETIER: I could not hear the minister, either. Would he be good enough to tell us what negotiations took place between the province and the dominion before this resolution was introduced?

Mr. CRERAR: The matter of adjusting the boundary of the Elk Island park has been taken up with the Alberta government; indeed the request in the first instance came from that government to make this slight correction in order to permit them to carry through a road at a certain point. At the same time, according to my recollection, they suggested that they would give us an area at another point somewhat larger than the few acres we were asked to give up. So far as the Elk Island park is concerned, this action is the result of an understanding with the Alberta government.

As to Wawaskesy park, I said a moment ago that the Alberta legislature at its last session passed a resolution to the effect that the parks administration should either abandon this park or fence it. This park includes some forty or fifty square miles in a bend of the south Saskatchewan river, with a natural boundary on two sides. There has been some

slight supervision given the park, costing a few hundred dollars a year, but since we have the Nemiskam park, which is a preserve for the pronghorned antelope, it is considered unnecessary to continue the Wawaskesy park. Rather than go to the expense of fencing it and providing supervision, which would involve a considerable capital outlay and a further few thousand dollars a year thereafter, we are giving up that park. No national interest will suffer in any way, because a place has been provided where this special species of antelope may be maintained.

Mr. STEWART: Is the change in the boundaries of the Prince Edward Island park in the nature of an enlargement of the park, or otherwise? I gathered from the remarks of the minister, perhaps on a former occasion, that this area had been acquired by the provincial government and that there had been no expropriation or expenditure directly by the dominion government in connection with the acquisition of these lands. I should like to know if my recollection is correct.

Mr. CRERAR: That is correct.

Mr. STEWART: Then I should like to know whether the compensation to the owners of the land included in the park has been adjusted, if that is all settled, and why the area is being either enlarged or decreased.

Mr. CRERAR: My recollection at the moment is that the park area is being slightly curtailed; I think I am correct in that. There are some minor adjustments in connection with the acquisition of the property, but of course that is not a matter that concerns the federal administration. All we are concerned with is whether or not the area which the provincial government is willing to turn over to us is suitable for park purposes, and the slight rectifications in the boundary that are suggested will not in any sense interfere with the utilization of the area for park purposes.

Mr. STEWART: Then with respect to the park in Alberta, was there any expenditure by the dominion in connection with either its acquisition or its maintenance; and since it is now to be abandoned to the province of Alberta is there any provision for compensation, or is it just being given back?

Mr. CRERAR: I think I am correct in saying that there was no expenditure in connection with the acquisition of the area, which was set aside at a time when the resources of Alberta were still under the control of the federal government. The only cost involved has been a few hundred dollars per year by way of supervision. As I recall it, a settler adjacent to the area was paid a few hundred dollars a year simply to be in a position to report to the federal administration anything which needed reporting.

Mr. MITCHELL: The Wawaskesy national park, which has just been spoken of, is in my constituency. I am familiar with the neighbourhood and I was surprised to hear that any money had been spent on it at all. I know that the land has been vacant, with the antelope either going on or off, as they see fit, in their grazing. I must say that both governments are to be commended in releasing this area from its original condition as a national park. As such it is purely a waste. Furthermore, so far as paying money to anyone for the superintendency of Wawaskesy park is concerned, I would say that such money has been wasted. I am surprised to learn that anyone has been paid, because it has been the natural place for anyone to go who wanted to hunt antelope. In my opinion, this is an excellent step.

Mr. CRERAR: The only expenditure incurred in the past in connection with this park was approximately $200 a year, which was paid to a resident close to the park, so that if occasion arose for the making of a report to the federal parks administration someone would be on hand to do it.

Resolution reported, read the second time and concurred in. Mr. Crerar thereupon moved for leave to introduce Bill No. 154, to amend the National Parks Act, and the Nova Scotia and Prince Edward Island National Parks Act, 1936.

Motion agreed to and bill read the first time.

SUPPLY

UNEMPLOYMENT—CONCENTRATION OF SINGLE UNEMPLOYED MEN IN VANCOUVER—STATEMENT OF MR. BENNETT

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved that the house go into committee of supply.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, before the

house resolves itself into a committee of supply I should like again to direct the government's attention to the situation that exists in Vancouver, unless it has been modified within the last few hours. There appears to be a complete violation of any thought of law and order, or regard for it. A federal property has been at the command of a group of trespassers for between three weeks and a month. Such a thing has never been heard of before in Canada, or, so far as I know, in any other British dominion.

There is an entire and utter disregard of the provisions of the law. Public property, a post office, is under the complete control of a band of men so far as the lobby is concerned. It is useless to say there is no interference with the transaction of public business; for people cannot come and go as they have been accustomed to do by reason of the presence of these men.

I am not expressing any opinion as to whether they have a grievance or not. That is a matter to be settled at some other time. But I do protest against this complete disregard of law and order. If there is one thing this country should stand for more than another, it is the observance of law and order. And when one has regard to the wording of a poster that has been placed on a telephone pole in the city of Vancouver, having reference to the young communists and their activity in this connection, one realizes that the matter is much more serious than would appear upon the face of it.

The question is: What has this government done as the custodian for the time being of the reputation and good name of the Dominion of Canada to see that the federal property maintained by the Post Office Department of Canada has been made available for business and free from trespassers? It is not the duty of the provincial government to remove these trespassers from that property. It is not their job. The duty falls upon the people who represent the crown in the right of the dominion, and the crown in the right of the dominion is the Dominion of Canada, not the province of British Columbia. It is the bounden duty of this government to maintain law and order, to free from trespassers the property erected for a post office, and to see that the grievance is adjusted.

Certainly we must make it clear that trespassers cannot take possession of property that belongs to the people, or the crown, in the right of the dominion, and not the province or the city.

[Mr. Bennett.]

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, I do not like to have that form of presentation go without a protest. I myself have urged again and again that the dominion government should take action with regard to the situation in Vancouver. The leader of the opposition (Mr. Bennett) suggests that the men may have a grievance, but that that is not the point, and that this grievance may be settled at some other time.

I cannot think of the matter in that way, at all. If the men have a grievance, as I believe they have, now is the time to settle it. These men have resorted to extraordinary expedients in order that attention may be called to their situation. But the question is not that law and order shall come first; it is primarily whether the grievances of the men are looked after. The maintenance of "law and order" involves that justice shall be shown in the maintenance of that law and order. In my judgment, when we have hundreds of young men incapable of finding positions, we should not insist too strongly upon the maintenance of law and order as a primary consideration.

In my judgment this government has not dealt vigorously or effectively with the question. It is all very well to say that these men may go to the places from which they came. But as has been stated before in the house, most of them are not in a position to establish residence anywhere. They belong to the great army of transient workers, who have done such a great deal in the past in building up this country. As anyone who has had much to do with unemployment must know, the majority cannot readily establish residence anywhere. If they came to Winnipeg, my own city, I think in many respects they would be just as badly off, or worse off than they are in Vancouver.

We know of the situation which existed a few years ago, when the present leader of the opposition was handling the situation, and when the men came as far as Regina. What happened? Nothing much was done until there was some overt disturbance, and then action was taken. I for one do not wish to be accused of urging that these men should break the rules of law and order. They have so far maintained law and order, as that expression is generally understood. There has been no overt action. But if the government maintains its present attitude, what can be

expected but that one day an incident may occur which will necessitate forcible action being taken?

The leader of the opposition contends that these public buildings are federal property, that they are held by the crown in the right of the dominion, and that these men are guilty of trespass. I suggest to the leader of the opposition and to this house that the men and women of this country are worth infinitely more than our public property.

If civilization is worth anything, these men have the right to obtain a living. They are not able to obtain a living at the present time on their own initiative. What are they to do? Again and again they have appealed to this house, but in vain. I shall not discuss whether the primary responsibility lies with this parliament or with the provincial assembly. It is true that this government actually did provide projects for these men during the winter months. Under ordinary circumstances it might have been expected that with the coming of spring the men would be able to find work in building construction and so on. However, this year the situation is different. I was thinking of their case when I was out on the prairies the other day. Under normal circumstances, the farmers keep their horses and cattle under cover during the winter, feed them, and when spring comes along put them out to graze. If that practice had been followed this year the horses and cattle would have died, because there was practically no grass on the prairies, especially in the drought areas. If they had acted on the supposition which is the basis of the attitude of the federal government, these farmers would have turned their horses and cattle out to graze as usual no matter what might have been the expected results. That has been the attitude adopted by this government.

Under normal circumstances these men would have been absorbed in the labour market, but there is little demand this year. The men can ride the freight trains and come east at the risk of being arrested or injured, as a number have been. If they get to Regina or Winnipeg they will find that things are no better. Within a block of this building we are stopped as we go to lunch by men in need of food. What would be the use of adding more men to the group already here?

Only a few days ago I received a copy of a resolution that had been passed at a meeting of the Vancouver local council of women. This reads:

> Whereas: There is existing at the present time in the city of Vancouver a very serious situation in regard to the single unemployed men, and
>
> Whereas: On several occasions the Vancouver local council of women has asked the dominion government to provide a works' scheme which would absorb these single men and thus build character, be it
>
> Resolved: That the Vancouver local council of women reiterate its stand for a dominion public works scheme for these men, and further, be it
>
> Resolved: That pending the implementing of such a scheme that the dominion government provide shelter and sustenance for the men.
>
> Yours very truly,
> Harriette C. Porter,
> Honorary Corresponding Secretary.

Personally I would rather adopt the view taken by the Vancouver local council of women than that of the leader of the opposition. I believe they are in a better position to judge the needs of these men, and their sympathies are on the right side. Boys from ordinary families are involved in this matter, and I am glad the local council has passed this resolution, which I pass on to the minister as instructed. I do hope that not many days will go by before the government realizes, to use the words of the leader of the opposition, that this situation cannot go on indefinitely. We should not wait until there is some overt act and force is necessary. In my opinion the only way to settle this matter is to provide a work and wages program.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, it is my opinion that there is altogether too much neglect of this situation. I realize the position in which the government finds itself, but I should like to say to this house that these men are Canadians. They are the same kind of men as those who fought in the great war from 1914 to 1918. Those men were heroes when we needed them. We sang songs about when the boys would come home, and we should not forget that these men bear the same names and the same blood runs through their veins. They have been raised in the same country. They are moreover the same kind of men as those who pioneered Canada. Once in a while we hear someone say that we must have population. They will sometimes say, let us have a more active immigration policy. But what is the use of having an active immigration policy when we do not take care of the men who are here now? If we recognize that we need more people in Canada, and we surely do, we should first take care of those who are here.

This country should be filled by a great population. Are we never going to change the conditions in Canada so that our people can make a living? Have we reached the point of saturation with respect to population? What is happening in Canada is due to the present system. It has been the constant contention of my group that there should be a modification of our present system, as a result of which all these men could be cared for. Members can sneer about this all they want to, but they cannot sneer those men out of that post office building. They cannot sneer into employment the thousands and thousands of men in this country who are in a similar situation.

Very often those who are well fed contend that there is work for all, but the experience of these unfortunate boys is patent evidence that there is not. There are too many who believe that all the unemployed have to do is show a willingness to work. Last year I saw something which I shall never forget. I saw hundreds of these boys riding the freight trains, going from place to place. I saw them get off the trains and wander out into the far places. I saw them seeking work and willing to do anything for almost nothing. Yet they were being turned away. What are they going to do? Something must be done. We cannot have men in a position like this indefinitely. It is a disgrace to this country. There is no doubt that we are strong enough to smash them if we desire. We have our tear gas. our poison gas, our bombs, our airplanes and all the rest of it, and these men are more helpless than sheep. But the mere fact that we rely on the strength of our civilization should make us more conscious of the fact that we should initiate action and not wait until they put on the pressure which may bring about that result.

There is inadequate work in this country for the willing workers. There must be a change in our system so that people may be employed. To say that there is no work to be done in producing goods and services is to say a thing which is an utter and manifest absurdity. Why should we not make such a change as will enable these men to be absorbed? These changes could be made. All that the well-fed people do who are placed on parliament hill to take care of these men is simply to treat lightly, laugh or sneer about the whole matter, and disregard any suggestions that may be made as to a possible solution. That is all I have seen since I have been in this house. It may be believed that the old system under which we are living will solve this problem, but I say it will not. All the generations in the future will prove this. Why should we wait until we are forced into the ditch before we begin to build a bridge?

I was talking with a lady the other day when coming down on the train. She was a refined lady from one of the best of homes, and she was telling me something of the conditions existing out there. She says that the butchers and various suppliers of food take turns to give these boys the things they need to live on, and it must be done. Women also take turns in cooking and bringing in food for them. That indicates clearly that the citizens of Vancouver sympathize in the deepest way with these unfortunate boys, realizing that their own boys might under other circumstances be there. Hon. members can easily realize how serious conditions are if they imagine their own boys being there. It is easy for anyone with a good income sufficient to take care of his own boys not to be disturbed by the situation, but suppose one of our boys was there and we were as helpless as the fathers of these boys are to give them any employment whatever or to take care of them; we should begin to realize the gravity of our problem. If the ordinary citizens of Vancouver will make the sacrifices they are making to maintain these boys for three weeks, surely the united people of Canada, speaking and acting through this parliament, can do something to alleviate their hardships.

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Speaker, this question has been before the house on a number of previous occasions. This afternoon it has been approached from three different points of view. The leader of the opposition (Mr. Bennett) would have us deal with it by means of forcible ejection.

Mr. BENNETT: I did not say that. On a point of order, Mr. Speaker, I am not going to permit the Minister of Labour any longer to misrepresent what I said. I never used the word force in the observations I made. I said the men were trespassers and that it was the duty of the government to see that this trespassing ceased.

Mr. ROGERS: Certainly I accept the correction of the leader of the opposition.

The leader of the Cooperative Commonwealth Federation has suggested that the situation should be met by what can only be described as submission upon the part of the government to a mass demonstration in one province looking towards the provision of

special works projects for a particular group of unemployed. I do not say that offensively in any way. I think it is entirely borne out by the facts.

The leader of the Social Credit group would have us meet the situation by the provision of work to relieve all those who are unemployed right across this dominion.

We as a government have had to meet this situation from the beginning with a due sense of responsibility, and we felt that we had to meet it on the basis of justifying any action we might take upon grounds of principle, and not upon grounds of mere expediency. We have proceeded upon the basis of consultation and cooperation with the provincial government. We have taken the ground that those closest to the situation were best able to advise upon it. Therefore when the Minister of Labour of British Columbia made his statement that so far as non-resident transients were concerned they should be given transportation to their homes or places of origin, we gave support to that view. The Minister of Labour in British Columbia at the same time expressed his opinion that with regard to those transients who were not non-residents but who could establish residence in British Columbia, there would be available employment for them in the next few months. Whether the Minister of Labour is correct or not in that assumption, none of us is able to say.

I would point out, however, that this situation has not now developed for the first time. Last year these camps were closed; they had in them an even greater number of men than they have had in the past season, and there was no mass demonstration in Vancouver; there was no provision of works projects to give employment to the men. This year a very considerable number of the men who were in the camps last year did not return, proving that they had either found employment elsewhere or returned to their homes on the prairies. I believe that at the present time not more than five hundred of these men who are in Vancouver are non-residents. At the beginning of the difficulty possibly the number of non-resident transients would have been in the neighbourhood of twelve hundred. That at least is the information that comes to me.

I have stated before to this house, and it must commend itself, I think, to every member, that you cannot cure this problem of transiency by creating preferred conditions for transients in any one province of the dominion. I think that must appeal to everyone as being reasonable, upon reflection. If you establish a special position for these men, whatever justification my hon. friends have said they are willing to give them, and who have sought to obtain their ends by methods which do involve at least a breach of order—if you establish a special position for them how can you deny providing special works projects to every single group of unemployed right across this country? That has not been the policy of this government or of any other government in this country.

An hon. MEMBER: Why not?

Mr. BLACKMORE: That does not matter. It is time we had a change.

Mr. ROGERS: This government has met that situation from the beginning, and must take and does take full responsibility for the policy that has been followed. So far as the administration of relief within the province is concerned, that is a matter which is effectively within provincial control. We have never withheld generous assistance with respect to relief to any province of this dominion.

Mr. C. G. MacNEIL (Vancouver North): Mr. Speaker, I have just this to say with regard to the words of the Minister of Labour (Mr. Rogers). Members from the city of Vancouver have endeavoured in every way possible to bring the gravity of the situation home to the minister, and his statements in this house, in which he takes refuge, are the strongest indictment that could be brought of the most cruel and callous indifference of the government to the most serious distress. The men were released en masse a few months ago without adequate means for their support.

Mr. ROGERS: Not en masse.

Mr. MacNEIL: In rotation. The last deferred pay vouchers that were given to a comparatively small group of these men were distributed on May 15, and they have been absolutely without means since. They were compelled to organize for their mutual benefit—something they had a perfect right to do.

The minister refers to conditions of last year. The conditions this spring were entirely different. There was no demonstration last year because there was some work available. At the present time plants and subsidiary operations are closing down. Yesterday the Woodfibre and Port Alice plants closed down, which every year absorb a large number of men, and all operations connected with these plants are at a standstill. The Powell river pulp and paper plant, that tremendous plant, is working only half time, and all related bush operations are slack.

I am going to tell the minister now that the real cause of the trouble is that he has an incompetent officer on the job in Vancouver. One good man representing the federal government would have settled this matter weeks ago. He is being badly advised. Read the editorials in the Vancouver papers and the resolutions that have been passed by different bodies of the citizens of Vancouver. The member for Winnipeg North Centre (Mr. Woodsworth) has referred to the resolution of the local council of women, which resolution must have reached the minister. Resolutions have been received by him from responsible bodies of citizens who have no friendly alliance with the communist party, on which the minister places all the blame for this situation. I have a resolution from Reverend Father Cooper, than whom none is more outstanding for his devoted and unselfish service on behalf of the underprivileged. This resolution was signed by Archbishop DePencier, of the diocese of New Westminster. These men in their considered judgment all say that the correct remedy is to provide employment for these men. It is not a question of the government submitting to mass demonstration. Mark you, these men who are unemployed in Vancouver went prior to the demonstration in an orderly, helpful and lawful way to the authorities asking for consideration of their special needs this spring, and were denied consideration of their needs or any proper consideration of their problems. It was only when municipalities all across the country had been wired to, and the men found that there was no work for them elsewhere, that they resorted to this spectacular means of demonstrating their needs. One good man with some authority to deal with the situation could devise a plan, with perhaps a little face-saving on both sides, and a little understanding of the problem, which would end the trouble. The problem could be dissipated overnight; but for the minister to sit here and say that nothing will be done, and take refuge behind official red tape, can only provoke trouble in this situation.

Why does the minister suppose nothing has been done? Colonel Foster, the chief of police of Vancouver, is a cool-headed man. and many times the citizens of Vancouver have been thankful that at the head of the police administration we have had a cool-headed man. He has ample force at his command. He has at his call the provincial police reserves. It would be a comparatively easy matter to toss tear gas bombs into the Post Office and art gallery. Why does he not do it? He knows that the art gallery, in which have been stored irreplaceable art treasures which mean a great deal to the people of Vancouver and to the cultural development of that city, would be ruined in a few minutes by the attempts of the men to escape. Have you ever seen a mob of men try to escape from the effects of tear gas, as I have seen them, not once, but several times in Vancouver? Incalculable damage would be done, and there is always the danger of loss of life. Force is not being applied because the citizens of Vancouver are well aware that the men have a legitimate grievance. They know that there is not work available for them, and it is the definite responsibility of the minister to present in direct negotiation with the men some plan which will disclose to them avenues of employment, so that they shall not be thrown out by force into a situation which confronts them with nothing but blank hopelessness.

Mr. ANGUS MacINNIS (Vancouver East): I doubt if there is anything more that we can do here to get action from this government. We have appealed to them from every point of view, I think, from which an appeal can be made. I wish to confirm what has already been said by the hon. member for Vancouver North (Mr. MacNeil). In my opinion you may wear these men out, but the possibilities are that by the time you have worn them out they will be prepared for anything, and then we are going to have trouble, and trouble that could have been avoided by compromise and good-will on both sides. If a compromise were offered by this government or its representatives I am satisfied that the men would meet them more than half way.

Mr. ROGERS: Will my hon. friend permit me? Has he seen—I assume he has—a copy of the telegram which I sent to Mr. Matts, the secretary of the committee, in which it was made clear to him that, either in British Columbia or in any other province, these men would not be disqualified in any way, would be equally eligible with others in the same position for youth training plans or for any other public works which might be available?

An hon. MEMBER: What does that mean?

Mr. ROGERS: It means as much as it ever meant.

Mr. MacINNIS: That does not mean anything to a hungry man. What the Minister of Labour says to these men is, "You may be hungry to-day, and we are not going to do anything about it, but if you move out of here and go on being hungry, we won't hold it against you six months from now."

That is not good enough, and I do not think if the minister were hungry he would accept what he said to-day as being good enough. Perhaps the provincial government will do something for the unemployed two or three or four months hence. It may be that the provincial government will do something then; but again, it may be that the provincial government will not, until they get federal assistance. The city of Vancouver to-day is carrying 2,500 men more than it was carrying this time last year, because of the shifting of the burden on to the city by the federal and the provincial authorities. Let me tell the minister that that was not the basis on which this government went to the country in 1935. That was not what was promised the unemployed by the Prime Minister of Canada (Mr. Mackenzie King) in the city of Vancouver. That was not what was promised the unemployed by the Minister of National Defence (Mr. Mackenzie) in the city of Vancouver time and time again. All that these men are asking is that the government fulfil its promises and provide work. And let me say again that they are not very particular; the wages they have been working for have not been very high.

Mr. MacNEIL: They worked hard last year.

Mr. MacINNIS: They worked hard; and if the government has nothing more than the excuses which have been offered by the Minister of Labour (Mr. Rogers) in the last six weeks, all I can say is that this government is bankrupt indeed, and will pay the price of that bankruptcy some day in the near future.

Mr. J. C. LANDERYOU (Calgary East): It appears to me that the minister views the situation as being temporary, that he thinks that unemployment is a temporary condition; so he suggests that the unemployed leave the province of British Columbia and go back to the locality from which they came, and when they arrive there the federal government will assist the province in providing employment or some measure of relief for them. But I do not believe that the government has assured these men that if they do go back to the locality from which they came, work will be provided for them. Can the minister tell the house whether that is so? Has the promise of work ever been made to these men provided they go back to the point from which they originally came?

Reference has been made to the promises of the Liberal party, one of which was that they would issue money and credit to meet the needs of the people of Canada. The unemployed in Vancouver, in common with the unemployed throughout Canada, are in need of purchasing power so that they may be able to provide for their basic needs. They want to have a place to sleep and something to eat. This is an emergency situation. If war were to break out, that also, would be an emergency situation, but the government could then find the money to provide the men with food, clothing and shelter, and possibly give them $1.10 per day. If unemployment is a temporary condition, if the minister thinks that Liberal policies are going to provide the citizens of this country with the opportunity to work, surely during this emergency he can provide them with at least $1.10 per day. I am sure that in that event the men will vacate the premises they occupy at the present time. I do not believe they want to create any difficulty. They are taking this action solely with a view of bringing to the attention of Canada their legitimate claims. They have a just grievance. I believe if the minister offered them employment in the areas from which they come he would have no further difficulty with them.

Mr. E. J. POOLE (Red Deer): I should like to add my views to those of my leader in his protest against the conditions under which these men are compelled to exist. I was struck by one word used by the Minister of Labour (Mr. Rogers), namely the word "submission," his remark that he hates to submit to the dictates of unemployed men. I sometimes think that we in this house have lost all sense of democracy.

Mr. McLEAN (Melfort): The hon. member never had it.

Mr. POOLE: Let me say that we have the duty of satisfying the demands of the public. That is what we are here for, not to dictate and to tell them what they cannot have, but to supply their needs. This is not a new condition. Not only during the term of office of this government but while the last government was in power, excuses were made. They passed the word from the federal government to the provincial government, from the provincial government back to the municipalities; and now, after seven or eight long years, we find these conditions still existing. Are we to have another Regina incident? Or are we big enough to get down and reason these things out on the right basis? Is there work in this country? Have we the money to put these men to work? Can we use the national credit and all the instruments we have at our disposal to give these men employment and create national assets? Those

are the important questions. Anything which happens in Vancouver will not be the responsibility of the men who at the present time are occupying a public building; it will be the responsibility of this government.

We are not dealing with units; we are dealing with human beings. For seven years we have continually carried out the policy to which this leads, destroying men's souls, taking the best that is in men and destroying it, because being stiffnecked we make these men political footballs—"We are not going to give way to the dictates of provincial governments," and all that kind of thing. We should not in this house, on these questions, speak as social crediters or Liberals, we should speak as Canadians and as representatives of the people. If we are going to do anything to bring about a new feeling of confidence in this country I do not think there is any better place to begin than in the city of Vancouver by providing these men with employment. If this government has to bend a little, if it has to give way to what has been described as "demands," what does it matter? The essential thing is, let us get results. We have money for all kinds of purposes less deserving than the unemployed situation. I ask the Minister of Labour: Could not the government within twenty-four hours, if they were determined to do so, put these men to work? They could do it if they made up their mind that these men were going to work in a fair way; why then will they not do it? What are they waiting for.

An hon. MEMBER: Twenty-five dollars a month.

Mr. POOLE: Well, that remark is stupid nonsense, and it is time to cut it out. This question is too serious for this shouting across the floor "$25 a month" every time I rise to speak. We are dealing with the unemployment problem facing the youth of this country, youth, the finest asset any nation has. It is your job to make your contribution and see that these men get a break.

Mr. HANSELL: Ask him what solution he has to offer.

Mr. POOLE: This excuse about transients and non-residents has been used on so many occasions. "Send these people back to where they came from." I do not care if they came from Halifax; they are Canadian citizens, that is all that matters. We should treat them all on an equal basis, not say to them: Go back to Halifax, and we will do something for you there. People know by this time that that is only a way of passing the buck, of evading responsibility. I do not think the minister is lacking in humanitarian feeling; I know he is not. I have a high regard for him, but I should like to see him do something now about this situation. Do not let us have another disgraceful incident such as we had in Regina, where men were clubbed down; that leaves only bitterness and disunity and division when we should be giving the world a lead in national unity and reasonable understanding, getting together and discussing common problems. There is no use in letting a situation like this develop. I appeal to the government, joining my voice with the voices of my colleagues who have spoken this afternoon. There is no more serious question before the house at this time than this Vancouver situation. Put these boys to work and you will find that communism and radicalism will pass away like mists before the morning sun.

SASKATCHEWAN ELECTION—ALLEGED USE OF CANADIAN NATIONAL RAILWAYS FOR POLITICAL PURPOSES—STATEMENT OF MR. COLDWELL

Mr. M. J. COLDWELL (Rosetown-Biggar): Before you leave the chair, Mr. Speaker, I have another matter which I wish to bring to the attention of the house. It concerns the Canadian National railway and an attempted use of it for political purposes by Liberal officials in some parts of Canada.

I have in my hand a notice which was sent out through the regular roadmaster's channels on the Margo subdivision of the Canadian National railways just prior to the provincial election in Saskatchewan last week. I hold in my hand new form 171, dated at Kamsack, Saskatchewan, June 6, 1938. It reads:

To Section Foremen and Section Labourers

The Liberal government is very strongly against amalgamation with the C.P.R. If the Saskatchewan Liberal government is defeated in this election we will get amalgamation very soon, trains will be taken off and branch lines, many of them, will be closed. All Canadian National employees should vote Liberal.

"Liberal" is underlined with red ink.

See that your wives and as many of your friends as possible vote Liberal.

Attached to that is "A plain talk to railway workers" published by authority of the Saskatchewan Liberal Association, Regina, Saskatchewan. The "plain talk" reads:

A railwayman who has a job is a useful citizen of the community. He has his pay cheque, his community interest, he looks after his family, he puts something aside for his later years.

A railwayman out of a job is just another one of the unemployed. He becomes a problem to himself and to the community.

Those who would merge or amalgamate the two railway systems of Canada are more interested in things than in human beings. They may say that they are working to save the taxpayer but they overlook the fact that the railway worker is one of the best taxpayers in Canada.

The railways of Canada and the railway workers of Canada are needed to carry on the business of the country. Given a ten per cent upturn in business the railways will be able to get along. They will be needed.

In a large, richly-endowed country like Canada that ten per cent increase is sure to come. In the meantime the railways may do something to help themselves by minor adjustments.

A railway monopoly, whatever it might be for the country, will be of no value to the railway workers. The workers will be in the hands of the monopoly.

The Liberal party is the one party that has stood firmly against amalgamation. It stands there to-day.

Numerous leaders of the Conservative party are working for amalgamation of the Canadian railways. Read the speeches of Senator Meighen and others.

The C.C.F. would "socialize" the railways, creating a monopoly. It would be referred to as a publicly-owned enterprise but it would still be a monopoly.

Social credit has no railway policy. It works on the theory that if enough money is printed by printing presses, as handbills are printed, the railway problem would look after itself.

The Liberal party is the safe party for the railway workers. The Liberal party has never wavered as to the rights of the railway worker. Saskatchewan railway workers can show by voting Liberal that Saskatchewan wants no amalgamation.

Vote Liberal.

Some hon. MEMBERS: Hear, hear.

Mr. COLDWELL: Now, Mr. Speaker, the Liberal benches applaud. If this kind of letter, sent out by roadmasters to the railway workers of Saskatchewan, containing this leaflet, is sent out by a national railway official, he should be subjected to the severest criticism and to discipline.

Mr. McLEAN (Melfort): Who sent the first letter out?

Mr. COLDWELL: I have given particulars, and I can provide the name.

An hon. MEMBER: Who sent the first one?

Mr. COLDWELL: I will tell you in a few moments.

Mr. McLEAN (Melfort): Why not tell it now?

Mr. COLDWELL: I say further that there is no group in this house which stands as unitedly as the group with which I am associated against railway amalgamation or unification, and people throughout the country know that.

I have here the letter, dated June 9, received by me to-day, which accompanied the communication I have just read. It is from Mr. A. M. Nicholson. I quote:

The enclosed was handed to me just before a meeting at Canora on June 7. It was received by a C.N.R. employee who prefers not to have his name known.

Some hon. MEMBERS: Oh, oh.

Mr. COLDWELL: The reason for the omission of the name is quite obvious; anyone who knows anything about that Saskatchewan Liberal machine knows that it intimidates large numbers of workers and relief recipients in that province.

Mr. McLEAN (Melfort): That is not true.

Mr. COLDWELL: The letter continues:

Three other employees came to me after the meeting and had similar communications. The employees are Ukrainians who had intended voting C.C.F. but who were greatly disturbed by the contents of this message on company stationery, and also by the fact that it was delivered through C.N.R. mail in the roadmaster's envelope.

Will you please do what you can to see that whoever has been responsible for intimidating voters in this manner is properly dealt with.

This occurred on the Margo subdivision of the Canadian National railways. I shall be glad to supply any necessary affidavits. Will you please return by registered mail.

That is signed by Mr. Nicholson. A moment ago I was asked who signed the original letter. The writer had not the nerve to sign his name to it, but it is so easily traceable that, now that it is brought to the attention of the Minister of Transport, there will be no difficulty in finding out who sent it. I had not seen one of these letters, Mr. Speaker; I had heard of similar communications in other parts of the province, though I could not lay my hands on them. This came to me, without having been requested, by registered mail this morning.

As a believer in public ownership, I stand for our publicly owned institutions; yet when attempts to use them are made by political parties or officials interested in the success of political parties for partisan ends, then I say it is time this house sat up and took notice of the situation. This is the rankest kind of intimidation. A few moments ago we heard speakers from several quarters of this house discuss the situation at Vancouver, where men are jobless. These in Saskatchewan, humble railway workers, some

of them with families, receive a communication of this description and are intimidated; they are made to fear that if certain things happen they will be in the bread line, and I say that in a British democracy any group of people who dare use the bread of our fellow citizens in order to take from them their full rights of citizenship and franchise ought to be condemned in the eyes of every decent citizen of this country.

I rise in my place this afternoon because I have been associated with elections in Saskatchewan for a very long time, and I have seen this sort of thing go on year after year, with teachers afraid to express themselves because it was so worked that the boards would get rid of them if they did; with ministers of the gospel moved from place to place if they expressed an opinion against the most unscrupulous political machine you can find in north America. What we have heard this afternoon is the sort of thing that should be frowned upon by every citizen. From time to time I have quoted in this house from Escott Reid's article in the Political Science Quarterly of February, 1935, wherein he outlines the methods under which the Saskatchewan Liberal machine has operated in days gone by. We know that whenever movements arise in western Canada that seek to unite the people, that machine is able to intimidate and divide. It was the attorney general of Saskatchewan who, in regard to social credit, confessed, "We started a prairie fire. Now we have to put it out." We know what that phrase meant. We know how some of these social credit candidates came into Saskatchewan in 1935, into some of the constituencies which we represent. We know the whole story, and in bringing this matter to the attention of the house this afternoon I have in mind not only this sort of intimidation but also the reference made by the hon. member for Red Deer (Mr. Poole), a few moments ago to the situation that occurred in the city of Regina in 1935.

When men are jobless they are desperate; and if they are threatened with the loss of their jobs they become desperate also. I say a threat of this description is something of which we should take notice. I was in Regina just three years ago, almost three years to the day. I saw those seventeen hundred boys arrive there. I mingled with them that evening; over the air I appealed to citizens to assist them. I moved among them and found them peaceful, law-abiding boys. I believe the government at Ottawa was misinformed regarding the situation there, and day by day I saw those boys become more restless. Just a day or so before the riots occurred I was among them, and they told me there was no need to worry. I had done what I could for them; I advised them to obey the law and maintain order, and then the riots occurred. I do not want to see a repetition of that in Vancouver, in Regina, in Calgary, in Winnipeg, or in any other city of Canada. But that is the sort of thing that is brought about when you take from the people the right to express themselves at the polls. Then you leave them only one alternative, an alternative to which I am absolutely opposed; but matters such as we have discussed this afternoon make it more difficult all the time for those of us who believe in democracy to maintain and propagate it for the achievement of orderly progress.

So I am bringing to the attention of the government and this house this communication, which is easily traceable, in order that steps may be taken to see that the person responsible for this sort of thing may be properly disciplined. In the future I believe conduct of this sort should be punishable not by fine but by imprisonment, and by a fairly steep sentence at that.

Mr. GRAY: Is the hon. member stating on his own responsibility that this leaflet or pamphlet which he has just read was sent out by an official of the railroad?

Mr. COLDWELL: On the responsibility of this letter which I have in my hand, from Mr. A. M. Nicholson of Hudson Bay Junction, Saskatchewan, who is a minister of the gospel—

Some hon. MEMBERS: Was.

Mr. COLDWELL: Or who was a minister of the gospel—

Mr. GARDINER: The C.C.F. organizer.

Mr. COLDWELL: Maybe he is, but that does not make him—

Some hon. MEMBERS: You know he is.

Mr. COLDWELL: I submit that does not make him any the less a minister of the gospel of good news, any the less a citizen of Canada, or any the less a man. Mr. Nicholson forwards this to me stating that it was sent out on company stationery. That is obvious; the form is there, showing that it was sent out in a roadmaster's envelope on the Margo subdivision of the Canadian National railways, dated Kamsack, June 6, 1938.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I would say to my hon. friend who has just spoken (Mr. Coldwell)

that I take no exception to his having brought forward the matter he has, but strictly speaking I think his protest should have been made to the president and directors of the Canadian National railways rather than to hon. members of this house.

Some hon. MEMBERS: Oh, oh.

Mr. MACKENZIE KING: Hon. gentlemen say "oh, oh," but may I ask my hon. friends if they assume that members of this house or members of this government have been in any way party to the transaction to which my hon. friend has referred.

Some hon. MEMBERS: Sure.

Mr. MACKENZIE KING: If they say that let them prove it. Let them make any direct charge and it will be investigated immediately by the government. More than that, may I say that if my hon. friend who has brought forward this matter will communicate his representations to the president and board of directors of the Canadian National railways they will, I believe, proceed to deal with it in the manner in which I think it should be dealt with; and if they do, they will have the wholehearted support of this administration. That is the body responsible for the action of its officers, who in turn are responsible for the actions of their men.

Mr. McGREGOR: The election is over now.

Mr. MACKENZIE KING: The election in Saskatchewan is over, and I do not see that much good can be served by fighting it over again in this House of Commons when we have more important matters to attend to, but that is what the representations made this afternoon amount to.

Mr. MITCHELL: May I ask whether the Prime Minister is averse to having this matter investigated by the government or the Minister of Transport?

Mr. MACKENZIE KING: I have been stating that the Canadian National railways is a body that is supposed to be independent of government control, and the government should not interfere one way or the other in this matter unless, after the Canadian National authorities have investigated, they communicate to us their need of government assistance in order that rules and regulations may be enforced.

Mr. MALCOLM McLEAN (Melfort): Mr. Speaker, we have had the amazing spectacle to-day of the hon. member for Rosetown-Biggar (Mr. Coldwell) trying to drag the Canadian National railways into partisan politics in this house.

Some hon. MEMBERS: Oh, oh.

Mr. COLDWELL: I object.

Mr. McLEAN (Melfort): And this on the unsupported word of a hired socialist organizer who left the preaching of the gospel to engage in partisan politics.

Mr. COLDWELL: I rise to a point of order. I am referring to a document sent out through the regular railway channels and dated at Kamsack.

Mr. McLEAN (Melfort): If the hon. member would give me a minute, I would come to that phase of it. At the very outset, the complaint that has been made before this house to-day should not have been made here. It is that either someone used Canadian National stationery for improper purposes, or that someone improperly used the Canadian National name in printing stationery for his own purposes.

Mr. BENNETT: Or the Liberal leaflet attached.

Mr. McLEAN (Melfort): I never knew there was a law against sending out Liberal propaganda in this country. The leaflet in itself was perfectly all right. It was truthful, moderate, reasonable and constructive. My hon. friend said a moment ago that he and his party were opposed to amalgamation. I can get the original handbook distributed by the hon. member, either by himself or by his agent in a meeting which he was addressing, in which he said the object of his party was to socialize the natural resources of this country, and the implements of production and means of transportation.

Mr. HEAPS: What has that to do with this?

Mr. McLEAN (Melfort): Let me ask this: How can you socialize public ownership? How can you socialize the transportation system of this country without having a monopoly? Would you with one hand administer the Canadian National Railways, with the other hand administer the Canadian Pacific railway, and depend on your feet to administer the other means of transportation?

Mr. COLDWELL: Does the hon. member wish me to answer that point?

Mr. McLEAN (Melfort): My hon. friend has said that people have been losing their jobs because of political pressure being brought to bear on them. I would tell him that in my observation more men have lost their jobs or had to change their locations because of pressure brought by his socialist friends than I have seen affected by the democratic parties. A complaint of this nature should not have been made. Everyone in this house,

who has had anything to do with public business, knows that Canadian National business is dealt with in another manner. It is dealt with by a special committee of the house, which considers the accounts of the company, and officers of the company appear before the committee. It might be quite true that the hon. member does not believe in these men on the Canadian National railways being encouraged to express their own opinions about amalgamation, or more socialization than there is at the present time. I think the hon. member would agree with me in saying that the only wrong that has been done in this case is either the using of the stationery of the railway, the misusing of the company name, or the enclosing of political statements in company mail. If one of these things has been done, it certainly can be investigated by the company.

Hon. H. H. STEVENS (Kootenay East): Mr. Speaker, I think that the point at issue has escaped the attention of both the hon. member for Melfort (Mr. McLean) and the Prime Minister (Mr. Mackenzie King). The point is this: Here is a document alleged—and I use the word advisedly—to have been sent out by an officer of the Canadian National Railways.

Mr. McLEAN (Melfort): Alleged by whom?

Mr. STEVENS: Just a moment. The document is on the stationery of the Canadian National Railways, new form, No. 171. It is typical railway stationery and appears to be quite genuine. The document is dated at Kamsack, Saskatchewan, June 6, 1938, which would indicate the source from which it was issued. That would aid in the investigation of the matter, should the government desire to investigate it.

Now, nothing can be said against the Liberal party or any other party expressing its views in connection with governing this country on railway or other matters. If the Liberal party, as indicated this afternoon by the applause of its members in the house, are opposed to unification and amalgamation, that is their privilege. They have a perfect right so to advocate. But when Canadian National Railways stationery is used, or appears to have been used, and sent out by an official of the railway, as the evidence would indicate, and when on it one finds language in these words: "The Liberal government is very strongly against amalgamation with the C.P.R.", I suggest the matter should be considered. Then, I ask the Prime Minister to note this particularly:

If the Saskatchewan Liberal government is defeated in this election, we will get amalgamation very soon, trains will be taken off and branch lines many of them will be closed. All Canadian National employees should vote Liberal.

That is what I think is the serious point in the matter. It all depends upon whether the document is as it appears to be.

An hon. MEMBER: Hear, hear.

Mr. STEVENS: Just a minute; I will come to that, if hon members will be patient. The point in the matter is this: If Canadian National officials, by virtue of their office and influence with employees and workers on the railway, are permitted to use Canadian National stationery to make declarations which, if not untrue, are obviously not based upon any authority, then I say it is a very serious matter. That is the sort of thing that drags the Canadian National into politics. My opinion during the years I have been in the house—and I think it is shared pretty generally by hon. members on both sides—is that it is highly desirable to keep the Canadian National Railways out of politics, if we can. I say, "if we can", because the experience over a long period of years would indicate that it is an extremely difficult thing to do. I think no one can say that we should not make every endeavour to do so.

A moment ago the Prime Minister suggested that the complaint should have been addressed to the president of the Canadian National Railways. I differ from him, and I say that this is the proper place in which to discuss a matter of this kind.

Mr. GRAY: An anonymous letter?

Mr. STEVENS: My suggestion is that the Prime Minister represents the government of the country, and he ought to draw the attention of the president of the railways to it, and request that the whole matter be investigated by a competent officer of the company.

Mr. GRAY: An anonymous letter?

Mr. STEVENS: It is not an anonymous letter.

Mr. McLEAN (Melfort): Surely it is.

Mr. STEVENS: I asked the hon. member to let me have this document.

Mr. GRAY: I refer to the other one from which the hon. member is reading.

Mr. STEVENS: If the chief whip of the Liberal party would permit me, I should like to proceed. Any citizen of Canada is at liberty, through a member, to bring to the attention of the House of Commons any

grievance, and particularly at this point, on going into supply. He may mention any grievance to which he or others may be subjected.

I am not vouching for this, because I do not know the man. I simply say that the evidence of the stationery warrants that the matter be investigated.

Mr. GRAY: The stationery?

Mr. GARDINER: You can pick it up in any station in Canada.

Mr. FACTOR: Is there a signature on the document?

Mr. STEVENS: No, there is no signature. I suggest that that is quibbling, if I may be permitted to use the term without offence. It is rather begging the question. I submit to the Prime Minister that with this stationery before us, and with a responsible citizen, whatever his views may be, bringing it to the attention of parliament through the proper channel, namely through a member of the House of Commons, the Prime Minister and the government owe it to the house and to the hon. member who brought it to the attention of the house to investigate the matter. I would not condemn the Liberal party or anyone else on this evidence until it has been investigated.

Mr. GARDINER: It is not evidence at all.

Mr. STEVENS: The Minister of Agriculture (Mr. Gardiner) says it is not evidence, but I submit that though it may not be sufficient to condemn, it is sufficient to warrant investigation. That is the point I make. I submit to the Prime Minister that the matter should be investigated carefully at the instance of the government. The hon. member for Rosetown-Biggar or myself or anyone else has not the right to request the president of the railway to do anything, but the government has the right, particularly where it is alleged—I use the word advisedly—that officers of the railway have projected themselves into a political controversy and have used influences which they were not justified in using. In my opinion that is the point at issue.

Mr. MACKENZIE KING: May I say to my hon. friend that if instead of the Canadian National Railways being involved, this particular incident had had to do with some high official of the Canadian Pacific Railway Company, that he had used stationery belonging to the Canadian Pacific Railway Company to accompany an anonymous circular and have it distributed at the instance of the employees of the Canadian Pacific Railway Company, would he not assume that the president and the board of directors of the Canadian Pacific Railway Company would take cognizance of a matter of the kind? The position of the government with respect to the Canadian National Railways is that the Canadian National stands on all fours, so far as freedom from government interference is concerned, with the Canadian Pacific Railway Company. Assurance has been given the president and the board of directors that if in investigating this matter themselves they should require the assistance of the government, that assistance will be given in the fullest measure. I think myself it is the duty of the higher officers of the railway concerned to investigate matters of the kind, whether they have to do with the government owned or the privately owned railway. I do not think it is the business of the government to be continually telling both railway companies what they should do with respect to their officials and employees.

Motion (Mr. Mackenzie King) agreed to, and the house went into committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF LABOUR

Employment Offices Coordination Act—administration, $63,925.

Hon. NORMAN McL. ROGERS (Minister of Labour): When this item was before the committee previously the hon. member for Vancouver South (Mr. Green) inquired as to the connection between the Employment Service of Canada and the youth training plans. I told him then that this question might be answered more appropriately when we were dealing with the item having to do with training projects for unemployed young people, but that I would try to supply the information while the present item was under discussion.

My information is that all agreements specify that applicants for training, living in a locality where there is an office of the employment service, must be registered there as a proof of unemployment. In some provinces, particularly Ontario, the selection of trainees for different projects was made by officials of the employment offices, but in most provinces the employment offices were not used in that capacity. The women's section of the employment service gave valuable assistance in helping to select young women for home service training schools and in their subsequent placement in employment. The facilities of all employment offices were available to trainees on the completion of their

course to assist them in finding employment. With respect to the other training plans carried on during the past year, it is suggested that the connection is a valuable one and ought to be improved further by the appointment of a number of special placement officers in the provinces where these plans are being carried out.

Mr. GREEN: Could the minister state how many of the men now in the Vancouver post office and art gallery would be eligible for forestry training? I understand that the forestry training camps were opened again last week and that some hundreds of young men from British Columbia have been sent to these camps.

Mr. ROGERS: I have not that information before me, but I shall be glad to get it for my hon. friend when the item which refers more specifically to the matter is under discussion.

The hon. member for Vancouver North (Mr. MacNeil) asked a question with regard to the follow-up facilities of the employment service in connection with the placing of domestic help. I may say that when this matter was brought to the attention of the committee last year by my hon. friend I arranged for the director of the employment service to speak directly with him in order to secure specific complaints. My information is that at that time my hon. friend did not supply any specific information which would have enabled an investigation to be made. Later on he made it clear that he had Vancouver in mind, and a telegram was sent to Mr. McVety, the superintendent of the Employment Service of Canada in British Columbia. The text of Mr. McVety's reply is as follows:

> Only one case in twenty years where employment service has received unfavourable criticism and this was in May, 1934. Girl twenty-one years of age, sent as domestic to residence in good district, was accompanied by a married woman with whom she was living who inspected home and advised girl to take position. Home later turned out to be operated by procurers who were sent to prison for various terms. Position of department in matter fully investigated by minister—

That is the minister of labour for British Columbia—

> and local council of women who agreed every precaution had been taken. Vancouver city police prosecutor who made investigation and handled prosecution in preliminary hearing quite satisfied no blame attached to department and expressed thanks for assistance in obtaining witnesses. If Mr. MacNeil has any other case in mind will be glad to have particulars.

[Mr. Rogers.]

As my hon. friend is aware, it is very difficult to follow up these cases unless specific complaints are made. I can assure him that if he has any particular case in mind I shall be only too glad to investigate it for him.

Mr. MacNEIL: I wish to assure the minister that neither at this time nor last year was I attempting to single out the Vancouver office for criticism, nor was I suggesting that they were conniving to bring about circumstances which would be to the disadvantage of these single homeless girls. I advocate, and I hope the minister will encourage, the development of facilities that will afford every precaution. I hesitate to bring specific cases to the attention of the department or to introduce them into a public discussion. There is no doubt that sometimes young girls in destitute circumstances are exploited by unscrupulous persons. They are asked to work at low wages or to do work that is too arduous. Advantage is deliberately taken of their unfortunate circumstances. Frequently they have been exposed to the operations of procurers for the chain of brothels in the interior of British Columbia. I am not criticizing the Vancouver office. I am urging the federal government to give them every cooperation in extending the follow-up facilities. I believe it would be the desire of the officials in charge of the women's division of the Vancouver employment service to develop those facilities as far as possible, and I urge that some definite plan be adopted so that these transient young women, who are frequently in a helpless condition when they reach Vancouver, shall be given every assistance and protection.

Mr. ROGERS: I can assure my hon. friend that that certainly is the desire of those who direct the employment service, and some indication that the service is operated reasonably well in that respect is that very few complaints have been received. Certainly as soon as any are received they will be investigated.

Mr. MacNEIL: Will the minister develop the follow-up facilities?

Mr. ROGERS: Yes, I shall do whatever can be done in that direction.

Mr. BENNETT: I should like certain information as to the advertisements for the second contract that was made with respect to Fort Henry. We had the date of the contract, and looking at the local newspapers there appears to have been no notice given of any tenders having been called for. The minister was of the opinion that notice was given, that the notice appeared in the Globe

and Mail, and he was going to look into the matter. It becomes important in view of what was said by the minister the other evening, especially with regard to the terms of the contract. I do not know whether or not the minister has a copy of the contract before him.

Mr. ROGERS: No, I have not a copy of the contract before me. In the return which was asked for in the early part of the session, and which appears in Hansard of April 7, 1938, it is made quite clear that in the first year of the work at Fort Henry the contract price was $72,288.50, and in the second year $305,448.50.

Mr. BENNETT: It was the notice of the call of tenders for that contract of which I was speaking. The minister said the other evening that the date was March, 1937. I told him that the contractors had complained that there was no notice of any such tenders being called for. The minister thought that the notice appeared in certain papers, but a search has failed to indicate any such notice in the local papers, and the question is whether or not there was an extension of the unit basis of the first contract without tenders being called for.

Mr. ROGERS: There are three companies which appear to have tendered.

Mr. BENNETT: For the second year?

Mr. ROGERS: Yes.

Mr. BENNETT: Who were they?

Mr. ROGERS: The Frid Construction Company, Harold Harvey, and McGinnis & O'Connor.

Mr. BENNETT: The Frid Company is of Hamilton, and both the others are local companies?

Mr. ROGERS: Yes.

Mr. BENNETT: What were the tenders?

Mr. ROGERS: For the second year the lowest bid was that of the Frid Construction Company, $305,448.50; Harold Harvey, $335,008; McGinnis & O'Connor, $328,743.50. I stated that according to information I received the other day the tenders were advertised in the Globe and Mail and in the construction journals. I shall be glad to confirm that.

Mr. BENNETT: It does not appear to have been advertised in the local Kingston paper, and a very casual search did not indicate the notice in the Globe and Mail. Was the Globe and Mail one or two papers at that time?

Mr. ROGERS: I think only one.

Mr. BENNETT: There is another matter. The Minister of National Defence (Mr. Mackenzie) is not here, and I was desirous of obtaining certain information. When the minister was absent from the department the Minister of Labour was acting Minister of National Defence, and in view of what took place in this house the other day I have now authentic and much more complete information than I had when I was speaking then. The first question I desire to ask is this: Did the administrating officer at the Royal Military College make a report, which was entered in the R.M.C. central registry in May, 1937, and which was communicated here, and did the minister himself as acting Minister of National Defence make a reply to that document?

Mr. ROGERS: I will answer at once that I have no recollection at the present time of that report having been brought to my attention or of a reply having been made, but I shall attempt to ascertain if that was the case.

Mr. BENNETT: I will help the minister with respect to it. At noon on the second day of January, 1937, Major Stethem, now Lieutenant-Colonel Stethem, retired administrating officer of the Royal Military College, was proceeding to his home when he saw a large two-ton truck, No. 33511C, bearing the name of Louis Drinka, loading up and carting away a full load of crushed stone from the Royal Military College government stone pile near Navy bay. This pile had been diminishing in size and there had been discussions about it. As administrating officer Major Stethem followed the stone through the city and saw the truck proceed to a laneway, running west from Sydenham street. The stone was dumped into a shed in the rear of a house said to be owned or rented by Mr. Stansbury. The shed was being converted into a garage. Stethem asked the driver what authority he had for taking the government stone, and he stated he got his orders from Mr. Stansbury.

Stethem reported the matter in consequence of certain threats and matters of that sort which took place afterwards in respect to himself. The further taking of the stone was stopped; but in consequence of what happened, on the first day of May Stethem requested that his original report be a matter of record in the R.M.C. central registry. I wonder if the minister will be good enough to look at the files of the acting minister of National Defence, where I believe he will find a reply to that report. In view of the

fact that the Minister of National Defence is not here and these papers will be looked for, I suggest that the item stand until we get that information, and that the minister proceed with other items, because when I deal with this I should like to deal with it completely and fully.

Mr. ROGERS: Most certainly I shall have no hesitation at all in letting the item stand until that information is brought down. But there is nothing in the report read by the leader of the opposition which in the slightest degree is at variance with the statement I made to the committee some time ago, that Mr. Stansbury himself acknowledged that he had received a load of this crushed rock with the consent of the officer in charge and that he laid that crushed rock upon places on the roadway leading to his garage. He denied vigorously the statement made by the leader of the opposition that his garage had been built with public property.

Mr. BENNETT: The observations I made are completely at variance with the statement made by the minister. The minister himself states that Mr. Stansbury said that he had permission to do what he did. As a matter of fact such is not the case, so far as I have been able to ascertain, for the simple reason that on the report being made by Stethem to his commanding officer, the adjutant, steps were immediately taken by telephone and further removal of the stone was stopped. The stone was quarried by government relief labour, taken to the crusher, and the operation was paid for entirely out of government funds. In consequence of what was said in the house the other day, this information has become available from the one source from which it could come and be authentic, and that is why I ask the minister to look at the files and see this report and ascertain what reply he himself sent to the Royal Military College as to what action was to be taken in the matter. A copy of his letter in any event is available at the office. The original, of course, is at the Royal Military College. That is the position at the moment.

The other matter I mentioned was in connection with white lead which disappeared. The minister, is, of course, aware of the young man's name. Perhaps I should not mention it. He was convicted before Magistrate Shea for stealing a tarpaulin, and ultimately sentenced to a month's imprisonment, and the time that he was in prison ran as part of the month. He went to Guelph. At the time he was in the public employ, and when he came back he was given the same job again, it having been held down during his absence by his father. He has since been convicted of a more serious offence, which involves punishment for just a day under two years, I believe. There is a case under appeal—I am not mentioning the name—but he is the man who gave information with respect to the white lead and where it went. Apparently it is a small matter, but it arises out of the administration of this office in Kingston and the methods that have been pursued in connection with this administration.

There is another matter which I think I should mention, although the minister who referred to it is not at present in the chamber. This question in connection with coal is not at all a new matter. To my surprise I found that it was the subject matter of public discussion at the last election, and Mr. Sowards, who has been attacked in this house, publicly said to his opponent, "I will put up a thousand dollars; you will put up a thousand dollars; I will name an engineer; you will name an engineer; they will choose a competent arbitrator; and if the bins to which you refer do not hold the amount of coal for which charges have been made. I forfeit my thousand dollars and am liable to any other penalties that may accrue to me by reason of it." That offer is still open. What is more, I have the measurements of the so-called bin. If the minister will read the solemn declaration of Mr. Gibson he will find that it does not touch this point at all. The cubical contents of the so-called bin are here, and I will give them, in view of the fact that although the Minister of National Defence (Mr. Mackenzie) dealt with this, and not the Minister of Labour (Mr. Rogers), the Minister of Labour says he is responsible for procuring the statutory declaration. The bin was 31 feet, 6 inches long, 11 feet, 9 inches wide, and 6 feet, 9 inches high, which makes a total of 2,498 cubic feet. The number of tons it will hold depends upon the kind of coal that is used, but in any event at all times that number of cubic feet would hold more than is charged for in the ledger account which has been sent to me.

There is another point with respect to that. This matter has been discussed fully on the hustings and elsewhere. The offer Mr. Sowards made is still outstanding. His opponent has never taken it up. Mr. Sowards not having access to the public buildings, I understand some changes have been made in them since then. That, however, is not a matter of great importance, because it is well to understand the kind of bins they were. They were bins with holes in the outside through which coal was dumped; there was a central opening

out of which part of the coal ran until it was thrown back in the bin, and there was a fire hole to which coal was delivered to obviate the necessity of carrying it from the storage bin to the place where it was used. The question as to the quantity of fuel used by the school, that is the public building, is not a matter over which Mr. Sowards had control. The deliveries were checked as to weights and other relevant matters, and if the government desires, although it is not their property, although it is purely a local matter and the other instances were purely provincial and not federal matters, if an honest opportunity is offered for the measurement of the bin and the determination of its capacity he will be only too glad to deal with it. We obviously as a federal power have nothing to do with it except as it was utilized by Mr. Gibson, who is a provincial and not a federal employee, who is dealing with a provincial and not a federal matter, and whose declaration, it will be observed at once, leads nowhere as far as this matter is concerned.

I was unable at first to understand why the Minister of National Defence made the statement in view of what he said the other evening; but when the Minister of Labour made the observations he did as to his part in it, I then quite understood, and this endeavour to think that an answer is made to the question of the administration of the Labour department's office in Kingston by making that declaration against John Sowards is, I think, somewhat beside the point. Mr. Sowards is ready and willing to meet the Minister of National Defence or anybody else, but obviously he cannot meet him with respect to provincial matters. And it is an odd thing that he had no complaint in this respect from the provincial authorities, but that the first intimation of it, so far as any official act is concerned, came from the federal authorities here. I need hardly say that the matter was so discussed, according to the public press, in Kingston during the last election that it became known apparently to everybody. But no action seems to have been taken by the people concerned, namely the provincial government. It is a strange circumstance that the declaration, which is by a very competent man, does not in any sense indicate the size of the bin or that he made any measurement. All he says is that it will not hold the amount of coal charged for and the amount, he says, charged in the ledger account in round figures; but the coal deliveries were weighed in; the men who weighed them are prepared to support their statements and produce the ordinary vouchers and papers which belong to the administration of a business of that kind, and this was the method pursued over a long term of years. I do not know that we can get any further with respect to the matter, it being a local one; for we have no documents or papers that can be produced.

Mr. ROGERS: Possibly my right hon. friend has not read the report of the penitentiaries commission, tabled to-day. I had not read it—

Mr. BENNETT: No, I have not read it.

Mr. ROGERS: —until the noon hour. That report refers specifically to two coal companies in Kingston, one of them the Sowards company, another the Morris company, with respect to which there had been complaints regarding short weight of coal. Two investigations were made by officers of the penitentiaries branch of the Department of Justice, one, I believe, by the warden of Collin's Bay penitentiary, the other by Mr. Dawson, an inspector of the penitentiaries branch. The commission has taken the view that the reports in each case which dealt with these matters were inadequate, and that the evidence which would exonerate the Sowards company and the other company involved is not conclusive. So it appears at once that there is this additional reason why the Sowards company, and I would say equally the other company involved, should be disqualified from tendering for public contracts until such time as the Department of Justice is able to deal with the subject matter of the report to which I have referred.

Mr. SLAGHT: May I make this suggestion to the leader of the opposition? This matter, as I understand, is primarily provincial and not federal. I think we are all familiar with the bombastic pre-election habit of offering to deposit a thousand dollars against somebody else who probably does not have a thousand dollars.

Mr. BENNETT: No trouble about that.

Mr. SLAGHT: Well, perhaps not, if my right hon. friend is as generous as he usually is. But my suggestion is. Should the time of the House of Commons at very great expense per hour be occupied with a problem which, as I understand, is one of somebody measuring the bins and bringing down a report for future discussion of the size of the bins, and also to determine whether a load of cement had a content of the value of two dollars or two dollars and a half? My suggestion is that these are picayune

matters of detail in the individual cases which my right hon. friend is exploiting. Should he not persuade the gentlemen at Kingston who are priming him with the information to take their complaints to the tribunals which have jurisdiction, namely the provincial departments whose officers are said to be lax; and if, as was suggested the other day, crime is involved, to take their complaints to the department of the attorney general of Ontario. If some other hon. member produced some complaint from Halifax, we should have to have bins measured there for the House of Commons; and some other hon. member might hear of something at Vancouver where the size of a load of gravel would have to be appraised. This would be wasting woefully the time of parliament. There are efficient ministers in Ontario with efficient investigators and inspectors whose duty it is to have these matters set straight if there is a real foundation for the complaint. I suggest to my right hon. friend that it is his duty, if he will permit me to put it so strongly, to tell those gentlemen to take their complaints to the proper authority, and if they are not properly investigated, and if wrong-doing has occurred and is not punished, then surely it will be time enough to waste the time of the House of Commons on what seem to me trifling matters which should be corrected by the proper tribunal.

Mr. BENNETT: If the hon. member for Parry Sound (Mr. Slaght) had been diligent in his attendance in the House of Commons since he came to it, he would realize what the duties of the House of Commons are. One of the duties of that branch of the House of Commons known as the opposition is to investigate the expenditure of public moneys. Unfortunately the present opposition is small in numbers, so there falls upon me a much larger obligation than I like to contemplate, but one which as long as I occupy this position and am paid a salary for it under the provisions of the Public Service Act I shall continue to discharge to the best of my ability.

The question of John Sowards came up in connection with a tender for coal, involving a large sum of money. He was the lowest tenderer. He was not given a form of tender, but he sent in the lowest tender. The hon. member was not in the house when this matter came up. Sowards was not awarded the contract because it was said that he was not a fit and proper person to have it. The Deputy Minister of National Defence was used as the figurehead upon whom to put the blame. It now appears that this should not have been done. The Minister of National Defence, on being asked, in connection with the passing of his estimates, whose was the lowest tender, gave the figures, and the lowest tender was that of John Sowards. Then he said, "Here is the order in council." It was produced pursuant to an order of this house, with the relevant papers and the submission to council, and it showed that John Sowards did not get the contract because the minister, on the advice of the deputy minister, recommended that something should not be done. As I said, it appears that the deputy minister was not responsible at all. The Minister of Labour said in this chamber, as reported in Hansard: I am responsible for this; I say so and so; and in consequence of what I said about Sowards, he was not awarded the contract at the lowest tender. Thus this country was involved in the loss of a substantial sum of money.

I have not the slightest apology to offer for bringing the matter to the attention of the committee: that is my duty. If the hon. member is a diligent reader of the records of this house since confederation and will take the record of the Liberal party in opposition, he will realize that it is regarded by them as their first duty to deal with these matters, even such small matters as the number of brandy and liqueur glasses on the table of Sir Charles Tupper when he was high commissioner in London. When public finance is involved it is the duty of every member of the opposition to endeavour to show whether the country got the greatest value possible for its money.

I brought out the facts and let it rest at that. Then the other evening the Minister of National Defence, on the discussion of an item in the estimates for the Department of Labour, rose in his place and read a solemn declaration of one Alfred Leonard Gibson of Kemptville. The sixth paragraph of that declaration states:

> I measured the coal storage at the said school and according to measurements and the cubical contents of the said storage space it would be impossible to put more than fifty tons of dry coal into the coal storage space.

I can only say that anyone who knows anything about the cubic measurements of the given area and the solids that might be put in that space, allowing for air, knows that it would hold seventy tons.

I quite realize that the matter cannot be the subject of further discussion here, except for this: The minister has now risen in his place and speaks of something that he saw at noon. It was a report that was tabled to-day. As a member of the government he obviously had opportunity to see it. He

finds that a commission appointed by the government to deal with the penitentiary situation in Canada has made a report. That investigation, conducted by the Department of Justice, under which the penitentiaries fall, has not been satisfactory. Who are these men? Are they more eminent than the Department of Justice? The minister says one company is the Morris Coal Company, and the Morris Coal Company was the coal company that Mr. Gibson says delivered the coal to him, that enabled him to get his year's supply at less cost than when he got it from Sowards, although he paid a higher price. It is the other company mentioned in the declaration read by the Minister of National Defence. Obviously men cannot be tried in that way. Clearly this commission had no right to do this. If this government feel that fraud has been practised, their duty is clear. But it is an odd thing that although this matter was discussed in the provincial election campaign, no proceedings have been taken by the provincial administration against anybody. As the hon. member has very properly pointed out, that is their business, not ours.

The question is incidental to the large question that we are discussing, namely, the administration of this labour office in Kingston. There is behind it one of the most important questions that this house will have to consider, one which, trifling and insignificant on the face of it, is yet a subject which engaged the attention of the mother of parliaments for two long debates. In certain questions there are great principles involved, and this happens to be one of them. When I secure the information which I am hoping to get—the minister is not here to-day—we shall finish that phase of it; and when I am doing so I shall deal also with another matter in which the statements were as grossly inaccurate as it is possible for statements to be with respect to the expenditure of public money in connection with roads in Manitoba. I listened to the extravagant language used, and I shall deal with it in the proper way at the appropriate time. But I want the rest of this information, which I was promised and which I dare say public duty has prevented the minister from furnishing up to the present. I am not complaining, but when I receive it I shall deal with it.

But I say to the hon. member for Parry Sound and to every hon. member of the committee that the control of the expenditure of public money is the basis of democratic institutions. Public money has always been the subject of most acute discussion in the House of Commons, and will continue to be. It was because of the questions that arose out of this item that I have ventured to discuss it; I offer no apology for doing so, and I am going to continue to do so until I get to the bottom of it; I make that abundantly clear. I assure the hon. member that it is much harder for me than it is for him, but as long as I have a duty to discharge I am going to discharge it. I am not unmindful of the references that have been made to my retirement, and the very nice language that has been used; but I wonder if the hon. member for Parry Sound knows just what did happen. Even the cost of my food was investigated. Does he realize that while I was Prime Minister questions were put on the order paper as to the cost of my food, as to the cost of the quarters I occupied, and all that sort of thing? That is what I had to endure, but I did not offer the slightest objection.

Now comes this last point, and when we deal with that I hope we shall put it just where it belongs. I am not going to deal with it until the information I have sought is produced, and I do not in any sense attach blame to the minister for the fact that the information is not available to-day, since the Minister of National Defence, probably on account of a very sad occurrence, is absent, I understand, on public business. Therefore it would be wrong for me to complain because the information is not forthcoming; but when that information is produced, these letters, this report and so on, I hope we shall dispose of these matters very quickly.

Mr. SLAGHT: The right hon, gentleman entirely misapprehended the suggestion I was making to him. It was not intended in any way to curb his investigation of the Sowards contract or the conditions under which it was granted or refused. My suggestion was that, having or purporting to have information indicating improprieties on the part of provincial officers at Kingston, who he admits are solely under provincial jurisdiction, he had a ready place to procure relief in regard to any wrongdoing that may have occurred there. The right hon. gentleman says he marvels that the provincial authorities did not take steps, because this was the subject of an election discussion. Well, if the provincial authorities began to take real steps in connection with matters that are bandied back and forth on the platform, there would be no end to it. But when definite information is in the possession of the right hon. gentleman, or people in Kingston who are advising him, it is not only their privilege but their duty to lay such information before the proper authorities. That was the suggestion I made to

the right hon. gentleman, instead of wasting the time of this house on the petty side of it; giving him full opportunity and recognizing his perfect right to go forward with the matter of the Sowards contract. That is the only observation I desire to make.

Mr. ROGERS: As the right hon. gentleman has said, this matter can be very well carried further when the additional information is procured. I should like to point out, however—and I think this is the time to do it—that over the past six weeks the leader of the opposition has made a number of vague allegations, which I shall not dignify by the name of charges, with respect to a number of occurrences in Kingston and the neighbouring constituency of Frontenac-Addington.

I just want to go back over these allegations one by one, and I am in the judgment of the committee when I say that with respect to each one there has been not the slightest hesitation on my part either to investigate the complaint immediately or to produce anything that my right hon. friend has acquired with regard to it. The first specific statement made by the leader of the opposition was with reference to Mr. Stansbury, connecting him with the Frid Construction Company. The right hon. gentleman said that was due to his faulty recollection.

Mr. BENNETT: Do not magnify that; it was cleared up at once.

Mr. ROGERS: Nevertheless I am going to deal with it at the same time, because it went out in press dispatches all over the country.

Mr. BENNETT: It is the least important thing about him.

Mr. ROGERS: I shall come back to that again. When my right hon. friend made his correction and acknowledged that Mr. Stansbury was not a director of the Frid Construction Company, he said he confused the Frid Construction Company with two other companies, the Campbell Construction Company and the Frontenac Construction Company. What was the inference to be drawn from that? The inference obviously was—

Mr. BENNETT: Those were not the words.

Mr. ROGERS: —that Mr. Stansbury was connected with one of the other companies.

Mr. BENNETT: The hon. gentleman must use the words correctly. Those were not the words used. Do not draw an implication from the wrong use of the words. Take the words.

Mr. ROGERS: The right hon. gentleman said there were two other companies there. My right hon. friend can look up the words, but he referred specifically to two other construction companies.

Mr. BENNETT: He certainly did.

Mr. ROGERS: Why, then, did he refer to these other companies if the intention was not to suggest that Mr. Stansbury was connected with them?

Mr. BENNETT: I certainly did not suggest that. Mr. Shea is the man who has to do with the Frontenac Construction Company.

Mr. ROGERS: Then what reason was there to mention that?

Mr. BENNETT: A good deal of reason, because it comes out in connection with the supplies that I have been talking about, and the Labour department. That is the point.

Mr. ROGERS: As a matter of fact, Mr. Stansbury had no connection whatever with either the Frid Construction Company, the Campbell Construction Company or the Frontenac Construction Company. Those were the three companies mentioned particularly by the leader of the opposition. Then I come to the further statement made subsequently, that Mr. Stansbury had built his garage with public property.

Mr. BENNETT: That is not the way it was put.

Mr. ROGERS: That was the way it was put.

Mr. BENNETT: No. Just read it. Why should the minister put it inaccurately?

Mr. ROGERS: I leave it to the judgment of the committee whether I have put it inaccurately. I read from Hansard:

> Mr. Rogers: Certainly my right hon. friend seems to have made a special purpose of conducting a minute investigation in the constituency of Kingston, if he is now coming down to the question of the garage in the yard of the president of the Liberal association of that constituency.
>
> Mr. Bennett: If he built it with public property, that is my duty.
>
> Some hon. Members: Did he?
>
> Mr. Bennett: He certainly did.

Mr. BENNETT: Certainly. I am coming to that, and that is exactly where the stone was delivered, into that shed that was being made into a garage.

Mr. ROGERS: I have already given to this committee the statement by Mr. Stansbury, which is in unequivocal terms and which was elaborated, as a matter of fact, in a statement which he gave to the Kingston Whig-Standard and which appeared in the

issue of Friday of last week. In that issue he gave a detailed statement of the materials that went into that garage. The building itself, as I stated here, is some seventy years old. The building was renovated, but with materials purchased by Mr. Stansbury. The only question remaining is as to this truckload of crushed stone, which was obtained with the permission of the official in charge of that particular material.

Mr. BENNETT: Who says that?

Mr. ROGERS: That stone was placed upon the gravel road.

Mr. BENNETT: Who says that?

Mr. ROGERS: I have that from Mr. Stansbury.

Mr. BENNETT: Not the officer in command, as the reports will show, if I am correctly advised; and I wish the minister would get the documents before he makes that statement.

Mr. ROGERS: The documents will be found and produced; but I understand that Major Bissonnette—and that is the name used by my right hon. friend—was said to have given that permission.

Mr. BENNETT: Exactly, and he is not available; but that is not what the record shows.

Mr. ROGERS: What remains, then, of this statement by my right hon. friend that this garage was built with public property? Was it correct or not?

Mr. BENNETT: Correct to this extent, that I read, as I had authority to read, of this truck that went from Navy bay, where stone was quarried at the expense of the Canadian people, with machinery paid for by the Canadian people, down to where its contents were dumped into that building. The streets were described, and the number of the truck was taken by the officer in charge at the military college, who reported it to his superiors who telephoned Stansbury and stopped it. He did not make any suggestion then that he had authority from anybody.

Mr. ROGERS: All that appears in the statement I made in this house on Friday, with specific reference to the fact that this crushed stone had been laid upon the roadway leading to the garage; but my right hon. friend said that this was a garage built with public property. The statement was absolutely incorrect, and I think the right hon. leader of the opposition ought to retract it here and now.

I come to the next statement, in regard to the Frid Construction Company having removed certain crushed stone from the quarry to another building, the Crain building, which was being constructed by the same company at Queen's university.

Mr. BENNETT: No; cement.

Mr. ROGERS: My hon. friend referred to rubble-stone as well. I have a report here to the quartermaster-general, and I place it on Hansard here and now, because I think the sooner these matters are dealt with the better:

1. Reference the matter of disposal of stone from departmental property at Royal Military College and at Barriefield. The only information available on file is as follows: (a) In May of 1937 a request was received from the Kingston tennis club for a few loads of waste material from the rock crushing plant at Barriefield. This request was refused as all of the material was required for roads in R.M.C. grounds. (b) In July, 1937, a request was received through military district No. 3 for the use of waste stone from the Barriefield quarry, to be used for wall facing on a building at Queen's university. This application was approved on the understanding that the Frid Construction Company would pay 20 cents per cubic yard for an approximate amount of 200 cubic yards of stone.

In other words, that was done with the full permission of the Department of National Defence, and was a commercial transaction.

Mr. BENNETT: Had the stone been moved at that time?

Mr. ROGERS: I am reading from the report as I have it here. Most certainly the transaction was one which was agreed to by the Department of National Defence, and was not a case of the Frid Construction Company transferring to the Crain building at Queen's material that ought to have been used elsewhere.

Mr. SLAGHT: No false record in that.

Mr. ROGERS: I continue:

(c) An application was received in September, 1937, from Mr. Harry McLean, Kingston, for the purchase of 1,500 cubic yards of waste rock from Barriefield quarry at 5 cents per cubic yard, for crushing purposes. This was duly approved, subject only to the provision that it did not interfere with the supply of waste rock from the same quarry to a contractor who was at that time making a rock fill for the department at Tete de Pont barracks. Protests were received from persons in Kingston against the sale of rock to Mr. McLean with the result that Mr. McLean was ordered to take his crushing plant out of the quarry, but that he would be permitted to remove the balance of the 1,500 cubic yards. Mr. McLean then rented his crushing plant

to the Frid Construction Company, who used it for crushing rock for their Fort Henry work.

(d) I can find no trace of a report from the commandant, Royal Military College in connection with rock or stone removal, and as the quarry at Barriefield was under the control of the D.O.C., M.D. 3, it is unlikely that the commandant would have submitted any such report.

(e) There is no report from the D.O.C., M.D. 3 on any other matter in this connection than as above stated.

This is signed by E. Schmidlin, Colonel, D.E.S. That is an official report from the Department of National Defence with respect to another matter raised by the leader of the opposition, namely the transfer of rubble rock from this quarry to the Crain building, the inference being that the Frid Construction Company had done it for some sinister purpose, and that the public interest had been jeopardized thereby.

I come now to another matter with which I dealt the other day, but with which I think I shall deal again at this time, namely, cement. The leader of the opposition has referred to the matter at some length. I have in my hand a telegram from the Frid Construction Company which sets out the entire transaction. It is, as I stated originally, a transaction which is common among contractors who have a number of jobs in the same area. It was done with the consent of the provincial authorities. I wish to place this statement on Hansard:

Confirming our statement re cement on our work Kingston. From our car shipped to Crain building Kingston May 29th/37 we took 350 bags to Fort Henry. When government car CN 412639 arrived we returned the 350 bags borrowed from Crain building car. During construction work at Fort Henry in order to keep work going borrowed cement in similar way from Drurys and Daltons supply houses. When government cars arrived returned borrowed cement from cars. On June 25th/37 arranged with government authorities to borrow from Fort Henry balance of cement required to complete Crain building in small quantities. The dates and quantities taken are shown on list sent you. We completed Crain building November 1st/37 and on same date returned 1,000 bags in car load quantity to Fort Henry. The balance 750 bags car load returned when Fort could handle same January 24th—

Mr. BENNETT: January 24, 1938?

Mr. ROGERS:

—both cars we purchased from Drury Supply Company.

This is signed by the Frid Construction Company. The list of cement loaned from the Fort Henry project to the Frid Construction Company is as follows:

Date	Bags
June 28	60
June 29	150
July 2	60
July 7	60
July 20	150
July 21	150
July 31	130
August 4	250
August 27	70
September 1	100
September 2	200
September 9	180
September 15	225
September 16	100
September 20	60
	1,945

That was a list kept by the Frid Construction Company of the cement which was loaned in this way.

Mr. BENNETT: Loaned from where to where?

Mr. ROGERS: From Fort Henry to the Crain building, and some of it the other way. The Frid Construction Company happened to have two contracts in the same area at the same time. The leader of the opposition certainly intended to convey the impression that the Frid Construction Company was defrauding the government, and that the dominion government, inasmuch as it was contributing to this particular project, had suffered accordingly.

This information certainly denies any sinister character in that transaction. The accounts, I may say further, are all submitted through the provincial government, and are audited by the representative of the comptroller of the treasury before the dominion government recognizes any financial responsibility at all therefor. But the transaction as set out here is one which certainly, on the face of it, appears to be, and in my opinion is, an entirely honest transaction. I am advised that arrangements of this kind are by no means unusual with respect to contractors having a number of jobs in the same district. At all events it is clear beyond question that the cement which was loaned was fully returned. The Frid Construction Company is certainly a firm which enjoys the highest reputation. I have never for a moment at any time heard any suggestion to the contrary.

I come now to another statement made by the leader of the opposition. I am disposing of these, one by one. Another statement was to the effect that in the disposal of the equipment from the relief camps there had been some evidence of malfeasance, or evidence that the public interest had not been well served. The other day the Minister

of National Defence dealt specifically with all the equipment that had been disposed of from camps 42 and 37, when those camps were closed. The equipment was disposed of by the salvage officer of the dominion government, and was disposed of in no other way. As a matter of fact, a very small amount of the equipment was actually sold. Certainly the report effectively disposes of any suggestion that there was anything out of the way in the transaction connected with the disposal of that equipment.

Mr. BENNETT: Horses were not mentioned by the minister.

Mr. ROGERS: The minister made a complete statement as to the equipment disposed of. Any other equipment of the relief camps is still on storage in the district. There is a further reference to this strange and mysterious fire which occurred one night. There again the statement by the Minister of National Defence is complete and conclusive. An investigation was made by the Department of National Defence, and it was found that no blame attached to anyone who had any connection whatsoever with the equipment which was disposed of in the manner set out in the report made by the Minister of National Defence.

We now come to the question of white lead. I believe there was mention of twenty-five containers of white lead. With the best will in the world I have been unable to discover as yet where this white lead was originally located when, as the leader of the opposition states, it was removed. I wish he would tell me now where it was located. He said originally it was at Fort Henry. My information is that there has never been more than two twenty-five pound cans of white lead in Fort Henry at any time. That is sufficient for their purposes. Yet my right hon. friend stated that this amount of white lead was taken from Fort Henry. Will he tell me now where the white lead was originally?

Mr. BENNETT: That is what I am trying to find out.

Mr. ROGERS: But the leader of the opposition is supposed to be making an allegation.

Mr. BENNETT: I inquired what had happened to the twenty-five cartons of white lead that disappeared.

Mr. ROGERS: Where were they located originally? I have inquired from the Frid Construction Company and—

Mr. BENNETT: They were at Fort Henry.

Mr. ROGERS: —I have inquired from the Department of National Defence, who have no information at all with respect to the matter. All I ask the leader of the opposition with respect to the white lead is that he provide me with more information, and I will make an investigation. I have not withheld a single document in connection with the whole matter. I have from time to time tried to deal with these complaints as they have arisen. But the pity of it all is that the leader of the opposition in this case is willing to accept evidence which I suggest, as a barrister he would not submit to a justice of the peace.

Mr. SLAGHT: Do not call it evidence, please.

Mr. ROGERS: "Evidence" is really not the word for it. When you take what is left of these vague allegations made by the leader of the opposition, what you have in effect is this: Mr. Stansbury was applied to by a returned soldier for assistance in getting employment; Mr. Stansbury gave him a letter, but he was told by the foreman on the job that he could not secure a position because he was a Conservative. I believe Mr. Stansbury acted in entire good faith in that matter. We have also had certain charges made against the director of the employment office in Kingston. On Saturday morning I instructed the director of the employment service that the charges made by the leader of the opposition should be brought at once to the attention of the superintendent of the employment service of Ontario for such investigation as was required.

Mr. BENNETT: They have been made for some time.

Mr. ROGERS: It is entirely a matter for the superintendent of the employment service of Ontario to take whatever measures appear to be required as a result of his investigation. There has been no interference on my part with the administration of that employment service.

Mr. BENNETT: I did not suggest that there had been. I suggested there had been local interference in Kingston.

Mr. ROGERS: I have gone over the statements of the leader of the opposition most carefully, and on Friday and to-day I have given to the committee such information as I suggest disposes of at least ninety-five per cent of the allegations made. So far as the others are concerned, I shall certainly investigate them with the least possible delay. May I say that if any member of this committee

has reason to have a personal grievance against another, I have reason to have a grievance against my right hon. friend. Six weeks ago he made his first charge. He says he did not mention me as being personally responsible in the matter, but my right hon. friend has it in his power as leader of the opposition —he is assumed to speak only with a full sense of responsibility—to create newspaper headlines, and he did. Newspaper headlines were published throughout this country on at least four separate occasions suggesting corruption and debauchery in the constituency of Kingston.

Mr. BENNETT: Who suggested that?

Mr. ROGERS: My right hon. friend suggested that. Not only that, but time and time again it has been stated that the leader of the opposition was making an attack upon the Minister of Labour because of these conditions which were alleged to exist. As I have said, this has gone on over a period of six weeks, and it was not until Friday that the leader of the opposition rose in his place and said that he absolved me from any personal connection whatever with the charges.

Mr. BENNETT: I said that at the very beginning.

Mr. ROGERS: My right hon. friend did not say that.

Mr. BENNETT: Yes, I did.

Mr. ROGERS: My right hon. friend certainly did not succeed in convincing those who send out the press reports that I was entirely absolved in the matter. I suggest to him that what he really did was to apply what might be termed the slow poison of defamation over a period of six weeks. At the close of that time, to use the words of the hon. member for Queens-Lunenburg (Mr. Kinley), he bestows upon me the kiss of high regard. I suggest that the leader of the opposition would have been far better advised if, when he received these pieces of information, he had brought them to my attention to be dealt with in a manner in which I hope he has some reason to believe they would be dealt with—with a full sense of my responsibility as a minister of the crown. Sometimes I am inclined to think my right hon. friend has a dual personality. For his better self—for the public-spirited statesman—I have nothing but the highest respect; but for his other self—for the vindictive partisan—I can only say that I have a mixture of sorrow and contempt. If my right hon. friend is going to deal with these matters from the standpoint of his responsibilities as leader of the opposition, I think it is high time that he alters his manner from that in which he has been dealing with these questions during the past few days.

Mr. BENNETT: I am obliged to the hon. gentleman for his lecture.

An hon. MEMBER: It will not do you any good.

Mr. BENNETT: It will not do me any good; it will be wasted on me, as the hon. gentleman says. The hon. gentleman has been so accustomed to lecturing that he undertakes now to lecture me with respect to my conduct in parliament. For nine years he was around about Ottawa. His great claim to fame is as a biographer of the Prime Minister and as a competent secretary who prepared many speeches to which I listened with great interest and sometimes amusement. I have a duty that is quite as great as that of the hon. gentleman; only I am out of office while he is in office. I was in office once, and he was out of office. When he sought the support of the people of Kingston he undertook to outline a new order of things. The old order was to pass away.

Mr. ROGERS: I said the relief camps would be closed, and they were.

Mr. BENNETT: It is not the relief camps that we are talking about; it is a question of the administration of the affairs of this country. The hon. gentleman found himself placed in charge of the Department of Labour. The relief camps were closed by the federal government and opened by the provincial government in British Columbia.

Mr. ROGERS: On an entirely different basis.

Mr. BENNETT: Quite. Those camps were closed, and to-day we have people asking that the federal camps be reopened. That request is being made by many people who complained bitterly in those days. We now have a public building owned by the people of Canada, by the crown in the right of the dominion, made into the kind of camp which the minister approves. It is true that the camps to which he referred were abolished, but a public post office has now become a camp. We had the spectacle of the acting Postmaster General (Mr. Euler) rising in his place the other evening and telling us about the games the men had on May 24 and the efforts to which they went to clean things up afterwards and leave the property in proper shape. So far as we are concerned, we had the camps closed last year in British Columbia, as the minister promised—he pounded his

desk vigorously and said he closed them up—but we have a camp established in the post office at Vancouver to take care of six or seven hundred people. That is the sort of camp he prefers. But I was dealing with his statements to the electors of this country and he must remember—

Mr. ROGERS: Read them then.

Mr. BENNETT: The Whig-Standard contains a fair report of the hon. member's speeches.

Mr. ROGERS: I am sure my right hon. friend has a file of them and he should read them.

Mr. BENNETT: I have not the file beside me. Like the hon. gentleman, I did not bring all the papers from the library. I do not think it necessary to say more than I said a few evenings ago, namely, that he said he was going to create a new order of things. Much more was expected of him than would be expected of the average man or of the average minister. He was bringing to bear his wide knowledge and vast experience in connection with public affairs in his particular riding. We were not going to have the conditions that existed in days gone by. We were going to have a new order of things. He was the new salvation, and a new earth was to come into being with the election of the hon. gentleman to parliament and his appointment to office. I have been pointing out that the conditions which exist in Kingston are worse to-day than they have been in the past, and that the whole atmosphere was redolent of patronage of the worst possible kind.

Mr. SLAGHT: What about the Manitoba case?

Mr. BENNETT: There will be no difficulty about that, and if all the private and confidential letters sent to the hon. member were put on record here to-day I do not think he would stay here long; that is all.

Mr. SLAGHT: Mr. Chairman, that is too contemptible really to pay much attention to. Because my right hon. friend is caught red-handed in one of the most nefarious patronage deals of which this country has ever heard, he loses his temper.

Mr. BENNETT: I merely repeat my statement, and I say it applies to many more besides the hon. member.

Mr. GARDINER: Repeating it does not make it true.

Mr. BENNETT: And if all the private and confidential papers in respect to the conduct of elections in Saskatchewan were made public here, what would happen? What would happen about the contributions?

Mr. GARDINER: Mine can all be published, but yours cannot.

Mr. BENNETT: I think some people would feel awfully sick if yours were.

Mr. BEAUBIEN: I want to tell the leader of the opposition that that was not a private but a public document belonging to the house when I read from it.

Mr. BENNETT: I was interrupted, Mr. Chairman, and I made my observation in consequence of it, which I think is a fairly true one, as everybody knows who has anything to do with politics in this country.

I stated to the minister that in view of the attack which was made against me personally at the time of the election—I was Hitler, Stalin and Mussolini combined, the Prime Minister said at Kingston, and the building of armouries was the beginning of militarism which the then Prime Minister was creating in this country—that was the position then.

Mr. ROGERS: And what is this, reprisal?

Mr. BENNETT: No; this is the result of what I then determined, that I would ascertain to the extent of my ability just how far this new departure was going to cleanse and purify politics.

Mr. ROGERS: If I might say so, the leader of the opposition might discharge his informants for inefficiency.

Mr. BENNETT: The minister perhaps will think that quite in keeping with his general reputation for cleverness, but it has nothing to do with the issue.

Mr. ROGERS: It has a great deal to do with it.

Mr. BENNETT: The issue is this: The minister was to create this new condition at Kingston, and I said, and I repeat, that Kingston has been a very difficult place for a very long number of years. The first year I came to this house was in 1911; I was in parliament from 1911 to 1917, and during that time the then Conservative member for Kingston, Mr. Nickle, was complaining of certain things that had been done in connection with the penitentiary. That was going on, and there were questions of patronage with respect to every other department; there was the question of the guards, and whether the regulations had been carried out; and then the civil service came into the matter. That was all going on during that period. I came back to the house in 1926; from then

until the present time I have been a member of the house, and from 1926 to 1935 to my knowledge there was always trouble about Kingston. When the hon. gentleman, now Minister of Labour, made his excellent declaration of public policy as to the preservation of our institutions and of democracy itself, I wanted to see whether his actions would be in keeping with what was done in the country to the south where, when President Wilson left the president's chair and became governor of New Jersey, he had to fight the machine in order to vindicate the position he had taken before he went into politics, and I was curious to see whether the Minister of Labour would be able to resist the pressure of Kingston as expressed in the Liberal party machine.

Mr. ROGERS: There is no Liberal party machine there. The Liberal party was out of power there for thirty years.

Mr. BENNETT: I say that is what I wished to ascertain. It was not a question of reprisals or of vindictiveness, but a question of whether there was strength to resist and destroy or whether he would succumb and attorn, and the minister attorned to the party machine and succumbed to it.

Mr. ROGERS: That is not true.

Mr. BENNETT: That language is not quite in order.

Mr. ROGERS: But true nevertheless.

Mr. BENNETT: It is not in order but—

Mr. ROGERS: The only time to deny it is when you make the statement.

Mr. BENNETT: The minister might say it is inaccurate. I think that is the way he intended to say it. Now, assuming it is inaccurate, let me put this to him: Why is it that you have on the public records of this country the Minister of National Defence answering questions and pointing out that the president of the Liberal association appointed this man, that man and the other man, with his recommendation? If this condition was prevailing, the machine was still in control. Why was it that Rollands had to go to Stansbury to get a position? Why was it that Stansbury gave him a letter stating that Mr. Shea, who was the magistrate to whom I referred the other day, was ill in hospital? He is one of the heads of the Frontenac Construction Company. Why did you have the conditions you had in the employment office? Why did you have these men in court stating they were being charged with non-support of their wives, and saying: "We cannot get a job."

[Mr. Bennett.]

Mr. ROGERS: One person.

Mr. BENNETT: But it is symptomatic. The minister assumes there is personal vindictiveness towards him, but I assure him that is not the case. He knows that I have for him personally a warm regard, but I say that conditions in Kingston as indicated by the illustrations I have given—and they were not intended to prove—

Mr. ROGERS: What remains of them now?

Mr. BENNETT: Every one remains just as it was. You had first of all men who could not secure positions. What about the positions that men sought for and could not get? What about the men who were convicted and sent to the reformatory and who came back to the job? What about it? These things are not denied. What about the conditions that prevail in that employment office?

Mr. ROGERS: Did I not tell my right hon. friend that that matter is being investigated?

Mr. BENNETT: Quite, but the difficulty I point out to the minister is that it is no good going to him quietly and for him to say he will investigate. Parliament is the place for publicly airing these grievances. It is the place where one may counter the declarations of policy that were made from the hustings. That is what it is for, and no one knows it better than the minister. Then there are the cases with respect to the employment service. These are cases that, quite obviously, are symptomatic of a condition.

We come now to the question whether public moneys have been properly guarded. The minister says that with respect to cement and rubble the consent of the provincial government was given. I ask him, when? I gave him evidence of cement being hauled up to the college building, and I knew perfectly well they would say they had consent. Why did they haul the bags back to Fort Henry?

Mr. ROGERS: My right hon. friend has not given the source of his information in a single instance. I have done so in connection with every one.

Mr. BENNETT: But not under oath any more than the statements I have made. Mine are just as valuable.

Mr. ROGERS: I have the statements from the reports of the officers of the Department of National Defence. Rubble-stone—

Mr. BENNETT: The rubble-stone I was dealing with has not been dealt with there. With respect to cement, there is a carload of cement, and here are the plans and specifications. They supply the cement. It belongs to

the crown in the right of the province. The contractor takes the cement and uses it on a private contract, and he says, "I got consent." When? What is more, everyone knows he should not ask for consent with respect to crown property; and what is more, the count of the paper bags in which cement is put is the evidence that the crown in right of the province has, to use it as a check, when it comes to pay its bills for the job. Those bags were carried from the Crain building to Fort Henry at night.

Mr. ILSLEY: Who says so?

Mr. BENNETT: Who says so? The man who did it.

Mr. ILSLEY: Who is he?

Mr. BENNETT: Drinka was the man in charge.

Mr. ROGERS: Does my right hon. friend want to have the explanation which is given for that?

Mr. BENNETT: I know the explanation that the contractor made; and he says, "This is rot." That is what the minister read the other day.

Mr. ROGERS: The reason is that in the grounds of Queen's university there was not space for storage of the cement, and when the cement was loaned, and taken out of the sacks, the bags were simply returned to the Fort Henry depot to be destroyed.

Mr. BENNETT: Not to be destroyed, to be counted.

Mr. ROGERS: They were counted, yes.

Mr. BENNETT: Exactly. And I ask the minister if he can establish by any testimony that that consent was given until after the discussions took place in Kingston with respect to this.

Mr. ROGERS: My information is, yes.

Mr. BENNETT: Then all I can say is, check it up. What is more, it is just this type of thing which has created the condition that has warranted me in bringing the matter before the committee. Just what condition? These irregularities, this seeing in the community the dragging of cement from the government of Ontario's car of cement to a private contract, and the drawing of the empty bags at night back to Fort Henry—that is not the way in which business is transacted as honest business, and the minister knows he does not approve it.

Mr. ROGERS: I gave a full statement in the matter.

Mr. BENNETT: I beg pardon.

Mr. ROGERS: I gave my right hon. friend a full statement in the matter.

Mr. BENNETT: This is the way in which they dismiss this matter of the paper sacks, that it is "rot." There used to be cloth sacks, jute sacks—

Mr. ROGERS: But I read a telegram.

Mr. BENNETT. The word the minister read the other day was "rot." I suppose it is. Is that the idea? The minister accepts the denial of these people, who are the people concerned, with respect to it all. How does he know who sent the telegram?

Mr. ROGERS: The difference is this. This statement will be audited. The dominion government will not pay a cent unless this statement is correct, but my right hon. friend will receive information from any source whatever without making the slightest effort to corroborate it. That is the difference.

Mr. BENNETT. The hon. gentleman knows that the system with respect to payments was established by the former government, and he has clung to it.

Mr. ROGERS: It has been improved.

Mr. BENNETT: I daresay that experience enables the hon. gentleman to improve it. But there was a pre-audit before the account was paid. First of all, there were three certificates. I am not going into that now except to say there was a pre-audit. But the paper bags were counted at Fort Henry to determine the quantity of cement that went into Fort Henry, and the cement that went into these bags was left over at the Crain building. The minister says, "Here is the statement of the bags they changed, 1,745 bags." And when did they buy back the cement that replaced it?

Mr. ROGERS: Will my right hon. friend permit a question? If the Frid Construction Company had intended to make fraudulent use of this cement, would they have taken a careful count each date of the cement that was so transferred? Does that appear to the leader of the opposition to be logical?

Mr. BENNETT: As a matter of fact, they had that, of course, as they checked them into the Crain building from the car. Of course they did. Where else would they get it? And then, they say, "we returned it and checked it on behalf of the Dominion of Canada."

Mr. ROGERS: But if they had wanted to steal it, as my right hon. friend was suggesting—

Mr. BENNETT: I did not suggest that.

Mr. ROGERS: —they would not have kept count of it.

Mr. BENNETT: Does the minister approve this way of doing business? That is the issue. That is the short way to put it.

Mr. ROGERS: That is not the short way to put it.

Mr. BENNETT: That is satisfactory to me; if he says he approves it, that is all I want.

Mr. ROGERS: I have already told my right hon. friend that with respect to any financial responsibility of the dominion we act on accounts approved by the department. If this is a correct transaction, it will be approved, otherwise no. But it is a correct transaction according to our records so far.

Mr. BENNETT: That is not the issue. Does the minister give the high sanction of his approval to that method of doing business?

Mr. ROGERS: My answer at once is that, according to the evidence I have at this time, which I am prepared to investigate further, but which does not appear to require anything further at this point, I would say that there had been no loss involved in this transaction. As to whether this is a practice among contractors, I am not a contractor myself and I cannot say; but my information is that this cement was taken from one job to another, both jobs being done by the same contractor, and that it is not at all unusual for contractors to make loans and replacements of that kind. That is the information which comes to me.

Mr. BENNETT: And nobody questions that in connection with an ordinary transaction. But this is a case in which, as I read from the specification, the cement belonged to the crown and was supplied to the contractor; it was not the contractor's cement; it was not his to deal with.

Mr. ROGERS: When he took delivery.

Mr. BENNETT: No; he did not take delivery for himself; he took delivery to work it into that property at Fort Henry. I ask, does the minister give the sanction of his approval to that method of transacting public business?

[Mr. Bennett.]

Mr. GRAY: The contractor must surely have been charged with it when he took delivery?

Mr. BENNETT: The contractor was charged with a carload of cement.

Mr. GRAY: When he took delivery.

Mr. BENNETT: Delivery on the siding at Kingston; and it is so written in the specification, that they will supply the cement, and the cement is supplied. Then this man trades it off by hauling it to another job that he has. What have we as to the accuracy of the statement that he has made as to these bags, and when were replacements made? The minister gave the dates. When were the replacements made? In November. And when were deliveries made? I only point out that this is not a proper way of doing business; that is all.

Mr. ROGERS: My right hon. friend said more than that. He said it was dishonest.

Mr. BENNETT: I say it is a dishonest way of doing business. I say this is a dishonest way of doing public business.

Mr. ROGERS: Whether it is a proper way of doing public business is another question, but certainly it is not dishonest.

Mr. BENNETT: I say it is a dishonest way of doing public business, and I do not believe the minister will rise in his place and give his approval to that way of doing business.

Mr. ROGERS: I will say that certainly it is not dishonest. Whether or not it is improper is a question, I would say, which should be determined on the basis of what is the practice of contractors. I would say that certainly they should have had and in all probability did have the consent of the provincial authorities to make that transfer.

Mr. BENNETT: The hon. member for Parry Sound will admit that unless the consent was given antecedent to the change, it is theft under the criminal code; for it is fraudulent conversion.

Mr. SLAGHT: Since I have been invited to express myself, my right hon. friend should know, and I am sure he does, that it must be without colour of right; that is, with an evil mind.

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

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS

Bill No. 147, for the relief of Frank Roy Hedges.—Mr. Emmerson.

Bill No. 148, for the relief of Jessie Fields Chambers Henry.—Mr. Emmerson.

Bill No. 149, for the relief of Marguerite Oldham Jamieson Macdonald.—Mr. Emmerson.

Bill No. 150, for the relief of Ida Hillman Livermore Woodall.—Mr. Emmerson.

Bill No. 151, for the relief of Gabrielle Rachel Cécile Pélissier de Kermeno de Gouzillon.—Mr. Emmerson.

Bill No. 152, for the relief of Millicent Barbeau Edmondson.—Mr. Emmerson.

Bill No. 153, for the relief of Theodore Charles Grothé.—Mr. Donnelly.

DIVORCE AND MATRIMONIAL CAUSES

PROVISIONS FOR WIDENING OF CAUSES FOR DIVORCE IN CASES BEFORE COURTS

Mr. J. S. WOODSWORTH (Winnipeg North Centre) moved the second reading of Bill No. 119, respecting divorce and matrimonial causes.

He said: As the house will recognize, this is a senate bill. It came over to this house and remained on the order paper for several days, and, I take it, would have been dropped had I not sponsored it.

An hon. MEMBER: Let it drop.

Mr. WOODSWORTH: No. I have taken it up because I believe it is highly desirable legislation. I could have wished that someone else had undertaken to pilot it through the house. However, it seemed that no one else was willing to do this, so I felt it was my responsibility because I believe this legislation should pass. Personally I have no very special interest in divorce as such. Several years ago I sponsored a bill providing for the setting up of divorce courts in Ontario. I did so simply because as one member of the house I was utterly weary of going through the performance that we do go through in passing divorce bills. Every hon. member I think recognizes the procedure: The bill is introduced in the senate; the case is investigated by a senate committee, which perhaps is not strictly in the nature of a court—members coming in and going out again in the course of the hearing—and after that it comes to us. We have a private bills committee which gives scant attention to these cases, unless, indeed, there is some special lobby, and then we may consider the case to a certain extent. But we rarely have witnesses before us; as a rule we rely almost entirely on the printed evidence as it comes to us from the senate committee. Then, when the bills come over to this house, they are frequently passed, as they were to-night, en bloc. None of us, I fancy, knows anything as to the merits of the bills which we passed a few minutes ago. None of us knows anything much about them. We give them readings in this house, first, second and third, in a purely formal way. That procedure is not at all satisfactory. Indeed, I agree very largely with what was said the other day by the hon. member for Témiscouata (Mr. Pouliot) to the effect that it is rather a scandalous procedure.

The trouble a few years ago was that we were getting large numbers of divorce cases from Ontario; indeed, it had become an open scandal, and it was for that reason that I sponsored the bill which had come from the senate providing for the setting up of a divorce court for Ontario. I believe that is the right way to handle the question of divorce. That bill did not include Quebec because of the very strong feeling against divorce which prevails in a certain section of that province. However, I think a majority of hon. members in this house will agree that the setting up of a divorce court for Ontario was the right thing to do. Certainly by this time this house would have been deluged with literally hundreds of cases, to which it could have given very little attention.

This new measure has been, as it were, laid at my door.

Mr. LAPOINTE (Quebec East): As my hon. friend knows, the legislation in respect to Ontario has multiplied the number of divorces in that province ten times.

Mr. WOODSWORTH: Perhaps it has. But let me point out to my right hon. friend that before that legislation was enacted it took a considerable amount of money to see a divorce case through parliament. Therefore only people who had money to spend to come to Ottawa and to employ lawyers could secure a divorce. My idea of justice is that it ought to be just as possible for poor people as for wealthy people to secure relief; and if people at Windsor or Niagara Falls or anywhere found it impossible to secure divorce solely for the reason that they could not come to Ottawa and employ lawyers, I think it is right that courts should be established within their reach.

Mr. CHEVRIER: The condition is no better to-day in the courts so far as fees go than it was when divorces came before parliament.

Mr. WOODSWORTH: I do not see how it can be worse! I do not want anyone to state here that I am out to break up the home. I am just as anxious to preserve the home as any hon. member in this house. This measure deals only with cases in which a home is already broken. Further, I do not want anyone to say that I desire to encourage immorality. I firmly believe that this measure, if carried, will save many from temptation to immorality. Perhaps I may be permitted to say that I speak as a child of a happy home. I speak as the father and husband in a happy family. I am supported in this measure which I am advocating by a large number of people of the very highest character. Hence I hope that, whatever the nature of the debate that may follow upon the introduction of this bill, no one will begin to sling mud and suggest that there are any other than the highest motives on the part of those who favour this bill.

I speak also as a social worker who knows something of the broken homes, and would seek if possible to save something from the wreckage.

To adultery as a ground for divorce this bill would add desertion, cruelty and insanity. The bill is an adaptation of the act passed in the British House of Commons in 1937. The British act was passed on the report of a royal commission of 1912. The majority of the royal commission laid down the principle that marriage ought to be dissoluble upon any grounds which frustrated what by universal admission were the fundamental purposes of marriage. I pause to repeat that statement, because it is a rather far-reaching principle.

Mr. BENNETT: It is the basis of the bill.

Mr. WOODSWORTH: It is the fundamental principle of the report of the royal commission, and the basis of the English bill. There are, of course, some who think that marriage can never be dissolved. I am not speaking to that group at the moment. But I am speaking of a situation which exists where divorce is recognized. The idea behind the report of the English commission was that when the very purposes of marriage were frustrated, a divorce was the best possible solution. Let me read that principle again: Marriage ought to be dissoluble upon any grounds which frustrated what by universal admission were the fundamental purposes of marriage. The preamble to the English act puts its purpose very clearly:

> Whereas it is expedient for the true support of marriage, the protection of children, the removal of hardship, the reduction of illicit unions and unseemly litigation, the relief of conscience among the clergy, and the restoration of due respect for the law, that the acts relating to marriage and divorce be amended.

Then follows the bill. In introducing the measure Colonel Herbert said the bill was to prevent perjury, immorality and collusion, and I am afraid we have had all these evils existing under our mode of procedure here in this parliament. I am not prepared to say to what extent they exist in the courts.

An hon. MEMBER: And they will continue to exist under this bill.

Mr. WOODSWORTH: Well, my hon. friend expresses an opinion, to which of course he is entitled; but that was not the opinion, for instance, of that very representative commission in Great Britain, nor was it the opinion of the majority in the British houses of parliament.

I want to emphasize, Mr. Speaker, that the constitutionality of the bill was carefuly considered in the senate, whose counsel showed that there was no doubt as to its constitutionality. So I do not think we need pause to-night to discuss that question.

Again let me point out, as is done in the explanatory notes, that the only courts in Canada to which this bill applies are those which now have jurisdiction to decree divorce. We are not setting up any new courts; we are not instituting any new procedure. We are simply dealing with the grounds of divorce in the courts which now have jurisdiction.

The bill deals with divorce, judicial separation, avoidance and alimony, of which, of course, divorce is the most important section. The grounds for divorce are enumerated in section 6:

> A petition for divorce may be presented either by the husband or the wife to, and it may be entertained by, the court, on the ground that the respondent:
>
> (a) has since the celebration of the marriage committed adultery; or
>
> (b) has deserted the petitioner without cause for a period of at least six years immediately preceding the presentation of the petition; or
>
> (c) has since the celebration of the marriage treated the petitioner with cruelty; or
>
> (d) is incurably of unsound mind and has been continuously under care and treatment for a period of at least five years immediately preceding the presentation of the petition.

The first ground, of course, has long been recognized; that is adultery, and I do not

intend to enter into a discussion of that ground. The second ground is desertion for six years, which really means seven years before the case can be tried. It has sometimes been charged that the effect of a bill of this kind would be to introduce trial marriage. I do not think anyone can seriously contend that such would be the case. It is only after desertion for seven years that action can be secured. Let me further point out a fact that was new to me. In preparing to present this bill I was reading the Life and Letters of Lord Birkenhead, and I found that since 1573 desertion has been a ground for divorce in Scotland. I do not think anyone can contend that immorality has been more rife in Scotland than elsewhere; that more homes have been broken up in that country, or that there have been any specially injurious results. Yet desertion, a new ground for divorce as far as England was concerned, and as far as this country is concerned, actually has been a ground for divorce in Scotland since 1573.

Mr. HANSELL: Desertion for what period?

Mr. WOODSWORTH: I could not say; I did not look that up.

Mr. REID: It is very seldom used.

Mr. WOODSWORTH: I could not say as to that; but that has been the law, and there is no special reason why it should be used more frequently outside Scotland, except possibly the fact that in this modern day people are travelling about more than they once did.

The third ground is cruelty. Again let me say that some people have become quite frivolous in their explanations as to what constitutes cruelty. I think we need not pay much attention to such objections, because cruelty is defined in the English law in the case of Russell v. Russell,—1897 Appeal Cases, page 395, as follows:

> Legal cruelty was conduct of such a character as to cause danger to life and limb or health, bodily or mentally, or such as to give rise to a reasonable apprehension of such danger.

It is only that class of cruelty which can be alleged as a ground for divorce, and that is incorporated in the definitions contained in the bill.

The fourth ground is that a person is of unsound mind. I recognize that possibly there may be some little hesitancy with regard to this, because we all know that some remarkable mental cures are being effected. Yet here it should be noted that it is provided that the patient must have been continuously under care and treatment for a period of at least five years.

I am going to ask the indulgence of the house while I read a paragraph or two from a brilliant speech delivered by Lord Birkenhead on March 24, 1920, during the debate on the matrimonial causes bill. He said:

> I, my lords, can only express my amazement that men of saintly lives, men of affairs, men whose opinions and experience we respect, should have concentrated upon adultery as the one circumstance which ought to afford relief from the marriage tie. Adultery is a breach of the carnal obligations of marriage. Insistence upon the duties of continence and chastity is important; it is vital to society. But I have always taken the view that that aspect of marriage was exaggerated and somewhat crudely exaggerated in the marriage service. I am concerned to-day to make this point by which I will stand or fall, that the moral and spiritual sides of marriage are incomparably more important than the physical side. . . . If you think of all that marriage means to most of us—the memories of the world's adventure faced together in youth so heedlessly and yet so confidently, the tender comradeship, the sweet association of parenthood, how much more these count than that bond which nature in its ingenious telepathy has contrived to secure and render agreeable, the perpetuation of the species.

And again, in discussing the special case of desertion, particularly as it affects the woman, Lord Birkenhead said:

> What is the remedy open to a poor woman who, when she married, gave up the pitiful pursuit by which she made her living until her marriage, and, relying on the marriage, is left penniless, and is left for the whole of her life unable to identify her husband, unable to obtain the slightest relief from the law? She is neither wife nor widow; she has a cold hearthstone; she has fatherless children for the rest of her life. . . .
>
> In the cases which have come to me within the last fortnight, if I had time to deal with them I could give your Lordships particulars which would bring tears to your eyes. What is a young woman of 22 to do who is, for the rest of her life, with no hope of alleviating the future, with a fugitive husband whom she can never identify, while the law says to her plainly, finally and brutally: "We will do nothing for you." It is said, "You have open to you judicial separation." Choosing my words advisedly and being prepared with chapter and verse of a hundred cases even at a date when the royal commission reported, and in a thousand cases since,. I say that I can prove that this state of judicial separation—admittedly the only alternative—is a hot-bed of vice.
>
> We are told that such a woman as I have described is to remain chaste. I have only to observe that for two thousand years human nature has resisted, in the warmth of youth, these cold admonitions of the cloisters, that I do not believe that the Supreme Being has set a standard which two thousand years of Christian experience has shown that human nature in its exuberant prime cannot support.

And one other paragraph also dealing with the question of desertion. This is from Viscount Dawson of Penn:

Passing to clause 2, surely there can be nothing but praise, alike on grounds of logic and humanity, for the granting of divorce for desertion and cruelty. They both frustrate the purposes for which marriage exists. If they exist over years they destroy a marriage and that marriage is not worth preserving. The yielding to a chance physical temptation is as naught compared with the cold calculation of desertion or with a cruelty going on through the years, which can convert a home into a chamber of torments. In my judgment the community has no right to inflict on any human being the continued torture of such a home for any cause whatever.

Since it became known that I had put my name to this bill I have received various letters from people who have told of the desperate straits in which they have been placed, or have urged that some relief be given. I shall quote a sentence or two from the very plain letters of very plain people. Here is a letter from a woman who many years ago had a separation from her husband because of cruelty and non-support. He was a confirmed drunkard. The woman was given custody of the six children, the youngest of whom was only a few months old. All the children are now married. For twenty years the woman has not heard from her husband. She writes:

I am alone now and I have a chance to marry a very good man who would give me a comfortable home, and we would be company for each other in our old age.

I ask the house why she should not be permitted to marry again.

Here is the case of another woman, also elderly, whose husband had given up a position and a salary of $5,000 a year. He had allowed all insurance policies to lapse after he had borrowed their full value, and had walked out, leaving his wife and three children penniless. The woman says that she believes she is entitled to a divorce from a man who has treated his wife and children shamefully, and for whom she has neither respect nor liking. She states:

My love died years ago for repeated and various forms of neglect.

Members of the House of Commons, I suggest, ought to try to get away from the involved legal and theological ideas with which we complicate the discussion of this subject. We should come to consider some of the extremely practical cases in actual life which face us at the present time.

Sections 12 and 13 of the bill deal with nullity. I need scarcely direct attention to the difference between nullity and divorce. Section 12 specifies these grounds for a decree of nullity:

(a) that the marriage has not been consummated owing to the wilful refusal of the respondent to consummate it; or

(b) that either party to the marriage was at the time of the marriage either of unsound mind or a mental defective within the meaning of any statute in force in the province of the court concerned or subject to recurrent fits of insanity or epilepsy; or

(c) that the respondent was at the time of the marriage suffering from venereal disease of a communicable form; or

(d) that the respondent was at the time of the marriage pregnant by some person other than the petitioner.

I need not at the moment go into the other details of the bill which undoubtedly will come to the attention of the house when we reach the committee stage. I think, however, I have presented in as concise form as possible the principles underlying the measure.

I recognize that according to certain theological doctrines marriage is indissoluble. That is a theory which, if consistently held, is worthy of respect, and undoubtedly may retain a very strong hold on people belonging to certain religious faiths. But let me point out that divorce is recognized in this country. Let me point out further that there are divorce courts in nearly every province of the dominion. All this bill attempts to do is to place divorce on a more reasonable basis. My hon. friends who do not agree in principle must remember that in Canada we must work out some sort of modus vivendi.

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

Mr. WOODSWORTH: It is perhaps entirely unnecessary for me to point out that majorities as well as minorities in this country have certain rights. Further, it is perhaps hardly necessary that I should point out that the state cannot allow itself to become a policeman to enforce certain religious beliefs or practices. Let me point out that no one needs to take advantage of the existing legislation or of the proposed legislation. That is an entirely voluntary matter.

Further—and I trust that this will be kept in mind—the bill directly affects only those provinces in which divorce is already recognized. May I repeat that, as my closing appeal. I would urge that it be kept in mind by all hon. members that the bill directly affects only those provinces in which divorce is already recognized. I believe that recognition of this might considerably shorten the debate.

Mr. BENNETT: And provinces in which divorce is dealt with by the courts.

Mr. WOODSWORTH: Yes, those provinces in which divorce is already recognized, and dealt with by the courts. I thank the right hon. the leader of the opposition for the additional words.

I believe there is nothing further I can usefully add at this time. I hope that this bill, which has been very carefully considered by the senate, and amended in some important respects, will receive equally careful consideration from this house.

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, I congratulate the hon. member for Winnipeg North Centre (Mr. Woodsworth) upon the splendid speech he has made in support of this bill. What a speech he could have made had he been on the other side! It was easy to see that he was not speaking with the same fire and conviction he would have displayed if he had been dealing with the question of unemployment. I rise to move:

That this bill be not now read a second time, but this day six months.

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

YEAS

Messrs:

Barry
Beaubien
Bertrand (Prescott)
Bertrand (Laurier)
Blair
Blanchette
Bonnier
Boulanger
Bradette
Cameron
Chevrier
Clark (York-Sunbury)
Cleaver
Crerar
Denis
Douglas (Queens)
Dubois
Duffus
Dunning
Dupuis
Dussault
Evans
Fafard
Farquhar
Ferland
Ferron
Fleming
Fontaine
Fournier (Maisonneuve-Rosemount)
Francœur
Furniss
Gardiner
Girouard
Gladstone
Glen
Golding
Grant
Gray
Hartigan
Héon
Howden
Hurtubise
Jean
King, Mackenzie
Kirk
Lalonde
Lapointe (Matapedia-Matane)
Lapointe (Quebec East)
Leader
Leclerc
Leduc
Little
McCallum
McCann
McCuaig
McDonald (Pontiac)
McDonald (Souris)
McIntosh
McIvor
McKenzie (Lambton-Kent)
MacKenzie (Neepawa)
MacKinnon (Edmonton West)
McLarty
MacLean (Cape Breton-North Victoria)
McLean (Simcoe East)
McNevin (Victoria, Ont.)
McPhee
MacRae
Mallette
Maybank
Michaud
Mullins
Mutch
Parent (Terrebonne)
Patterson
Pinard
Pottier
Pouliot
Purdy
Reid
Rennie
Rhéaume
Rickard
Rinfret
Robichaud
Ross (Middlesex East)
St-Père
Sanderson
Streight
Sylvestre
Taylor (Norfolk)
Telford
Thauvette
Tucker
Turgeon
Veniot
Walsh
Warren
Weir
Wermenlinger
Winkler
Wood—102.

NAYS

Messrs:

Anderson
Baker
Barber
Bennett
Blackmore
Bothwell
Brooks
Casselman
Clarke (Rosedale)
Donnelly
Douglas (Weyburn)
Esling
Factor
Fair
Graydon
Green
Harris
Hill
Hyndman
Ilsley
Isnor
Jaques
Kennedy
Lawson
Lennard
Lockhart
McGregor
MacInnis
McLean (Melfort)
MacNeil
McNiven (Regina City)
MacNicol
Marsh
Marshall
Massey
Mitchell
Needham
Neill
Perley
Poole
Quelch
Ross (St. Paul's)
Ross (Moose Jaw)
Rowe (Athabaska)
Spence
Stewart
Stirling
Taylor (Nanaimo)
Thompson
Thorson
Tustin
Ward
Woodsworth—53.

CRIMINAL CODE

AMENDMENT TO PERMIT SWEEPSTAKES ORGANIZED BY PROVINCES FOR BENEFIT OF UNIVERSITIES OR HOSPITALS

The house resumed from Tuesday, June 7, consideration of the motion of Mr. Bertrand (Laurier) for the second reading of Bill No. 28, to amend the criminal code.

Mr. SPEAKER: When this bill last came up, a point of order was raised by the hon. member for Fraser Valley (Mr. Barber), and I now proceed to render my decision upon it.

Bill No. 28, an act to amend the criminal code, was introduced and read the first time on February 24, 1938. It did not then contain explanatory notes as required under the regulations adopted in June, 1923, but the

bill itself was not in imperfect shape. Standing order 70 which prohibits introduction of an imperfect bill was passed on December 20, 1867, long before the adoption of the regulations in respect of explanatory notes on the right hand page. This standing order was probably directed against the introduction of blank bills as often happened in early days. The explanatory notes do not form part of the bill proper and they do not have to be approved by the house. They are only given as reasons for the text and to facilitate discussion.

On May 11 Mr. Bertrand (Laurier), sponsor of this bill, and the only member who had until then spoken to the second reading, asked the law clerks to have it reprinted with explanatory notes in pursuance of my decision on the previous day. He did so under standing order 86, which provides that it shall be the duty of the joint law clerks of the house to assist members of the house in drafting legislation and to revise, print and put notes upon all bills.

The reprint was fully distributed amongst the members of the house on May 13 before debate resumed, so that the regulation of June, 1923, which had been ignored prior to the first reading, was then duly observed. None of the members suffered any prejudice as the bill has been in their hands now for a month and debate has already taken place thereon during four sittings of the house, namely, on May 13, 20 and 31, and June 7.

The practice followed in connection with several government measures and Bill No. 11 which were reprinted with explanatory notes between first and second reading pursuant to my decision of May 10, must also apply in this case. As long as a defect of this nature is corrected before other members than the sponsor have spoken in the debate on the second reading, the rule is sufficiently observed and the bill is in order.

The explanatory notes are of minor importance in this case, but it is necessary to give a decision which will be followed in future.

I therefore rule that the house may proceed with the debate on the second reading of this bill.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I cannot give a silent vote on this bill, and I propose to give the reasons why I oppose it. I shall endeavour to be brief.

The criminal code of this country, rightly or wrongly, has declared against gambling and lotteries. That represents a crystallized public opinion. That opinion has prevailed for many years; it is the law of Canada. There are exceptions to that provision. This seeks to extend the exceptions so that lotteries may be held with respect to hospitals and educational institutions. The simple, single question is, is there any warrant for thus interfering with this exception to the generally accepted law of Canada?

Lotteries and gaming are nothing new. They have been before the world for centuries; in fact, games of chance go back to very early days indeed. But the settled experience of mankind has been that they are detrimental alike to the nation and the individual. That is the finding of the world in the light of all these years. Every now and then a nation sets up a commission to investigate, and without exception commissions have found against the continuance of lotteries or gaming. George Washington in one of his letters points out that gaming is framed in avarice, and other great men have pointed out that the effects of it are destructive of the vital character of a people. This is not a question of what my view may be; it is the verdict of the experience of centuries, and that experience is embodied in the criminal code of Canada.

It is suggested that through gambling or lotteries we can make it easy to increase the funds of hospitals. That argument has been adduced in many countries before commissions which have sat upon this question, and for a time, it would seem, the funds have been swollen by the contributions thus received. But in course of time this source of revenue dries up; men and women who were once willing to contribute to charitable objects are no longer inclined to do so; and in the end, it has been found, the state of that community from the standpoint of either hospitals or learning is worse than before it began. Consider the South Sea Bubble, the Great Mississippi question, the Louisiana Lottery; examine these and other similar ventures in the light of what I have said; without a single exception it will be found that they were detrimental to the nation and the individual.

We as legislators are concerned with two things and two only. One has to do with the welfare of the nation, whether or not it is desirable to encourage among the Canadian people the thought that fortunes come by chance, that funds available for learning and for hospitals come by chance, and that because a game of chance will add something to an institution, whether one of learning or a hospital, the individual should take a chance

of adding to his personal fortune. Is this the time to encourage that attitude of mind? I think not.

I could elaborate by extensive quotations and by what I conceive to be fairly logical arguments why, from the standpoint of the nation, this proposal should not be adopted. But, sir, the case as it affects the individual is yet stronger. What habit does it encourage in the individual? It conduces to unemployment, because men are ever seeking to get money to buy a sweepstake ticket. I am not unmindful of the tremendous pressure brought to bear upon many of us to support this sort of thing. Other men may have convictions quite as strong as mine, and I give the same measure of respect to their convictions as I hope they do to mine. But when I say to an individual, "Yes, we are going to encourage sweepstakes in Canada so that you may be able to beg, and sometimes"—as commissions have made clear—"you may go so far as to steal to buy tickets on those sweepstakes," I am encouraging him to risk all upon a hope which is but a vain delusion; for it has been established beyond all question that never was there a vainer delusion than the belief that in the end you can get rich by chance.

SUPPLY

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

DEPARTMENT OF LABOUR

Employment Offices Coordination Act—payments to the provinces in connection with the organization and coordination of employment offices, $150,000.

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Chairman, I believe it was the suggestion of the leader of the opposition that this item should stand until the Minister of National Defence (Mr. Mackenzie) is in the house, and I am quite content that this should be done.

Mr. BENNETT: Had I not better finish what I was saying? I was in the middle of an observation.

Mr. ROGERS: If the right hon. leader of the opposition wishes to continue, I am ready.

Mr. BENNETT: I am quite willing to defer it until I have the information asked for from the government.

Mr. ROGERS: I shall try to have that information available to-morrow.

Item stands.

Technical Education Act—
Administration, $2,325.
Payments to the provinces for the encouragement of technical education, $50,000.

Mr. MASSEY: Would the minister give the amounts that have been granted under this act since its inception?

Mr. ROGERS: As my friend is aware, the amounts payable under the Technical Education Act are paid to the provinces. Some of the provinces did not take up their allotment, and there has been subsequent legislation by this parliament to enable those provinces which had not taken up their allotments to do so.

Mr. BENNETT: They are still within their original quota?

Mr. ROGERS: Yes. The amounts available during the period of the act and the amounts paid by the federal government to the end of the fiscal year 1937-38 are as follows:

	Amounts available	Amounts paid
P.E.I.	$ 198,187 86	$ 198,187 86
Nova Scotia	662,113 94	662,113 94
New Brunswick	512,461 28	512,461 28
Quebec	2,569,655 53	2,569,655 53
Ontario	3,178,608 97	3,178,608 97
Manitoba	719,746 56	417,407 33
Saskatchewan	847,620 91	827,620 91
Alberta	678,524 40	678,524 40
British Columbia	633,080 55	633,080 55

In the case of Manitoba there is an unpaid balance of $302,339.23.

Mr. MASSEY: What were the amounts for last year?

Mr. ROGERS: Last year an amount of $14,813.56 was paid to Manitoba and $34,055.90 to Saskatchewan.

Mr. MASSEY: Were there amounts payable out of amounts available to the other provinces?

Mr. ROGERS: No; the only province that now has an amount outstanding is Manitoba.

Mr. MASSEY: When were the amounts for the other provinces used up?

Mr. ROGERS: Perhaps I can answer that question in this way: The term of the act was ten years. As I recall, it was originally passed in 1919. Then there was a five years extension. At the end of the five year extension there were three provinces, Saskatchewan, Manitoba and Nova Scotia, which had not been able to take full advantage of their apportionment, and in order that these prov-

inces might not be deprived of any part of their original appropriation the act was extended at the 1934 session for another five years. Nova Scotia exhausted the balance of its subsidy in 1936; New Brunswick, last year, leaving Manitoba the only province which has an amount coming to it.

Mr. MASSEY: What is the purpose of this $50,000 that we are now discussing?

Mr. ROGERS: To meet possible claims by the province of Manitoba under the provisions of the extension of the Technical Education Act.

Mr. MASSEY: The amount of this vote is actually $2,325; perhaps I misled the minister in mentioning the $50,000 statutory grant.

Mr. ROGERS: The amount of $2,325 is for administration. There is one official in the Department of Labour, Miss McKellar, who has been in the department since the inception of this legislation. She is the only official who devotes her time, in part at least, to the administration of the Technical Education Act. The rest is for what may be claimed by Manitoba.

Mr. MASSEY: It is possible, I believe, to extend this act further, even though there has been a lapse between the payment of the last amount to the provinces.

Mr. ROGERS: The only province that could claim an extension would be Manitoba. The other provinces have all exhausted the amounts that they might claim.

Mr. MASSEY: The original act was extended five years; is it not possible to do that again?

Mr. ROGERS: Only to permit this province to take up its full apportionment.

Mr. MASSEY: The existing act is now through?

Mr. ROGERS: It expires next year. If Manitoba has not taken up its full apportionment, and it is desired to permit Manitoba to do so, a further extension will be necessary.

Mr. MASSEY: Has the minister any plan for further payments along the lines originally intended by this act?

Mr. ROGERS: No policy has been announced in that regard. My hon. friend may recall that the Vocational Education Act was passed during the last administration, but the provisions of that act have never come into force.

[Mr. Rogers.]

Mr. MacINNIS: Did the minister say that the $50,000 provided by statute cannot be called for by the province of Manitoba if it is not taken up this year?

Mr. ROGERS: Yes.

Mr. MacINNIS: Does that $50,000 and the possibility that it may be called for by Manitoba demand a full-time stenographer for a year for its administration?

Mr. ROGERS: Miss McKellar does other work in the department as well, but she comes under this vote.

Mr. MacINNIS: Would not this be the least part of her work? Surely there could not possibly be much work in connection with this. It is not fair to vote a full year's salary for a stenographer for what might require only the writing of one or two letters.

Mr. ROGERS: I am informed that Miss McKellar is not a stenographer. I do not know at the moment just what her rating is.

Mr. BENNETT: She is an administrative officer with respect to this act.

Mr. ROGERS: Yes; she is really an administrative officer. She is frequently called upon to do other work in the department. But she was originally under this vote when the vote was much larger, and her salary has been paid out of this vote as long as the legislation has been in force.

Mr. MASSEY: Over the week-end of May 21-24 there met in Toronto the Third Canadian Youth Congress. During the course of their deliberations they prepared various resolutions, among them one on vocational guidance, which I should like to read:

> The present trend for more technical training in our schools increases the need for trained vocational counsellors. These counsellors can assist students in choosing an occupation to which they will be suited and from which they will be able to derive an adequate livelihood. Statistics regarding trends in employment, opportunities in industry, as gathered by the Dominion Bureau of Statistics, should be placed at the disposal of vocational counsellors. The employment of such counsellors in our schools should be encouraged.
>
> In view of the costly labour turn-over and unfitness due to the lack of direction, trained vocational counsellors should be included on the staffs of government employment bureaus, in order that the percentage of permanent placements may be increased.

I think one may recognize the sincerity of that resolution and also the fact that it makes a suggestion which is most worthy. One of the reasons why I was asking the minister the questions I did a few moments ago, under

this item dealing with technical education, was that I was wondering whether it would not be possible to find funds for the purpose suggested by the resolution. Those of us who have had dealings with the younger generation realize how often they are ill advised in regard to the courses they should follow. Our technical schools are doing a magnificent job. There are enrolled in these schools some 125,000 or 130,000 young people, many of whom are not altogether sure as to what courses they should follow. Accordingly there is placed upon the principals and teachers a rather difficult problem, in view of the numbers with which they have to deal. They do not know the personnel of their student body as fully as they might. I was going to say as fully as they should, but that is hardly fair, because they do the best they can, and they do it well; but they do not know the individual students as fully as others might if they were rendering assistance directly in connection with this work, such as the assistance that might be rendered by a counsellor. I wondered if the minister had given any thought to the idea that perhaps it would be desirable to make contact, perhaps through the youth committee, with the various technical schools across the dominion, with the view of placing counsellors here and there in some of the larger centres.

Mr. ROGERS: I find no fault whatever with the terms of the resolution to which my hon. friend has referred. He would be the first to agree, I think, that the resolution should be addressed to the provinces as well as to the dominion.

Mr. MASSEY: Quite.

Mr. ROGERS: Indeed, under the existing organization of the employment service I should say the responsibility of appointing additional vocational officers would rest rather upon the provinces than upon the dominion. As I mentioned this afternoon, it is the intention of the government in connection with the training projects for unemployed young people to appoint special placement officers in the various provinces, who will be in close touch with the facilities for technical education and also with the offices of the Employment Service of Canada. I feel that probably this would meet the immediate situation.

Mr. MASSEY: I thought perhaps the advisers or counsellors would deal more with those seeking employment than with those seeking some course of education; but if it is the plan that they will work in close contact with the technical schools, of course that answers my question.

Mr. ROGERS: When I say they will work in close contact with the schools, that is in the sense that technical schools would be used and have been used to some extent in connection with the training plans for unemployed young people.

Mr. BLACKMORE: I do not know whether I have missed the discussion I wish to raise or whether it has been raised already, but several times I have heard men say that there is a demand in Canada for skilled workmen, for which there is not a sufficient supply. I have heard this on fairly good authority. I am wondering whether the minister has any means of determining just what may be the nature of that demand. For example, is there any means whereby anyone in a school in Manitoba could find out just in what kind of skilled labour there is a deficiency in the dominion? I had the matter brought to my attention several times while the highly commendable work of the minister in giving special training to young people was in progress, that probably the young people did not know what to prepare for, and had no idea whether or not there would be a demand for them when they were trained. I was just wondering if the minister had adopted some definite plan in this regard and, if he had, what means he had adopted for advertising the fact so that those in need of the information might readily acquire it.

Mr. ROGERS: In each province the employment office would have a record of applications by employers for additional help, and we have also a record of those who had registered in these various trades, so a study of those two records would enable the employment service in a province to determine whether there was a special demand for a certain type of mechanical training. I remember some years ago hearing, in connection with technical education, of one province —at the moment I have forgotten which— that felt there was a demand for telegraph operators, and they turned out a very large number of telegraph operators, far more than could possibly be absorbed. Obviously that was a mistake. In connection with our training projects for unemployed young people we are trying to avoid that by applying training only in those fields where there is either an immediate or a prospective demand for employment.

Mr. BLACKMORE: To give a specific case, it was brought to my attention the other day by a statement from a young man who not long ago had come from Germany, that there was a distinct dearth in Canada of skilled toolmakers, and that anyone who was really

proficient in that kind of work could readily find employment in Canada at good remuneration. I thought that was most remarkable. Here we have thousands of boys eager to get some sort of work that can be depended upon, and here we have a demand that is not being supplied. I wonder what provision we have for stopping up that gap.

There is another matter to which I should like to refer. I may say that I am very much interested in this question, having been a school principal for a good many years. I am sincerely and sympathetically interested in the minister's work, and I am well pleased with the efforts he has made. It is not well known how long it takes to train for some of these occupations, and there are vocations which require something in the nature of apprenticeship. It would greatly assist many of our boys if they knew what firms were prepared to take apprentices, what the conditions would be and how long it would take them to qualify.

There is another matter which, I think, must be cleared up very soon. I have mentioned it several times, and I mean to speak sympathetically, though I intend to be emphatic. It is this. There is altogether too widespread a belief, loosely entertained, that in this country there is work which can be obtained. I find that belief on every hand among the more prosperous, well-equipped, well-to-do people, who are not really in contact with realities. In order to get an accurate knowledge of just to what extent there are or can be jobs, this sort of service is particularly valuable. I hope I make my meaning clear to the minister; I should like to hear him speak in this regard.

Mr. ROGERS: As to the first question, I believe it to be true that there is a dearth of toolmakers in Canada. I cannot speak positively on that point, but I have understood that in connection with the aeronautical industry, for instance, it has been found that there is an insufficient supply of well-trained machinists. A number of these industries that are now going into aeroplane production are themselves arranging for apprenticeships. I think it must be recognized that this field is not one which belongs exclusively to governments. In Great Britain, as the hon. member is no doubt aware, an apprenticeship system has been established over a long period of time. That is carried out jointly by the industries and the trade unions. In this country there has not been as much interest in apprenticeship as one might have wished. I believe I am correct in saying that at the present time only three provinces have apprenticeship legislation. I may point out that other provinces are expressing an interest in the apprenticeship system, and we hope that similar legislation may be passed in those provinces in the very near future.

As to the second question, I believe there can be no doubt at all that the man who trains himself for a particular job, provided there is a reasonable expectation of a demand for such a job, is in an infinitely better position during a period of unemployment than is one who has no special training. That is one reason, among others, why in the training projects for unemployed young people we are doing whatever can be done within the limits of the appropriation voted by parliament to provide occupational training in the various cities. I shall not say that up to the present time we have done more than make a modest contribution to the problem; but I think what has been done is an indication of the wisdom of pursuing the policy, and I hope it may be extended as time goes on.

Mr. BLACKMORE: I am more interested in the means by which one may get information. Supposing I am the principal of a school—as I was, before I was elected—and I wish to know just where a particularly bright boy might be taken on as an apprentice, or what kind of technical training he might get in Calgary or some other centre, in order to qualify for admission to apprenticeship; where and by what means at the present time can I get information so as to guide that boy?

Mr. ROGERS: I would say the first application should be made to the provincial employment office. That would be done to determine where there would be a greater likelihood of a boy trained in a certain mechanical trade being absorbed. An application could be also made directly to the larger industries in the province. The truth of the matter is that our industries are under no compulsion to register with the employment service. Registration is a purely voluntary arrangement, so that it might very well be that the information which would come from the employment service would not be conclusive.

Mr. BLACKMORE: If a boy in northern British Columbia wishes to qualify as a toolmaker, for instance, and if he applied to an employment bureau in that province, is there a strong likelihood that they would know of the needs in Ottawa, or in any of the

industrial centres of Ontario or eastern Canada? Is the need registered in Ontario and transmitted to British Columbia, so that the officials in the latter province may know? I believe one of the reasons we are not as effective in the matter of apprenticeship is that distances are so tremendously great, as compared with those in Great Britain. Therefore we need to be particularly careful in getting details.

Mr. ROGERS: I believe that is undoubtedly true. The difficulties of carrying out apprenticeship here are greater because of the distances involved. Each provincial employment office may secure information with respect to employment opportunities in other provinces. That is one of the purposes carried out by the dominion coordination branch of the Employment Service of Canada. Therefore there would be no reason why an employment office in British Columbia could not or would not be advised of possible employment opportunities in a particular trade in Ontario or Quebec.

Mr. BLACKMORE: Would it be advised through the minister's department?

Mr. ROGERS: It would be advised through the clearing-house here.

Mr. MARTIN: Is it not a fact that in Ontario information is readily obtainable through a system of inspectorships which have been established by the government of Ontario with respect not only to apprenticeships but to learnerships as well?

Mr. ROGERS: I believe that is correct.

Mr. POOLE: I think the minister will admit that there have been very few apprenticeships through employment bureaux. A very small percentage of employers make application to employment bureaux for employees. In support of my colleague I should like to repeat a conversation I had a year ago with one of the chief engineers of the Canadian Pacific Railway. He told me that when they were building stream-lined trains in Canada they could not obtain tradesmen or mechanics qualified to carry out the work, and I understand they had to import them from the United States. Of course, that is a terrible state of affairs.

During the period of depression in Great Britain they had a system of youth training, and I say that system is long overdue in Canada. If in the last seven years we had developed the natural ability of people between the ages of eighteen and twenty-five, we would have built up a great national asset for the future. I do not think it is too late to begin.

There are in Canada trade schools qualified to teach various trades. Unfortunately, however, it has been learned that the activities of some of them have been more or less fraudulent, and some have acted under false pretences. That is by no means true of all of them. Unfortunately, provincial legislatures have passed legislation making it impossible in some instances for these schools to operate. I wonder if the minister would not give consideration to the establishment across Canada of a system of youth training so that the youth of the country may have an opportunity. Certainly they have not in the last six or seven years had an opportunity to learn a trade. When they are trained to a point where they are useful to industry they will be ready to slip into available positions. I say it is a scathing indictment against us to find that we had to import mechanics at a time when there were thousands of unemployed in Canada. Some appropriation should be made to see that these trades are kept right up to date, and that the men have an opportunity to learn mechanical engineering, and other types of work.

Mr. ROGERS: Is the hon. member aware that last year parliament appropriated a million dollars for the precise purpose he has in mind? That amount was not entirely expended, but the amount that was expended —and we shall be dealing with it later—was duplicated by the provinces. In the hon. member's native province of Alberta, for instance, an excellent work was done under the superintendence of Doctor McNally of the board of education. Certainly we propose to extend the work during the present year.

Mr. POOLE: What trades were covered?

Mr. ROGERS: I have not that information before me, but I would suggest that this discussion might proceed more properly under an item in the supplementary estimates, and we can deal with it there.

Mr. BARBER: Is the amount authorized by statute a balance that remains over from a sum that was voted some years ago, and allotted to each province? Which provinces have used up their amounts?

Mr. ROGERS: Probably the hon. member was not in the house when I gave that information. All the provinces except Manitoba have used their amounts, and this amount is available for that province.

Mr. MASSEY: At page 12 of the interim report of the national employment commission I find this:

The commission recommended the following as a basis upon which such plans should be framed:

Training projects of an occupational nature;

Short-term learnership courses not exceeding one year in duration, devised to provide theoretical training concurrent with specific employment;

Work projects incorporating re-conditioning, training, and conservation features, for the purposes of restoring morale and of conserving natural resources.

Then on page 39 of the main report appear these words:

An adequate supply of skilled or semi-skilled labour is an essential at all times for the efficient carrying on of commercial, industrial and agricultural or other primary activities. The number of unskilled workers that can be placed in employment depends, to a considerable extent, upon the adequacy with which this requirement for the more skilled worker can be met.

There are two main phases to the work of training which fall within the commission's purview:

1. Rehabilitation work arising out of the necessities of intermittent period of economic stress;

2. Permanent training measures, e.g., apprenticeship and learnership, applicable at all times.

In both cases it would seem proper that the main responsibility (other than that which falls on industry itself) for providing adequate measures suitable to the varying conditions in the different provinces should lie with the province in question. It is not suggested by the commission that jurisdiction in these matters should be assumed either in whole or in part by the dominion, except that, when special need exists as at present, or as it may in similar future periods of economic stress, the dominion might contribute towards the cost of particular rehabilitation or training projects.

That is all I can find in either the interim or the final report dealing with vocational training as carried out in technical schools. I wonder if any other reports have been made by the national employment commission and particularly by the youth training committee of that commission dealing with this particular phase of the matter? The Technical Education Act was very successful in establishing technical education in the provinces. This act was so acceptable to the provinces that perhaps we are missing an opportunity here to carry forward a work which has been in progress now for a matter of nineteen years and which has given such extraordinarily satisfactory results. I was wondering why the national employment commission omitted that phase of the work from their report.

[Mr. Rogers.]

Mr. ROGERS: My hon. friend will recall that it was as a result of the recommendation of the national employment commission, following the report of the youth employment committee to the commission, that the special item of $1,000,000 was placed in the estimates last year for training projects for unemployed young people. The report of the youth employment committee was not made to the minister or the government; it was a report of a general nature made to the commission. Many such reports of a special nature were made to the commission. The commission went over this material and derived from it the recommendations which appeared in the interim and subsequently in the final report.

Mr. WALSH: In a debate some weeks ago I referred to this particular item which used to appear in much larger figures in the annual estimates. I deplored the fact that the amount granted was not as large as previously. I recognize the fact that education comes primarily within the jurisdiction of the provinces, but this is one instance where the federal government has been able to assist materially in a work under provincial control. It has been my observation that those small cities having technical schools suffered less during the depression.

I am thinking particularly of Shawinigan Falls in Quebec where a technical school was started many years ago by the Shawinigan Water and Power Company. Later on the school received assistance from the Quebec government and the city of Shawinigan Falls. This school also received a tremendous impetus from the grant given by the federal government under this legislation which is about to pass out of existence. This technical school in Shawinigan Falls offers an outstanding example, not only to the province of Quebec but to Canada as a whole. French and English boys are able to receive a technical education after having obtained a primary education in their own schools or classical colleges. The result is that the labour market in and around Shawinigan Falls is well supplied with trained labour. These boys attend technical school for a certain number of years and then are absorbed into the various industries in Shawinigan Falls, Grand-Mère, Three Rivers and other places. The school is operated also in the evenings, and many of the boys continue their education at those classes. Many of these boys, by reason of the technical education they have received, have risen in the community to high positions which they otherwise would not have been able to attain.

This grant has been withdrawn. Naturally a work of this kind and importance could not be allowed to suffer simply because of the withdrawal of a grant. In some instances the additional burden imposed by the withdrawal has been taken over by the province, while in other instances it has been taken over by the municipality concerned. This has all added to the general burden of local taxation. Two weeks ago I urged that this curtailment should not be made. I am generally urging the reduction of expenditure, but I do not think this is an item where that should be done. I do not feel the dominion government is doing enough in this phase of education or youth development. The minister points to the million dollars voted last year and the two million dollars to be voted this year for—

Mr. ROGERS: A little less than that.

Mr. WALSH: —a particular need at this particular time, but I am thinking more of the permanent feature of technical education as exemplified by these technical schools. I feel sure that if parliament would continue to vote this grant, technical schools similar to the one at Shawinigan Falls would be constructed in other cities and a tremendous benefit would be the result, not only to the particular city but to the industrial areas in the immediate vicinity. I should like to urge this point upon the minister. I know it is difficult to find money, but I believe curtailment could be made in other directions and the necessary money found to apply to this particular field. As an educationalist I recognize the value of this type of education. In this country we have overemphasized classical and academic training, and in certain provinces we have no provision for the vocational and technical training of young boys and girls. I think this is an opportunity for the federal government to supplement any local efforts which are being made.

Referring again to Shawinigan Falls, I know that something of this kind would be most advantageous. I know the conditions which prevailed in that part of the country during the depression, and if the hon. member who represents that district is in the chamber, I know he will bear out what I say. They did not feel the full effect of the depression because most of the boys had received technical training after their regular education. Many of them continued attending evening classes until they found work in some of the industries. The result was that these boys were not roaming around the country in an effort to find work. They were improving themselves and getting ready for something better in the future. You may say they could have done that equally well in a classical college or academic institution, but that is not so. Unfortunately the boys and girls in that type of school are rather difficult to absorb into employment, particularly in an industrial centre, and it is the industrial centres which as a rule furnish the great bulk of our unemployment.

I would urge upon the minister, first, that the withdrawal of this grant has placed an additional burden of taxation on localities or on provinces to maintain what was started or, at all events, received an impetus as a result of the previous grant, and, second, I would stress the good work that could be done if this grant were continued, in view of the developments which are taking place in certain of our industrial centres. New industrial centres are springing up here and there throughout the country. I have in mind one, a tremendous development, which opened only last week in the province of Quebec, and within a short time it will no doubt receive the benefit of provincial assistance in erecting a technical school. If this government had a fund for assisting and giving impetus to work of that kind, it would be of immense advantage to these places where industrial developments are taking place.

I would urge upon the minister, when he is introducing the legislation next year with the view possibly of extending the act, that he leave it as it was before and give the provinces an opportunity of receiving a further share of federal funds to assist them in developing technical schools and technical education for the benefit of the boys in particular and also, in certain localities, of the girls. In that way you will lessen the prospect of unemployment in the future, and give these young people an opportunity to train themselves for something definite in life. I was glad when I heard the minister deal with that phase and suggest that the person trained for a job has less difficulty in finding work than one who has received just a general training without any particular line of work in view, and I feel that the only way in which we can give that definite training is by the establishment of technical or vocational schools. It might be said that this is a field for the provinces and the municipalities, but they are finding it difficult enough to navigate through their present financial difficulties, and if they could only receive some assistance towards this end from the federal government I know that dividends would

soon be forthcoming. I recognize that the Minister of Labour is as much interested in this problem and in the development of technical education as I am myself.

Mr. MASSEY: Mr. Chairman, I have no desire to make a speech nor am I going to, neither do I wish to hold up these estimates. The hon. member for Mount Royal (Mr. Walsh) has just made many remarks that I was going to make on this item.

I think all of us who have had to do with Young Canada, particularly in the last few years, realize without any question whatsoever in our minds that the most practical contribution which can be made to the development of the young man or young woman who has some idea of gaining the most useful information possible in the way of development, and so forth, can be given by our technical schools, and therefore I think it is very unfortunate, after all the provinces, I believe, until 1929 were still participating in this plan in view of the fact that the Technical Education Act was extended for a further five years, that this work contributed to by the dominion government should be handicapped by the fact that its contribution is no longer forthcoming.

The hon. member for Mount Royal states that the municipalities have been forced to extend taxation in order to carry on this work and to take up the slack occasioned by the fact that this grant was not forthcoming from the federal government. If he will permit me to differ, I think he will find that instead of further municipal taxes being collected for this purpose the work was simply not carried on to the same degree as it had been in the past with the assistance of the dominion government's contribution, and when that grant was no longer received the work more or less ceased at that point.

The records will show, as the minister well knows, that technical education has been taken advantage of by increasing numbers of our young people throughout the years, and particularly from 1919 on. Apprenticeships, no matter how well organized they may be, can never fully take the place of technical education or education in the technical schools. After all, the boy who goes to work in a shop, even with the best available instruction, is deprived of the theory which is back of the practice in which he is engaged. In the shop he is taught practice rather than theory, whereas in the technical school he has theory and practice together; then later when he gets himself a job, wherever it may be, he starts with a definite amount of theory and a certain amount of practice, and then added to that theory and practice comes the experience within the shop itself. Therefore the apprenticeship courses which in great part no longer exist, and which have recently been revised as a result of the activities of the past year, never will, no matter how well organized they may be, take the place of the technical education which the lad or young girl gets in a technical school.

I therefore earnestly urge on the minister that he again give consideration to introducing a technical education act to function as the past act did. Here we find ourselves facing a "sure thing," if I may use the phrase; for we realize, as a result of experience over a matter now of some nineteen years, that the purpose to which these funds are devoted is a worthy and worth while purpose and has accomplished a definite job of work which has been most beneficial not only to the individual but to the community in which he lives.

The projects which have been launched under the youth training plan, which we shall come to shortly in the supplementary estimates, are in a very great degree experimental, and the minister will admit that some have proven to be better than others. On the other hand, here we are dealing with a project that is no longer speculative but has proven to be of value. The provinces have been accustomed to accepting this grant, to accepting it gratefully, and to bear their own share, and therefore there is no difficulty whatsoever about cooperation with the provinces in regard to this matter. There was no pious hope that this or that province would accept the grant even though it had at first refused it, or whatever the case may have been. Accordingly, Mr. Chairman, in view of our experience under the act and the results that were obtained, I urge upon the minister with all the earnestness of which I am capable that he give consideration to bringing down next session a new technical education act, to function as the old.

Mr. LOCKHART: May I add a brief word on one particular phase which probably has not been referred to in the discussion so far. Under the Technical Education Act technical schools have been started and maintained over a period of years in some of the larger urban centres, assisted by the provinces to a very great extent at the beginning, to the extent probably of fifty per cent for equipment, and with large grants for teachers' salaries, but as the years went on these grants have gradually been cut off. Technical education has been established as a necessary form of education. I think everyone who has experience will admit that. Now, as the years roll by, the grants from the provinces have

been reduced. When it comes to getting replacements to carry on the technical schools it is impossible to obtain the necessary money from the provincial government. I want to join with the hon. member for Greenwood and the hon. member for Mount Royal in stressing the necessity of the federal government giving serious consideration to the encouragement of this work and of aid to it by the provincial departments, because when replacements and, possibly, additions to the schools are necessary, on account of the popularity of this type of education, the onus comes back on the municipality. I believe many of us who have had experience in the matter have found that out, and I urge the minister to give consideration to that particular angle of the situation, in order that assistance may be given, possibly by the reintroduction of the Technical Education Act, also by encouraging the provincial departments to agree to continue to assist the municipalities upon whom the burden of replacement and of future extensions now falls, and thus to meet the growing demand for a type of education which conforms to the requirements of the present day.

Item agreed to.

Fair wages and conciliation, $49,320.

Mr. MacINNIS: Would the minister give a short review of the work done by this branch during the past year?

Mr. ROGERS: As my hon. friend is probably aware, this item covers the salaries of the fair wage and conciliation officers. There are fair wage and conciliation officers stationed at Toronto, Montreal, Vancouver and Ottawa. Their duties include the preparation of wage schedules for insertion in government contracts and the investigation of differences arising on this point between contractors and workmen. It is found that these officers by proceeding at once to the point of dispute, are very often able to adjust differences, thus avoiding the expense of a board of conciliation under the Industrial Disputes Investigation Act. I might say at this point that provision was made last year for the appointment of four junior conciliation officers. These junior officers are attached to the various offices I have mentioned in order to obtain the necessary experience in connection with fair wage adjustments and the settlement of labour disputes.

Mr. MacINNIS: Who is the junior conciliation officer in the western provinces associated with Mr. Harrison?

Mr. ROGERS: Mr. Harrison, of Vancouver, is the senior officer. Mr. Currie is the junior.

Mr. MacINNIS: Where is his home?

Mr. ROGERS: His home is in Saskatoon. All four of these officers were appointed by the civil service commission. I believe I am correct when I say that all four are returned soldiers.

Item agreed to.

Annuities Act, $287,885.

Mr. LOCKHART: What constitutes the main reduction in this item?

Mr. ROGERS: The reductions are accounted for almost wholly by the expectation of commissions to be paid during the coming year. There is a decrease. Perhaps I had better run over the details. In the permanent salaries there is an increase of $8,833; in the temporary salaries, a decrease of $5,004; printing and stationery, an increase of $8,500; telephones and telegrams, an increase of $150; commissions to agents and publicity, a decrease of $50,000.

Mr. TAYLOR (Nanaimo): Does that mean that fewer annuities are being sold?

Mr. ROGERS: It is largely a matter of forecast of the business that will be done in the course of the year. Upon the basis of the business done last year it is anticipated that the amount here voted for commissions to agents will be adequate.

Mr. TAYLOR (Nanaimo): What totals of annuities have been sold during the past few years?

Mr. ROGERS: I will begin with 1933-34:

Year	Number of contracts issued	Receipts
1933-34..	2,412	$ 7,071,439 00
1934-35..	3,930	13,376,400 02
1935-36..	6,357	21,281,981 31
1936-37..	7,806	23,614,823 95
1937-38..	5,725	13,595,158 60

Therefore my hon. friend will see there has been a rather sharp drop in the last year. This is due no doubt, in part at least, to the increase in the rates.

Mr. BENNETT: What is the sum total of the annuity fund at the moment?

Mr. ROGERS: The total receipts to March 31, 1938, are $115,153,853.45.

Mr. BENNETT: What has been paid out? Of course the amount to the credit of the fund is just that sum less the payments out from year to year.

Mr. ROGERS: The balance on credit as of March 31, 1937, is $87,984,935.74.

Mr. BENNETT: That fund, of course, stands to the credit of the annuities branch in the consolidated fund, and is really working capital of this country, available as such. The minister spoke on the question of the increased rates. There has been some controversy, as the minister knows, with respect to that matter. On what principle are the rates increased? I confess that they do not come within the actuarial rules which are laid down by the insurance companies, because the administrative costs are absorbed by the country generally, as I understand it, as was originally intended when the bill was introduced by Sir Richard Cartwright. The question I was anxious to have answered was on what principle the rates were increased. Our superintendent of insurance or our actuarial department did not do it. It was done, I think, by a gentleman from the university of Toronto.

Mr. ROGERS: My right hon. friend will recall that a special committee of the senate gave attention to this question over a year ago. They expressed the view that the existing rates for annuities were too low, and that actually the dominion government was losing a sum amounting to several hundred thousand dollars a year because of the low rates. As a result of that investigation, despite the fact that the rates had been in existence a great many years, we felt it would be wise to have the question reconsidered. I think I can best explain the difficulty which had arisen with regard to rates by saying that these rates were based upon a mortality table—

Mr. BENNETT: On the assumption that money would earn four per cent.

Mr. ROGERS: —based upon the experience of the British offices in respect of life annuities, male and female, 1863 to 1893. That is the table which was used and upon which the rates were based.

Mr. BENNETT: They have kept within and done better than the mortality table, but it was a question of the rate of interest, was it not?

Mr. ROGERS: Not specifically; the point was rather to investigate our actual mortality experience upon the basis of our own annuities. That had not been done before. That was the special work undertaken by Professor Mackenzie of the university of Toronto, a very well known actuary, who I believe had served as special actuary of one of the Carnegie foundations. Upon his advice we made an interim increase in the rates amounting to fifteen per cent. That was put into effect temporarily. On the basis of his recommendation a report was tabled some time ago. We have adopted the new British mortality tables, with a reduction—

Mr. BENNETT: A reduction in the light of our own experience?

Mr. ROGERS: Yes; that is correct. So that is the position at the present time.

Mr. BENNETT: This matter raises the whole question—which is not going to be discussed to-night—as to whether or not our mortality tables, upon which our whole insurance structure is based, might not well be revised; because certainly the expectation of life in this country is greater than in some countries upon which the tables were built. As I understand Professor Mackenzie's work, he took the last British tables, but he did not apply them in terms of premiums but, because of our experience, made a lesser premium than they would call for. He did not, however, purport to do it in a completely scientific manner. I read a criticism of it on that basis. I think what he did was a perfectly sound thing; he gave us the benefit of an arbitrary basis because of our decreased mortality or increased length of life as compared with the British table. The result is that to-day our rates are still somewhat lower than rates based upon the purely British actuarial basis or the United States expectation of life, either one; quite substantially lower in some instances.

The point which I think does arise is the question of the interest rate. We predicate the rate upon the fact that the entire fund is in the consolidated revenue fund, and that the nation itself will pay interest on that money; the interest used to be at the rate of four per cent.

Mr. ROGERS: It still is.

Mr. BENNETT: That four per cent is slightly higher than the insurance companies can earn, although not higher than their average rate up to the present time. Owing to the diversity of their investments and matters of that sort they have been able to obtain an average interest income in Canada slightly better than four per cent; I think some obtain even five per cent. Some United States companies have been able to obtain slightly beyond four per cent, but none of them calculate their reserves now on a four per cent basis. In the British offices they base their reserves on a rate of two and a half per cent, and I think practically all

our insurance in Canada is predicated upon a three per cent rate on the long range maturing contracts.

My understanding was that what Professor Mackenzie did was to apply the actuarial rules to our conditions, on the basis of a four per cent rate, and then reduce that rate, having made what he conceived to be an arbitrary—but in my judgment proper—allowance for the longevity of Canadians as compared with others. But longevity is the thing you are not looking for in annuity contracts. In such contracts gain results from the shortening of life, if I may put it in that way. The longer the expectation of life, the more money has to be paid for the annuity. Therefore the interest rate has to be considered; and as I understand, he adjusted that on the basis of this arbitrarily fixed four per cent rate. Perhaps the minister knows that the reason the late government reduced the maximum annuity contract to $1,200 a year was just that very thing; we were getting large numbers of single payments for immediate annuities of $5,000, at rates substantially lower than the life insurance companies' premiums, with the result reflected in the figures the minister gave a few minutes ago.

The increased rate has placed the business on what is nearer to a balance than before, although it is still very much in favour of our limited $1,200 annuity, which was the basis of Sir Richard Cartwright's introduction of the measure, the whole theory being that it was not a well-to-do or rich man's annuity but an annuity which might be obtained by men in almost humble circumstances by payments extending over their working lives, beginning when their earning power began at about sixteen to eighteen, and continuing up to the ages fixed, namely, fifty, fifty-five, sixty; but generally what we endeavoured to do in those early days was to place sixty as the age. We had practically the lowest rates in the world for the kind of contract we gave. The money went into our consolidated fund; it was available for us at a four per cent rate, which was less than the going rate at the moment but still higher than the rates upon which the insurance companies made their computations. The result was that when money became very cheap and the expectation of life extended we had a new situation. The extension of the expectation of life operates to increase the cost of annuities, not decrease it as some people think.

As I understand it, instead of making a reservation from year to year for the purpose of paying the annuities, what we do is pay the liabilities as they arise under the contracts, and doing that we have discharged our duty. There is always a surplus, as there is bound to be, and the minister says that it now amounts to nearly $88,000,000. If we issued no more annuity contracts, that fund would gradually diminish until it disappeared; but as long as we continue to do business we may be able to bring and keep it up to even $100,000,000, which is capital always available for the dominion, but carries a fixed rate of four per cent.

That is my understanding of the situation at the present moment. I know that was correct at one time. Whether or not the modification brought about by the revaluation under Professor Mackenzie has effected any real change I should like the minister to indicate.

Mr. ROGERS: I believe the leader of the opposition has correctly stated the present situation. What Professor Mackenzie did was to take the life experience of our annuitants and study that in the light of the new British mortality tables. Perhaps I might quote briefly from his report:

> We tested the fitness of several tables and found that the mortality rates of the new British offices tables, known as the a(m) and a(f) tables were, when taken at ages one year younger than the actual ages for each sex, more nearly in safe agreement with the experience under investigation than any other standard rates. The number of deaths among male lives over age fifty-five which actually occurred is five per cent less than the number "expected" by the a(m) table at tabular ages, but three per cent greater than the number expected when ages are rated down one year. The number of deaths among female lives over age fifty-five which actually occurred is four per cent less than the number expected by the a(f) table at tabular ages, but five and a half per cent greater than the number expected when ages are rated down one year. We have therefore decided to recommend the adoption of the a(m) and a(f) tables with a reduction of one year in age, which means that calculations on a life aged sixty-five for example will be made as if the life were aged sixty-four.

That, in effect, is what was stated just now by the leader of the opposition. It is quite true that the interest rate has been kept at four per cent.

Mr. BENNETT: It is still that.

Mr. ROGERS: Yes; that is statutory, and it has been maintained at that rate despite certain fluctuations in the interest rate down through the years. There has been some criticism with respect to the maintenance of that interest rate.

Mr. BENNETT: I think in the light of the reduction of the amount, that is an unfair criticism.

Mr. ROGERS: Yes; it seems so, because originally the purpose of the legislation was that the dominion government should offer a definite encouragement—

Mr. BENNETT: To thrift.

Mr. ROGERS: —yes, to people of small means to take out these annuities. I would feel that it might almost be regarded as in the nature of a contributory pension.

Mr. BENNETT: That is what this really is.

Mr. ROGERS: Not in form, but in fact it is. I might further say that in view of the adjustments in rates it may be necessary to make some adjustment as well in the amount that is held in reserve.

Mr. BENNETT: In view of the fact that it is in the consolidated revenue fund and we have assumed liability, that never becomes a matter of very great importance.

Mr. ROGERS: It is purely a question of accounting.

Mr. TAYLOR (Nanaimo): In view of the relationship which the minister has suggested, that these annuities are very much like contributory pensions, is it possible to have these contributory pensions, these annuities, paid without reference to old age pensions? By that I mean that people who save all their lives and purchase these dominion annuities should be entitled to receive the benefit of that money irrespective of any other consideration.

Mr. ROGERS: That is correct; they do.

Mr. TAYLOR (Nanaimo): I brought up in the house, I think last year, the case of a man named Rhodes in Vancouver who had his old age pension definitely reduced because he was the recipient of an annuity for which he and his wife together had paid some $8,000. The thing seemed so utterly unfair—

Mr. ROGERS: If my hon. friend will permit me, with respect to the old age pension there is what is described as a means test. With respect to an annuity there is no such test, obviously, because the annuity is purchased by the annuitant.

Mr. BENNETT: The maximum pension is provided by law.

Mr. ROGERS: Yes. I can readily understand why the old age pension might be reduced by the amount that might be received in annuity by the person in question.

Mr. BENNETT: When it reaches a given figure the reduction must be made because of the statute.

Mr. ROGERS: Yes.

[Mr. Bennett.]

Mr. TAYLOR (Nanaimo): All the same I venture to say there is no excuse for it.

Mr. LOCKHART: From the figures given by the minister there would appear to be a considerable shrinkage in business last year. The amount paid in commissions to agents and for publicity has been reduced by $50,000, but on the other hand I observe that the staff has increased by five. Would there be any particular reason for a staff increase in view of the fact that the business has diminished? I was wondering if there was any particular explanation for that.

Mr. ROGERS: The business fluctuates, of course. I gave the number of contracts over a period of years, from 1933 onward. In 1933-34 there were only 2,412 contracts.

Mr. LOCKHART: We are dealing with last year now.

Mr. ROGERS: Last year the number was very much larger, though it was less than in the previous year. I must say that 1936-37 was an altogether exceptional year. The number of contracts issued was 7,806.

Mr. BENNETT: Because they expected the rates were going up after the investigation.

Mr. ROGERS: Exactly. There was a great rush of business for several months at that time. Now we are more nearly back to normal, but at that time I think it would be fair to say that the branch was understaffed, having regard to the work that had to be done.

Item agreed to.

Departmental administration, $115,226.

Mr. NEILL: I wonder if the minister would answer one or two small questions that perhaps are not directly connected with this item, but I cannot find any other place to pin them. I should like information on the following points, and it will not take a minute if the minister has the information under his hand. I am sorry the right hon. Prime Minister is not here at the moment, but the other day in reply to the hon. member for Fraser Valley he dealt with the question of unemployment insurance. I should like to know if the minister would just expand that a little. I should like to know, first, what provinces are unwilling to join in an amendment to the British North America Act; second, which provinces have refused to cooperate in passing bills providing for unemployment insurance, and their reasons for so doing; and, third, would it not be possible and wise to publish the draft which the right hon. Prime Minister says is ready, in order to influence public opinion? Each of us has

some little influence, and if we went home and boosted for the bill as we saw it, we might be able to bring some pressure to bear on the various governments; but until the provisions of the bill are made known, we are asking people to endorse something more or less in the dark. At any rate I should like to know which of the provinces have flatly refused to join in an amendment to the British North America Act and why; which have refused to join in an unemployment insurance measure, and why; and if we could not have the draft act made public.

Mr. ROGERS: My hon. friend will understand that if I appeared to speak cautiously in connection with this matter, it is desirable that I should do so, as I speak wholly from recollection. My impression is that all the correspondence with the provinces in relation to this matter has been tabled from time to time. The original letter asked for the cooperation of the provinces in the enactment of a national scheme of unemployment insurance. As I recollect it, replies were received from all the provinces. Three provinces expressed the view either that there should not be a national scheme of unemployment insurance or that no action should be taken pending discussion of the matter in their legislatures.

Mr. NEILL: Which three?

Mr. ROGERS: Quebec took definite exception to a national scheme of unemployment insurance. New Brunswick wished to have the matter discussed in the legislature. Alberta took precisely the same position. Subsequently a further letter was sent to the provinces asking for their cooperation in a constitutional amendment which would permit this parliament to enact a national scheme for unemployment insurance. I believe I am correct when I say that answers were received from all but two provinces with respect to this request for assistance in putting through the constitutional amendment.

Mr. BENNETT: A draft amendment was enclosed, was it not?

Mr. ROGERS: Yes; a draft amendment was actually submitted to the various provinces. Alberta declined to cooperate. New Brunswick expressed the view that no action should be taken pending the report of the royal commission on dominion-provincial relations. Quebec had already expressed its opinion in regard to the first question and, so far as I recall, did not specifically answer the letter referring to the constitutional amendment. Ontario had originally supported the proposal for a national scheme of unemployment insurance, but I do not recall that there was a letter received from that province with special regard to the constitutional amendment. That is the situation as I know it at the present time.

Mr. NEILL: The minister spoke about all the correspondence having been tabled. Could he look into the matter and see that it is all tabled, so that it will all be available?

Mr. ROGERS: I shall be glad to do so.

Mr. NEILL: What about the legislation itself? What does the minister think about letting the public into his confidence with respect to the draft bill? After all, we have to deal with it finally, and it might help to formulate public opinion in its favour if we were familiar with its provisions. Would the draft bill form part of the matter to be laid on the table?

Mr. ROGERS: I would not care to answer that question without consideration. I can see some merit in the proposal, but I can also see some objections. I should like to have a full opportunity to give the proper weight to each.

Mr. BENNETT: I am bound to say I had in mind the same suggestion as has been expressed by the hon. member for Comox-Alberni with regard to the publication of the bill. I realize, of course, that under the rules of the house it cannot be introduced into the chamber. Having regard to that fact, I think it might possibly be tabled with the correspondence, leaving blanks, of course, where expenditures of public moneys or matters of that kind were involved, as is usual in bills of that sort.

It has not been unusual to lay bills on the table, to give them first reading, and then have them printed for second reading and circulated widely throughout the country. In view of the limitations in connection with the introduction of the measure, and in view of its having been declared to be beyond the legislative competence of parliament, it does seem to me it would be fair to have it made public, so that to some extent public opinion could crystallize around the concrete proposals, rather than in connection with an abstract discussion or suggestion.

Mr. MacNEIL: The minister said the other evening that he had a special representative of the department in Vancouver, and that the remuneration to that officer was $500 a month. From what vote is provision made for his salary, what is his title, and what is the exact nature of his duties?

Mr. ROGERS: That would come under the administration vote in the supplementary estimates, and I think it would be preferable to discuss it at that time.

Mr. MacINNIS: I think the point raised by the hon. member for Comox-Alberni is worthy of support. This government adopts the attitude that if there is any opposition at all from certain quarters, it would immediately drop a measure like a hot coal, and do nothing further about it. It is quite clear, I believe, that in a country such as this, with such a large area and a wide diversity of opinion, there would not be unanimity in any measure the government may propose. Here is a measure, however, of which I believe enlightened opinion in all parts of the dominion is in favour. I believe the government itself is in favour of it, as indicated by the fact that it has proposed it. Should not the government take steps to familiarize the people of the provinces with the measure, because we must remember that this is a government of the provinces just as are the legislatures. We must learn their reaction to the setting up of a national employment insurance scheme to be used as a means of safeguarding the social welfare of the people.

In this way I believe the government would be able to bring pressure to bear upon the provincial governments, through the people in those provinces, and in that way would get consent. We are living in an age in which advertising and publicity of various kinds play an important part in our lives. If the sentiment in favour of unemployment insurance is crystallized, those backward provincial governments, which would like to build a Balkan states of Canada, would have to give way to enlightened opinion. In my opinion such enlightened opinion should be fostered and extended by the federal authority.

Mr. ROGERS: I do not think I can do more than take that proposal under advisement at the present time. I believe the hon. member will realize that it is not possible to do more than that. The leader of the opposition, as I understand it, suggested that the draft bill might be published without the financial provisions.

Mr. BENNETT: I mean that there would be blanks as to contributions by governments.

Mr. ROGERS: Yes; that would, of course, deprive the bill of what would be one of its most important provisions.

Mr. BENNETT: Oh, no, you would be leaving out the question of contributions by employers and employees, and leaving the question of contributions by the government blank, because it would have to be preceded by a message. I think one might get a fair grasp of the general principles of the bill, having regard to the fact that the bill placed upon the statute books was one which was prepared in the light of knowledge obtained from the British labour office in connection with the operation of their act.

Item agreed to.

Combines Investigation Act, $46,670.

Mr. MacNEIL: Have steps been taken with regard to investigating complaints in connection with the milling and baking monopoly in Canada, in order to regulate, if possible, prices paid for bread?

Mr. ROGERS: Some years ago there was an investigation of that kind. Does the hon. member refer to an investigation made some time in the past, or one made recently?

Mr. MacNEIL: Recently.

Mr. ROGERS: I believe complaints were made recently in Vancouver, and a preliminary inquiry was conducted. I have not the report of that inquiry before me, and therefore I am not in a position to give further information.

Mr. ESLING: Because of instances arising in my own constituency, I brought to the attention of the government earlier in the session the conditions existing in connection with the holding of radio patents. We now have a combines commissioner. Under the statute it is necessary to go through a lot of red tape to bring to the attention of the commissioner conditions as they exist. The minister saw fit—and he must have had reasons for so doing—to refer the whole matter to the tariff board.

We now have on record over the signature of the officials of the holding company the fact that they control seventy-one patents. We have on record their letter, over the signature of the solicitor for the holding company, that they reserve the right to collect royalties on every radio brought into Canada; and no matter whether the purchaser pays the duty or not, if a radio comes from any other country this holding company reserves the right to collect the royalty.

There is no likelihood of the tariff board reaching this matter this year because they have too much business on hand. The government knows the conditions that exist. The government knows that every radio sold in Canada costs from forty to sixty per cent more than it would in the United States. This is due to the fact that this holding company controls these patents. In the first place there

are twelve companies concerned. They turn over their patents to this holding company and obtain a licence from the holding company to use their own patents. That results in a primary dividend earned through the use of the patent and a second dividend paid because of the increased price. Not only do they control prices, but they control the output.

It would be a simple matter for the minister to instruct the commissioner of combines to make an investigation. A practical, experienced radio man could complete this investigation in a week. He could tell the minister the true difference between the cost of producing a radio in Canada and in the United States. The Minister of Transport (Mr. Howe) has been subjected to considerable criticism during the present session because the radio licence fee has been increased by fifty cents. This combines act permits the minister to make an investigation without any red tape, and if an investigation were carried on I am sure the result would be that the purchaser of a radio would save enough to pay his $2.50 licence fee for twenty years. The people know they have to pay this extra price because of this holding company. Why not get action? Why not give the public that relief for which the Combines Investigation Act was created?

Mr. ROGERS: I understand my hon. friend to say that the matter to which he is referring is now formally receiving the attention of the tariff board.

Mr. BENNETT: Referred to it by the Minister of Finance (Mr. Dunning), was it not?

Mr. ROGERS: I believe it was so referred. I doubt the propriety of the Minister of Labour instituting an inquiry under the combines act while the matter is still before the tariff board. I shall be glad to look into the matter and see just where the reference to the tariff board stands at the present time.

Mr. ESLING: The tariff board has not reached this matter, and it has innumerable other matters before it for investigation. It should have been considered at the first of this year in order that the people of Canada might be saved money. As I say, the minister has the power under the combines act to appoint an investigator just as in other cases where the question of prices on controlled production is being considered.

Item agreed to.

Special—To provide for commitments under relief settlement agreements with provincial governments, $200,000.

Mr. BARBER: Would the minister kindly explain this item?

Mr. ROGERS: This amount of $200,000 is needed to provide for commitments under relief settlement agreements with the provincial governments. It will be remembered that these relief settlement agreements were entered into with a number of the provinces by the previous administration. The purpose of the agreement was to take families who were on relief and place them on selected farms. This was a tripartite arrangement under which contributions were made by the dominion, the province and the municipality concerned. At first these agreements were entered into with most of the provinces, but at the present time the only provinces to which we are contributing are Quebec, Manitoba and Alberta. The total of $200,000 now asked for is accounted for by the following requirements:

Quebec	$100,000
Manitoba	80,000
Alberta	20,000

Mr. BARBER: Contributions are made by the municipality concerned, the province and the dominion?

Mr. ROGERS: Yes. The intention is to take families on relief, place them on farm land and provide assistance for a period of four years in order that the family may be able to establish itself.

Mr. MacNEIL: What progress has been made in this regard in British Columbia?

Mr. ROGERS: Very few have actually been placed in British Columbia. The total number covered by agreements in British Columbia is 285, made up of fifty-two families and 233 dependents.

Mr. BARBER: I notice this is a revote; was it unexpended last year?

Mr. ROGERS: The agreements were entered into in 1936. They are four-year agreements, and our commitments are determined upon the number of families actually placed.

Mr. LOCKHART: What is the situation with respect to Ontario?

Mr. ROGERS: The agreement with Ontario has expired, but the numbers placed under previous agreements were 606 families with 2,384 dependents, making a total of 2,990 persons. They were placed from 1932 to 1934.

Mr. LOCKHART: There has been no continuation of that agreement?

Mr. ROGERS: No. That plan has not been continued in Ontario.

Mr. LOCKHART: The provincial government does not want to negotiate, is that it?

Mr. ROGERS: They have not expressed a desire to revive the agreement for this purpose.

Mr. MacINNIS: Were these families placed in rural areas?

Mr. ROGERS: Yes.

Mr. MacINNIS: How many are still on the homesteads where they were placed?

Mr. ROGERS: In British Columbia fifty-two families where they were originally placed.

Mr. MacNEIL: They are still on the land?

Mr. ROGERS: I shall have that information in a moment.

Mr. MASSEY: What is the total number of those placed?

Mr. ROGERS: The total number placed across Canada is 5,916 families, numbering with dependents 26,030. I can give the abandonments and cancellations for Canada as a whole, and then for British Columbia. Of the total of 5,916, the abandonments and cancellations are 1,313.

Mr. MASSEY: Families?

Mr. ROGERS: Yes, so the net result is 4,603 families are still established under the terms of the agreement.

Mr. MASSEY: Were any established in Ontario at all?

Mr. ROGERS: Yes; I gave the number a moment ago, 606 families.

Mr. MASSEY: How many of them are still on the land?

Mr. ROGERS: So far as we are aware, 431 families are still established on farms in Ontario.

Mr. MASSEY: Was I correct in understanding the minister to say that Ontario was not anxious to proceed further with this scheme?

Mr. ROGERS: The agreement expired in 1934 and was not revived.

Mr. MASSEY: What reason does Ontario give for not wishing to renew it?

Mr. ROGERS: I do not recall any reasons that were given, but there was a change of administration.

Mr. BENNETT: And they have their own settlement plan.

Mr. ROGERS: Yes; I believe that is true too. In British Columbia there were nineteen abandonments of the fifty-two families originally placed, leaving thirty-three families still established.

Mr. BENNETT: What is the exact number at present?

[Mr. Rogers.]

Mr. ROGERS: There are still established 4,603 families, with 20,762 dependents, making a total of 25,365.

Mr. BENNETT: How many had we a year ago?

Mr. ROGERS: We have not that information here. I gave the number of abandonments from the inception of the plan, 1,313 abandonments out of a total of 5,916 families.

Mr. BENNETT: There were some additions, and the net number is still a little over four thousand established?

Mr. ROGERS: Yes.

Mr. STEWART: I notice the item under consideration is a revote. What was the amount voted last year, of which the revote now is $200,000? I assume the minister will be able to tell how much was expended out of last year's vote.

Mr. ROGERS: The amount voted for this purpose last year was $400,000.

Mr. STEWART: How much of that was spent? Was it $200,000? Possibly I could make the point on which I am seeking information a little clearer to the minister. Take another department, the Department of Public Works, for instance. We vote, we will say, $100,000 for a building this year. When you come to the end of the year you have spent only, say, $50,000, and you wish to complete the building. Then you have by way of revote the balance of the original $100,000, which would be $50,000 to revote. Does the minister mean by a revote here a reappropriation of part of a vote of last year? Is this a new vote or a voting again of something that has already been voted?

Mr. ROGERS: The amount voted last year was $400,000.

Mr. STEWART: If we are revoting $200,000 this year, then approximately $200,000 was spent last year.

Mr. ROGERS: I am just trying to get the information. The actual expenditures are made under the terms of agreements. The agreements are not limited to a specific number of families, except as to a maximum, so it is not always possible to tell in advance how much will be expended. Perhaps we might let the item stand, and I shall see that the information is brought down.

Mr. MASSEY: Will the minister also be good enough to tell the committee how much was spent on each family? Does it depend on the farm to which they are going?

Mr. ROGERS: The dominion pays one-third of an amount not in excess of $1,000

with respect to the settlement of families on land from organized municipalities who would otherwise be in receipt of direct relief. The agreement also provides for a fifty per cent contribution by the dominion not in excess of $300 per family taken from an unorganized district. That is extended for a period of four years. Some of it is used for the provision of equipment and food while the family is getting established.

Mr. ESLING: Under what item may we discuss contributions to the provinces in aid of public works?

Mr. ROGERS: I think the appropriate item will be the next one, No. 517.

Mr. STEWART: My reason for seeking information was that the same question arises under three votes, Nos. 516, 517 and 518, and what I am anxious to ascertain is just what "revote" means. Is it a revote of the amount that was originally appropriated and that has not been exhausted, or is it a new vote altogether?

Mr. ROGERS: It is really a revote of the amount to which we were committed under the agreement made subject to the legislation of last year, and which we were not called upon to pay. I am not sure that a revote in that sense is a revote in the sense in which it is generally understood and applied in the Department of Public Works.

Mr. STEWART: That is exactly what I was trying to make clear to the committee. These items are not revotes in the ordinary sense of the word to which we have been accustomed in connection with public works estimates. It seems to be the voting of a similar item to last year, but unless it is part of an appropriation of last year I believe it is not really a revote at all, but a new vote.

Mr. ROGERS: I think it would be fair to say that certainly the first and the second and the third are votes to provide payment for commitments made last year.

Mr. STEWART: That is what I thought; but unless, as I say, it is part of the same item that was voted last year, it is not strictly correct to call it a revote. It is a vote to meet obligations that will mature during this year under agreements that were made last year, or possibly prior to that.

Item stands.

To provide for commitments and completion of works in connection with federal contributions to provincial and municipal relief projects, $1,075,000.

Mr. ESLING: How much by way of contributions to British Columbia has been voted by this government, we will say in the last five years?

Mr. ROGERS: I shall be glad to take note of that question. I am quite sure that this item will not pass to-night because there will be some further discussion on it.

Mr. ESLING: While the minister is looking that up, will he also look up whether the government is going to give that money—I know it is $33,000,000—to the province, or will it expect the province to repay it?

Mr. ROGERS: Is my hon. friend now referring to loans or to actual contributions made by the dominion government to British Columbia for joint works over a period of five years?

Mr. ESLING: Well, I am referring to the matter of $33,000,000, of which about $3,000,000 has been repaid in some way, I do not know how. I am asking the question particularly for the reason that for almost everything which is lacking funds for the purpose of completion the federal government is blamed if it does not come through with the money. But I have before me a press dispatch in which the finance minister at Victoria makes the statement that he does not expect the federal government to demand repayment of this money, or to collect this money.

Mr. ROGERS: I shall be glad to secure that information for my hon. friend and to make it available when we are in committee again on this item.

Mr. GREEN: What public works are being undertaken in British Columbia, either by the dominion government, or by this government in conjunction with the provincial government, on which the unemployed men who are in the Vancouver post office and in the art gallery can be placed?

Mr. ROGERS: Well, there are no joint works to which the dominion government is now contributing through the Department of Labour. There are two stretches of highway, the Big Bend highway and the new highway from the international border to New Westminster, either to which the dominion government is contributing or for which there has been an undertaking that the dominion government will contribute.

Mr. BARBER: Is that under this vote?

Mr. ROGERS: It is not under this vote at all, no.

Mr. GREEN: Those are the only two projects on which these unemployed men could be placed at work?

Mr. ROGERS: Oh, no, I would not say that, because a number of other public works projects of the various departments—the Department of Transport, for instance, and the Department of Public Works—are being carried out in various parts of the province. My hon. friend has raised his question rather under the Department of Labour votes, and I am able to tell him only with regard to the votes that are given here. As a matter of fact, although last year our contributions to highways were under the Department of Labour, this year they are rather under the Department of Mines and Resources, and to some extent under the Department of Transport in so far as our contributions pertain to the abolition of level crossings.

Mr. GREEN: I take it that the minister is very much concerned to have these men working, or at least to offer them work. Can they be placed on the work on the Big Bend highway and on the road from the boundary to New Westminster? If so, I suggest that this information be conveyed to them at once. If that were done, we might get quite a number of them out of the post office and the art gallery, and public support would be swung behind the government instead of, as I think it is to-day, being largely behind the men because it is felt that nothing is being done. The tragedy is that no move whatever is being made by this government. At least that is the feeling in Vancouver. Cannot the minister take some step to offer these men work right away on these two highways?

Mr. ROGERS: The work on the Big Bend highway has been continued over a period of years under agreement with British Columbia. The work on the highway from the international boundary to New Westminster has not yet been started. In all probability it will be done as a joint project with British Columbia. I believe an announcement has already been made with regard to that work, and it has been stated that those who are single and unemployed and residents in British Columbia will be upon the same footing as others as to eligibility for this work, but I am not saying and could not say that there would be an opportunity on this work for all those who are at present unemployed in the city of Vancouver.

Mr. LANDERYOU: Could the minister give us in regard to Alberta similar information to what he has just given with respect to British Columbia?

Mr. ROGERS: There is nothing in these votes, at least in the particular vote that is before us, for Alberta. My hon. friend is really now asking me to speak from memory of votes in other departments. I happened to recall the vote for the Big Bend highway in British Columbia and the highway from the international boundary.

Mr. LANDERYOU: Can he tell us under which item we can discuss this?

Mr. ROGERS: The matter can be discussed under No. 517, the item now before the committee.

Mr. MacINNIS: How much of this amount of $1,075,000 is allocated to British Columbia and what projects will be carried out under the vote?

Mr. ROGERS: As I explained before, this is a revote. It is designed rather to carry out commitments under agreements of the past year, that is to say, to complete the program in which the dominion government agreed to participate in the past year. I will give the break-down of them:

To provide for commitments under agreements with the provinces for which claims covering work done prior to March 31, 1938, will not be received in time to be paid before the close of the present fiscal year, 1937-38:

Quebec	$ 76,500
Ontario	207,500
Manitoba	15,000
Alberta	13,500
British Columbia	45,400
Total	$357,900

That is not for new work, but to provide rather for the payment of accounts which will be received after March 31 of this year but pertaining to work done last year.

Mr. MacINNIS: This work is already done? It provides only for payments for work done?

The CHAIRMAN: It is eleven o'clock.

Mr. ROGERS: It largely provides for the completion of work.

Progress reported.

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

Wednesday, June 15, 1938

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

EX-SERVICE MEN—MEDICAL CARE

Mr. MacNEIL:

1. What was the total expenditure for the medical care of ex-service men, under orders in council P.C. 1842 and P.C. 91, for the fiscal years 1935-36, 1936-37, and 1937-38?

2. What was the total expenditure for hospital allowances for ex-service men, under orders in council P.C. 1842 and P.C. 91, for the fiscal years 1935-36, 1936-37, and 1937-38?

3. What were the total admissions to hospitals of ex-service men, under orders in council P.C. 1842 and P.C. 91, for the fiscal years 1935-36, 1936-37, and 1937-38?

4. How many ex-service men were granted treatment as class 1 patients, under orders in council P.C. 1842 and P.C. 91, for the fiscal years 1935-36, 1936-37, and 1937-38?

Mr. RINFRET:

1.

1935-36	$1,548,643 61
1936-37	1,392,321 43
1937-38	1,461,855 96
Total	$4,402,821 00

2.

1935-36	$1,315,347 09
1936-37	1,083,919 42
1937-38	943,430 68
Total	$3,342,697 19

3.

1935-36	12,678
1936-37	11,527
1937-38	11,031
Total	35,236

4.

1935-36	7,562
1936-37	5,990
1937-38	4,571
Total	18,123

MONTREAL POSTAL EXAMINATIONS

Mr. DENIS:

1. How many persons were candidates at the examinations held in Montreal, in June, 1937, for: (a) postal clerks; (b) letter carriers and mail porters?

2. How many were successful in the said examinations for: (a) postal clerks; (b) letter carriers and mail porters?

3. How many of the successful candidates were appointed since as: (a) postal clerks; (b) letter carriers and mail porters?

4. How many returned soldiers were successful in the said examinations for: (a) postal clerks; (b) letter carriers and mail porters?

Mr. RINFRET:

1. (a) 1,767; (b) 2,593.

2. (a) 402; (b) 824.

3. (a) 63 (full time); 41 (part time). (b) 10 (full time); 42 (part time).

4. (a) 1; (b) 18.

LIFE INSURANCE POLICIES

Mr. FAIR:

1. What is the total amount of premiums paid on the life insurance policies that have lapsed during the calendar years 1930 to 1937 inclusive?

2. What is the approximate average length of time the above policies have been in force?

Mr. DUNNING:

1. The information required is not available from the annual statements received from the various life insurance companies registered at the Department of Insurance.

2. Answered by No. 1.

NATIONAL PARKS

AMENDMENT OF EXISTING LEGISLATION AFFECTING WAWASKESY, ELK ISLAND AND PRINCE EDWARD ISLAND PARKS

Hon. T. A. CRERAR (Minister of Mines and Resources) moved the second reading of Bill No. 154, to amend The National Parks Act, and The Nova Scotia and Prince Edward Island National Parks Act, 1936.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

Section 1 agreed to.

On section 2.

Subsection (3) agreed to.

On subsection (4)—Lands added to Elk Island national park.

Mr. BENNETT: With respect to Elk Island, is it proposed to vest in the crown in the right of the province the lands not required?

Mr. CRERAR: Yes; they are transferred to the province. They are really for road purposes, to permit some slight change the provincial authorities wish to make in a road.

Mr. BENNETT: The section says "are hereby declared to be no longer required for park purposes." I do not see that it is vested in the crown in the right of the province of Alberta; however, as in the case of Prince Edward Island, I should think it would be proper to vest it in the crown in the right of the province.

Mr. CRERAR: Is that suggestion for purposes of clarity, or is it essential?

Mr. BENNETT: It struck me that it might be essential, though I am uncertain as to that. When the natural resources agreements were made the reservation for park purposes was made also, as the hon. gentleman

said yesterday; and in the case of Prince Edward Island, as will be observed, we have stated that the lands are hereby vested in his majesty in the right of the province of Prince Edward Island. I suggest that somewhat similar words should be used with respect to the two areas mentioned in subsections (3) and (4) of section 2. Whether or not it is essential would be seen only by going back over the various statutes to find whether that was done. But it is simple to add the words, "hereby vested in the crown in the right of the province of Alberta." I think it may be essential, but it may not. I am asking the minister for information.

Mr. CRERAR: I cannot say definitely at the moment, but my impression is that it is covered in the natural resources transfer agreements. I think I am correct in saying that there is some provision somewhere in the agreements that lands which may be no longer required for park purposes shall return to the province. However, I have no objection to adding—

Mr. BENNETT: No; I was just asking the minister for information.

Subsection agreed to.

Section agreed to.

On section 3—Lands withdrawn from Prince Edward Island national park.

Mr. BENNETT: Perhaps the minister can give a little information in respect to a matter which I brought to the attention of the house some time ago. There was a rather serious dispute between the province and some of the landowners. I felt that the landowners, on the evidence submitted in their declaration had made a fairly good case; and the minister said he would look into the matter. I take it, when we place the obligation upon the province to acquire the lands, the Dominion of Canada has no desire to occupy lands with respect to which the previous owners felt that they had a grievance. Perhaps the minister could tell us what the effect of this legislation may be upon the areas which were in dispute and the values which were fixed upon them by the arbitrary provisions of a statute of Prince Edward Island.

Mr. CRERAR: My information is that the matter to which the right hon. leader of the opposition (Mr. Bennett) has just referred, and which was mentioned by him on a previous occasion, has been satisfactorily adjusted. I think these changes or rectifications in the park boundary lines relate to the adjustment made with the people from whom the property was acquired.

[Mr. Bennett.]

Mr. BENNETT: That is what I wanted to know.

Mr. CRERAR: That is my information at the moment. I wish, however, to add that I do not think there is any responsibility on the federal government through the parks administration to see that people whose lands may be taken for park purposes are properly compensated. That is wholly a matter within the province, and of course the province has to answer to those from whom the land is acquired.

Mr. BENNETT: I was not saying that the duty rests primarily on the parks branch, but I think it rests on the dominion as a dominion, when it is acquiring property by way of a trust, to satisfy itself in a general way that those who have been deprived of their property have had it taken from them by due process of law. I am not going to traverse the ground I went over before; but the minister will remember that the province passed a statute which allowed them to take the property and fix the compensation. That is, the people who compulsorily take it fix the compensation, and there was no recourse either to arbitration or otherwise. I suggest that, not the parks branch but the Dominion of Canada would not care to acquire that land which had a trust attached to it unless the dominion felt that at least those reasonable precautions, which have always obtained in British dominions when property is taken from an owner, had been observed.

Mr. CRERAR: A rather nice point.

Mr. BENNETT: No. I think the minister said this adjustment cured it.

Section agreed to.

Section 4 agreed to.

Bill reported, read the third time and passed.

EXCISE ACT AMENDMENT

MISCELLANEOUS ADMINISTRATIVE CHANGES INVOLVING NO ALTERATION IN RATES—CONCURRENCE IN SENATE AMENDMENTS

Hon. J. L. ILSLEY (Minister of National Revenue) moved the second reading of and concurrence in amendments made by the senate to bill No. 123, to amend the Excise Act.

He said: The amendments are harmless. There is really only one amendment which substitutes the word "suffers" for the word "allows."

The other amendment is merely an amendment in point of form. Section 17 of the bill

states that the word "five" shall be substituted for the word "two," the form in which the section is drafted violates the rules—or perhaps the accepted practice—of parliament. Instead of section 17 being drafted in the terms that appear, the whole section should have been repealed and the word "five" substituted for the word "two." The senate has made that change in the wording of section 17. Those are the only two amendments. I would ask that the house concur in them.

Mr. BENNETT: There is one about fines, penalties. There are three altogether.

Mr. ILSLEY: I was told there were only two.

Mr. STEWART: It is in the votes and proceedings:

Page 2, line 16. For "penalty" substitute "fine."

Motion agreed to; amendments read the second time and concurred in.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

Production services—Live stock and poultry—further amount required, $24,785.

Mr. LEADER: What progress, if any, has been made with regard to shipping fresh killed beef to the old country market?

Hon. J. G. GARDINER (Minister of Agriculture): The first shipment left last week.

Mr. SENN: When this item was up for discussion some time ago I registered an objection against the practice followed by the department of going to the stockyards to buy brood sows rather than obtaining them from breeders of pure bred swine. Will the minister give the committee the details of what has been done during the past year along this line. How many sows have been purchased in this way for distribution among the farmers for use as breeding animals?

Mr. GARDINER: I am informed by the deputy that he has not that information for the past year.

Mr. SENN: I think it is a very unwise policy to purchase animals in this way for distribution among farmers, particularly when there are so many live stock breeders who are doing such good work in breeding pure bred animals. They are helping, at considerable expense to themselves, to build up the breeding stock of this country, but if these animals are purchased at the stockyards the breeders will have no encouragement whatever to continue the work they are doing. They have rendered a wonderful service to the dominion by the production of pure bred hogs, cattle and other animals. Rather than continue in this way, I think it would be better if the department discontinued this service entirely and let the farmers buy from the breeders or wherever else they wish. It would be unfair to the pure bred live stock breeders to continue this practice any longer.

Mr. GARDINER: I can understand that there may be some objection to this policy, but there are also some advantages. I have shipped at one time as many as thirty or forty pure bred Yorkshire hogs to market, and many other producers have done the same thing. By there being some one at the market to make selections, many of those animals are saved from slaughter. Quite often the community in which the animals are bred is not such that they can be disposed of to advantage. Many farmers who would like to take advantage of such a distribution do not live in the immediate vicinity. We are trying to work out a policy whereby these animals will be selected at the local points rather than at the stockyards. That would provide some improvement over the present system. The department will be more than pleased to cooperate with the breeders in providing a more convenient distribution of pure bred sires.

Mr. SENN: The minister's answer goes a long way to prove just what I have said. These pure bred live stock breeders are forced to send their animals to market because they have no other market for them. They will never have a market so long as these animals are distributed in the way they are at present. I think the proper thing to do would be to purchase the animals from the pure bred live stock breeders. I believe these animals could be got for a very small premium over the prevailing market price for slaughter animals. That would assist the breeders and encourage them in the work they are doing.

Mr. ROWE (Dufferin-Simcoe): I agree with what the hon. member for Haldimand (Mr. Senn) has said. I do not think the department is giving the pure bred live stock breeders of this country sufficient assistance. About the only market they have is the ordinary meat auction, as one might call it. Considerable advancement has been made with reference to advanced registration of pure bred swine, and serious consideration has been given to initiating a record of performance in connection with swine, such as we have with dairy cattle. It seems to me

that the department is giving the pure bred live stock breeder very little incentive to carry on a work which is essential to the production of high-class bacon. Has any consideration been given to the payment of bonuses for the production of pure bred swine, such as are paid in connection with cattle and sheep?

Mr. GARDINER: The bonus policy in connection with swine has been largely done away with. This policy was in force generally some years ago, but it is not now in operation in a number of provinces. The service in connection with registration and all that goes with it is given to the breeders of pure bred swine as well as to the breeders of other pure bred live stock. However, the situation in connection with hogs is a little different from that prevailing in connection with cattle or horses. The price of a pure bred sire, as far as cattle or horses are concerned, is much higher than the price of a pure bred hog. The same thing is true with regard to females. For example, when you ship hogs to market, even if they are pure bred, you would get in the west probably fifteen or sixteen dollars a head for them. It is very difficult to make selections on the farm pay the cost of those selections and add that cost on to the price of the animal. But when the individual can go perhaps to the local yard from which the hog is shipped or to the stock yard to which it is shipped, he can purchase pretty much at the market price. In addition, the amount of money involved in the animal itself renders it difficult to add the cost of the service on to it, which would mean going around and selecting the hogs where they are to be found on the farm. That is one thing which it is difficult to overcome, the matter of cost alone. When you are dealing with a bull or a stallion, it is an entirely different matter. There you can make selections and add on the cost of selection, the cost of inspection, and all that kind of thing without doubling the price of the animal, but with the hog you would probably more than double the price. I would say this, that I think the results which have been obtained across Canada from one end to the other in the improvement of swine is a fair indication that the services of the department have been not only appreciated but effective.

Mr. ROWE (Dufferin-Simcoe): Perhaps the minister did not get my point. I believe the department would be well advised to give consideration to the encouragement of the production of high-class, pure bred swine that come up to the standard required and have the record of performance credentials. I see no more serious difficulty in providing a system of general application with regard to hogs than in providing one with regard to sheep. I quite agree with the minister that great strides have been made in assisting in the production of better swine throughout the country, because farmers take advantage of the pure bred swine that are placed on the market; but that is more or less drying up the fountain from which the better swine have come; and while it slightly improves the general quality and general standard throughout the country, it does not offer much incentive to the breeders to whom the hon. member for Haldimand (Mr. Senn) has referred.

As to advanced registry, I observe in last year's report that the department was completing arrangements for two advanced registry test stations, one in Edmonton and one in Saskatoon, and I should like to know what progress has been made in that regard and whether the department has given consideration to the establishment of advanced registry test stations at other points throughout the dominion. If we are going to keep in step with the improvement made in other countries in quality of production, special efforts should be made and special encouragement given by the department to the swine breeders throughout this country, so that breeding swine with special credentials as to record of performance might be more widely distributed. The department might well seriously consider the taking of special steps for the encouragement of pure bred swine because, after all, the swine from which we produce our better bacon to-day are all pure bred or eligible for registration. I quite agree that the small price secured for pure bred swine does deprive breeders from having a record of their breeding in many instances; but recently great strides have been taken with respect to advanced registry tests and records of performance credentials, and that is fundamental if we are steadily to improve the quality of our swine. But I am speaking more with reference to the encouragement of the breeder of recorded pure bred swine, than of what might be called the commercial breeder, who is merely taking advantage of the better hog he gets at the ordinary market price.

Mr. BLAIR: We already have a premium on first-class hogs and I think that might perhaps serve the purpose. It is extremely important that our bacon should be properly displayed in the old country. For many years we have heard that we have never had a proper display of our bacon in the old land. We have also heard that our Canadian packing organizations do not wish to have a proper

display of our bacon in the old land because they say that if the price of our export bacon, which comprises 15 per cent of our production, goes up then the price of the 85 per cent we consume at home would also go up, and if the price of the 85 per cent for home consumption goes up, it will come in competition with fowl, fish, eggs and salmon, and we shall not have the turnover in bacon that we now have. Their interest is in looking after the packer. Our interest is to see that we get the highest possible price for our Canadian bacon.

I have received a number of letters complaining of our Canadian display, and I have one here which I got from Glasgow only two days ago, from a drover of my home village. He visited the empire exhibition in Glasgow and viewed the situation in regard to our export cattle and hogs. I will read a few sentences from his letter:

> I came to Glasgow on a cattle boat from Montreal for three reasons: first, I wanted to see how Canadian cattle were being handled for export; second, I wanted to see what Canada in particular had to show in the empire show windows at the empire exhibition; and third, I just wanted to see what sort of country our Canadian pioneers came from.
>
> I have been greatly impressed by the beauty and historical interest of Scotland. I have just finished going through Edinburgh castle and I am writing this as I did the enclosure, in the waiting room in the castle. Canada had the most pretentious building on Dominion avenue at the exhibition, but I don't think it would sell Canada to the British Isles. While Australia had a more modest building, I believe her display was much more businesslike.
>
> Peter C. McTavish.

That letter, as I said, was from Glasgow, from the empire exhibition.

Mr. GARDINER: If I might make the suggestion, the remarks just made by my hon. friend relate to item No. 485. We are now on the item for the production of live stock and poultry, and I would rather reserve until we reach the other item, any remarks I have to make in reply to my hon. friend.

To deal with the questions raised by the hon. member for Dufferin-Simcoe (Mr. Rowe), the first of these advanced registry establishments that was built was in Ontario. Later there was one placed in Quebec, and later another in Prince Edward Island, and one in Nova Scotia, which serves both Nova Scotia and New Brunswick. Last year again there was one built in Saskatoon, as my hon. friend indicated, and one in Edmonton. This year we are rebuilding the one in Ontario; that is, we are building a more up-to-date plant.

Mr. ROWE (Dufferin-Simcoe): Where?

Mr. GARDINER: Near Waterloo, in the same vicinity where the old one was established. That is now being arranged for. The desire is to promote the production of the best strain of Yorkshire hogs, particularly, right across Canada, and to encourage breeders in producing them by giving them this registry and also a test of the production under certain feeding regulations. That is being done at all these plants, and the work will be enlarged as funds are available.

Mr. ROWE (Dufferin-Simcoe): No consideration has been given to the breeders who produce the desired type of hogs for breeding purposes?

Mr. GARDINER: Of course the present system contemplates that they will reap a premium on the sales when their live stock is sold. I think it has been the experience that they do, as a result of the records given by and maintained by the government.

Mr. PERLEY: When this item was before the committee on a former occasion, I think it was May 25, I tried to persuade the minister to give consideration to the live stock breeders of Saskatchewan by way of providing sires. I wonder if he can tell us what he proposes to do to assist Saskatchewan live stock breeders this summer, and if he has reconsidered his ideas? At that time he was not very favourably disposed.

Mr. GARDINER: We have not the figures made up yet for this year. The work is now being carried on. But I gave the figures, I believe, on two previous occasions, when we were on the general estimates and also on the date mentioned. The number of bulls put out in Saskatchewan was, last year, 65, and the previous year, 70; in Manitoba 61 last year and 52 the previous year; in Alberta last year 78 and the previous year 88. In addition to this policy of putting out bulls in the communities, we are this year in Saskatchewan putting bulls into the community pastures that were established. This year 18 are being placed in those pastures, to be used by those adjacent to them.

Mr. PERLEY: How many of those pastures are in Saskatchewan?

Mr. GARDINER: All eighteen are in Saskatchewan.

Mr. PERLEY: Can the minister give us any idea as to the number of breeding stock, females, in the pastures?

Mr. GARDINER: If it would serve just as well, I should prefer to deal with these figures

when we are discussing rehabilitation. I shall then have the figures available of the number of cattle served in each of the pastures.

Mr. PERLEY: How many sires is the department putting out this year in Saskatchewan under the loaning scheme?

Mr. GARDINER: The number has not yet been fully determined. As I have just indicated, we are now supplying the pastures and other areas. I am not able to give the completed figure for this year. It will be a number greater than last year.

Mr. LEADER: The minister has given the number of sires placed in the different provinces in the last two years. Could he give us the number by breeds?

Mr. GARDINER: For the three provinces I have the totals back over a period of years, but not just for last year. I can give those figures if they will be satisfactory.

	Alberta	Saskatchewan	Manitoba
Shorthorns	539	604	295
Herefords	128	153	90
Ayrshires	6	11	2
Angus	86	70	18
Holsteins	16	12	12
Redpolls	47	24	7
Jerseys	7	...	...

Mr. LEADER: There is just one suggestion I wish to offer to the minister. Thinking over our live stock industry and the condition it is in at the present time, and realizing that we are not making very much headway in developing a better quality of beef cattle—I am speaking particularly of beef cattle at the present time—I have come to the conclusion that the production of good live stock should be left entirely with the provinces, each of which has a department of agriculture. Over this large dominion, farflung as it is, the federal government cannot undertake to supervise better sires for our live stock; therefore, I believe, it should be left entirely to the provinces. But I think the federal department could assist in the marketing of our products; I would say that that is their job. I believe also that they should supply funds whereby the provinces could give bonuses in the production of better sires. I wish just to throw out that suggestion. I know that in the past the different provinces have had policies of their own, sometimes overlapping with the policies of the federal government. But I am firmly convinced that the production end should be left to the province, with the federal department assisting in every way possible in providing a market and also giving financial aid. When I read of the action which has been taken, in particular, by Ireland, which is our greatest competitor in the old country market—the policies that country has adopted, the strides it has made in producing better feeder cattle for the British market—I am amazed that we in Canada have just leaned on our oars and have not made use of the advantages which we enjoy. It is all right to send stocker and feeder cattle to Great Britain, but we should send what the market demands. We are not doing so in any quantities. Most of our feeder cattle, store cattle that go to the old country markets, are the progeny of dairy and dual purpose bulls. Can you expect them to compete successfully with Ireland, which is using the very best beef bulls it can buy in Scotland and in England? We in Canada should be concerned in providing the very best type of beef bulls we can secure, not limiting them to any one beef breed, but getting the best we can in all breeds, thereby giving the market what it demands. The same thing applies exactly to the United States. Those two countries provide us with our markets, and if we have not the initiative and the ambition to provide ourselves with the very best stock we can possibly obtain to supply those markets, then I say there is something seriously wrong.

Item agreed to.

Plant inspection, insects and diseases—further amount required, $30,185.

Mr. PERLEY: Does the grasshopper question come under this item?

Mr. GARDINER: No, under entomology. There is a special item for it.

Item agreed to.

Grants for fair buildings and improvements, in the amounts detailed in the estimates—further amount required, $65,850.

Mr. ROWE (Dufferin-Simcoe): Will the minister explain this item?

Mr. GARDINER: The purpose of the vote is to provide for a number of grants. For the maritime winter fair at Amherst, Nova Scotia, there is an additional $5,000. That is one year's amount to provide for a building that is being put up at Amherst to serve the three maritime provinces. The one winter fair serves the three. This will constitute part of the amount that is to be spread over ten years under arrangement with these provinces. The provinces themselves are contributing $5,000. The Vancouver exhibition is a similar arrangement, but there is some doubt whether that will proceed in view of the fact that the amount has been found scarcely sufficient to take care of the cost of the building. It may have to be delayed for another year, but at

the moment the amount is being voted. I do not know whether we shall be able to go through with the arrangement, but that is the intention. The additional amount for the Montreal exhibition represents a special expenditure that has been incurred there, the province of Quebec having joined with us on a fifty-fifty basis to clear up the expenditure that has been made. As a matter of fact, Quebec is giving more than fifty per cent. The Ormiston exhibition is a similar one. The British Columbia Cattle Growers' Association receives $600. It is to increase the grant to the Kamloops exhibition for a similar purpose. With respect to the Discovery Day fair in the Yukon, we are providing a grant to take care of some special exhibits having to do largely with horticulture in the north country. The request was made by the hon. member for the Yukon (Mrs. Black) and I thought it was a good purpose to encourage the production of vegetables and flowers in that far northern country. The hon. member can explain it more fully than I can. The other amount of $50,000 is for small exhibitions across Canada, for improvements of fences and buildings and so on, where employment may be given in a small way.

Mrs. BLACK: I wish to take this opportunity particularly to thank the Minister of Agriculture for making this grant: Our Discovery Day celebration, the day on which we celebrate the discovery of gold in the Yukon, is on August 17, and fairs are held in the capital city, Dawson, and at White Horse and Mayo. At White Horse, Dawson and Mayo, tourist steamers call and tourists are interested in seeing what our country will produce. In the three months of the growing season when we have practically twenty-four hours of daylight or sunlight, the country produces almost all the vegetables that one gets on the outside, and our flowers are unusually beautiful. Some of our gardens rival in beauty those of the "outside" world, as we call it. Prizes are offered for the best display of flowers and the best display of vegetables. There is now one experimental farm in the vicinity of Carmacks. I do not believe that any grant is given to that farm, but seeds and roots are sent to Mr. Brown and he in turn, I believe, sends samples of the foodstuffs he has raised in that part of the world. Yukoners, I am sure, will be particularly pleased, because while this amount is not large it will at least show them that the government is taking an interest in the agricultural work away in the north country.

Item agreed to.

Branch farms and stations and illustration stations—further amount required, $42,230.

Mr. PERLEY: Explain.

Mr. GARDINER: These are the items making up the vote: Branch farms and stations and illustration stations, salaries, additional amount required for new and reclassified positions and statutory increases resulting from reorganization, $7,510. Then there are wages, additional amount required for increase in wages of labour and so on, branch farms and stations, amounting to $27,525. For illustration stations, to provide for the establishment of new stations, at $350 per station, and travelling expenses of supervisors, there is an amount of $2,035. There is a substation at Fort William, Ontario, for the study of crop improvement methods, soil improvement, live stock production, tree, fruit and vegetable production; and including salaries, rent, supplies and so on, the amount is $2,340. For the substation at Creston, British Columbia, for the study of crop possibilities, type of crop rotation most desirable on reclaimed Creston flats, there is an amount of $2,820.

Mr. MARSH: How many of these branch farms and stations are there? I was interested in ascertaining whether this money is distributed over three or four branch farms, or whether there are many of them throughout the country, and in what provinces they are located.

Mr. GARDINER: There are many of them all across Canada. I was just looking for the list. I did not have it at hand because this matter was dealt with on the general estimates and, as has been indicated, this is only a supplementary estimate. But we have the information, and I can get it shortly.

Mr. MARSH: It is not necessary, thank you.

Item agreed to.

Entomology—further amount required, $19,210.

Mr. PERLEY: Would the minister make a statement with regard to the grasshopper plague in Saskatchewan?

Mr. GARDINER: The latest information is that grasshoppers are hatching in moderate numbers in Manitoba, Saskatchewan and parts of Alberta. There is an organization set up to deal with the attack of the grasshoppers on the crops; as to how effective it will be we are not yet in a position to say. While I was in the southern part of Saskatchewan recently I was told that in certain sections down in the neighbourhood of Oxbow and

Carlyle there is a somewhat serious development of the grasshopper plague at the moment, but they hope to be able to keep it under control.

Mr. ROWE (Dufferin-Simcoe): Some parts of northern Ontario are seriously affected as well. There is a grasshopper plague in Fort William and Port Arthur, and recently the Huntsville district showed signs of it.

Mr. GARDINER: I am glad to have that information, and the department will take the matter under consideration.

Mr. DOUGLAS (Weyburn): What steps are being taken to combat the grasshoppers? I had word this morning that on several farms in the south, half the crop is said to have been destroyed. That is not general, I understand, but it is so in these cases.

Mr. GARDINER: The attack on the grasshopper plague is always made by the provincial governments. We do not carry on that service. We do make available any of our men from this branch of the department in order to assist in developing ways and means of handling the plague, but the work is actually financed and carried on by the provincial governments.

Mr. DOUGLAS (Weyburn): Is any subsidy given by the federal government?

Mr. GARDINER: There is no subsidy; just this assistance which is given through this branch.

Item agreed to.

Marketing services — agricultural economics, including grant of $5,000 to the International Conference of Agricultural Economists—further amount required, $7,690.

Mr. ROWE (Dufferin-Simcoe): What is this further amount for? I thought the item in the main estimates provided for a grant of $5,000 for this conference.

Mr. GARDINER: The purpose of this additional amount is first to provide for additional sums required for new and reclassified positions and statutory increases resulting from reorganization; also the adjustment of salaries of graduate assistants and student assistants as provided in these classifications. Second, it is to provide for financial assistance to the International Conference of Agricultural Economists to be held at Macdonald College, Ste. Anne de Bellevue, in Quebec, August 21-28, 1938. This is a conference that is held from time to time in different countries. This year it is to be held in Canada, and we are doing here what is done in other countries, providing some assistance towards the cost of it. The extent of that assistance is $5,000.

[Mr. Gardiner.]

Mr. ROWE (Dufferin-Simcoe): Is it the intention of the government to send another committee overseas in 1939 to investigate marketing conditions?

Mr. GARDINER: We have our organization over there at the moment; that is, we sent over Mr. Allen of the university of Saskatchewan, as was indicated when the general estimates were up, and we also have six men, sent there in previous years, who are acting under Mr. Allen. In addition others may go over from the department from time to time in connection with certain activities, but it is not anticipated that a definite committee will be sent over for that purpose. That is, the action we have taken is a result of the activities of that committee of a year ago in establishing the set-up of the marketing branch. There is one man over there now, Mr. Arkell, who is making some investigations along with Mr. Allen.

Mr. ROWE (Dufferin-Simcoe): Does he report to the Department of Agriculture?

Mr. GARDINER: Yes.

Mr. ROWE (Dufferin-Simcoe): If any other committees are sent overseas at public expense, such as the very able committee that was sent over last year, I suggest that their report be tabled as it is presented, whether it criticizes or praises any department of the government. I think the house and the country are entitled to a full report on conditions as they exist overseas, and as they are found to exist by any such committee, rather than a report such as that to which we referred previously at some length. I do not propose to refer to it again more than to say that I want to compliment the minister on naming such outstanding and experienced agricultural representatives as made up that committee. I think it most unfortunate, however, that the original report was not presented; perhaps because in some respects it did not give any added political colour to the Department of Trade and Commerce, or perhaps it was embarrassing to the Department of Agriculture. The report was so rehashed that it was, I repeat, merely a political document complimenting the government for what they had done, advertising what they intended to do and leaving unsaid many things that the committee found essential for the better marketing of our agricultural products overseas. I do not think it is unfair to say that now, because since referring to it before I have observed in the minister's discussions of his estimates the statement that seed tomatoes of a certain kind had been distributed to only a few of the experimental farms. But on page 10 of

this report, which was more or less an added entry or added compliment to the government rather than any report of a committee, clause 4 states:

The seed of a particularly promising new variety of tomato has been purchased. It has been distributed among canners throughout Canada who have undertaken to have the crop produced and processed under the superivsion of the Department of Agriculture. This particular variety is very promising and it is hoped that it may be the means of improving our product on the British market.

We find that only a few experimental farms have received this choice seed. That is only one example of the statements made throughout this so-called report, which to my mind is more a political handbook than anything else; it has not even the name "report" on it. It is most unfortunate that the advice and findings of such an excellent committee have been so much befogged by what to my mind is merely a political scramble of difficulties between two departments.

It is not in any spirit of sarcasm that I ask the minister whether he would consider again sending a committee overseas. The committee did excellent work last year. I should like to see them go back to the old country, investigate British markets as they did before, and be allowed to present in this house a report not manufactured by someone after their return and added to and subtracted from and changed in its whole purport until it is of little value except politically for the government and the department under which they were sent.

Item agreed to.

Dairy products—further amount required, $20,050.

Mr. TUSTIN: The details on page 24 of the supplementary estimates show a chief of dairy products marketing and merchandising services. In the main estimates there was an assistant director of marketing services. Is this a new position that has been added in the supplementaries?

Mr. GARDINER: This position was provided for when the reorganization was arranged, but it is not yet filled.

Mr. TUSTIN: Then it will be a new position?

Mr. GARDINER: Yes.

Item agreed to.

Subsidies for cold storage warehouses under the Cold Storage Act, and special grant of $90,500 to Manitoba Cold Storage, Limited, Winnipeg, Manitoba—further amount required, $178,836.80.

Mr. ROWE (Dufferin-Simcoe): Will the minister explain?

Mr. GARDINER: The following contracts have been signed since the main estimates were submitted:

Edmonton Cold Storage Co. Ltd., Edmonton, Alberta, $8,926.80.
Elgin Growers Cooperative, St. Thomas, Ontario, $525.
Oxford Fruit Cooperative, Ltd., Woodstock, Ontario, $2,355.
Creston Cooperative Fruit Exchange, Creston, British Columbia, $4,080.
Vancouver Ice and Cold Storage Limited, Vancouver, British Columbia, $15,000.
Total, $30,886.80.

Then, as to applications received but contracts not yet signed, these have been investigated by the department and we are practically committed to them:

Crown Fruit Company, Kelowna, British Columbia, $4,875.
Allied Cooperative Cold Storage, Hamilton, Ontario, $37,500.
Keremeos Growers Cooperative, Keremeos, British Columbia, $6,600.
Okanagan Valley Land Company, Okanagan Centre, British Columbia, $3,525.
Timiskaming Producers Cooperative, New Liskeard, Ontario, $1,050.
British Columbia Fruit Shippers, Ltd., West Summerland, British Columbia, $3,900.
Special grant, Manitoba Cold Storage Co., Ltd., Winnipeg, Manitoba, $90,500.

The Timiskaming Producers Cooperative will have to come under the special grants, as well as the Manitoba Cold Storage. The reason is that strictly speaking, as the law stands, anyone making application for one of these grants must do so before any activities in connection with the building are started. These two concerns had unofficially made application before starting activities, but before we could get into the position of inspecting and taking the action necessary under the law they found it imperative to go on if they were to get construction under way this year. They started with the understanding that if we found them to be in every way in accordance with the law we would proceed. In every other way they have conformed to the law.

Mr. ROWE (Dufferin-Simcoe): The amounts are in keeping with the terms of the act?

Mr. GARDINER: Yes.

Mr. STEVENS: Has the minister with him a copy of the contract form that is entered into in all these cases?

Mr. GARDINER: I have not a copy of the agreement here. It is the same agreement as has been in use for a long term of years.

Mr. STEVENS: Yes. I am under the impression that the form of contract gives some jurisdiction to the minister in regard to rates of charges.

Mr. GARDINER: That is correct.

Mr. STEVENS: I am not approaching this in a critical spirit at all, but I should like to point out that the original idea of the Cold Storage Act—I think that is the act under which subsidies are granted—was that it would be a service to producers; that was the foundation of it. It was with that thought in mind that parliament passed the act, and it has been carried on ever since. Now the strange thing is that over a long period of years since this act first came into operation there has grown up a tendency on the part of those who control some of the cold storage plants to use the plant as a method of enhancing their own profits rather than stabilizing the market for the producers. I do not apply this to all. A substantial number of those named by the minister are cooperatives, and they are not included in this at all. I am referring to the cold storage plants located in certain of our cities. I believe the department should make a careful study of these to ascertain whether the large contributions, running into many millions of dollars, that have been made out of the public treasury, are being used for the enhancement of private companies rather than to stabilize the market. I did not know that this item was coming up to-day, or I would have been fortified with more data.

Let me give one illustration. For the last ten years statistics have been published from time to time with regard to the amount of butter in storage. I looked at these the other day and I believe there is something like 20,000,000 pounds of butter now in storage. Hon. members who are familiar with this business will understand my illustration. The flush period of production in Canada is from June to September, tapering off, of course, as the grass dries up in the latter months of the summer. As we pass into the winter, when the cattle have to go under shelter, the production drops off. Usually the cold storage accumulation around September is in the neighbourhood of 20,000,000 pounds, and this will gradually diminish from about the end of October. Frequently the substantial portion of this accumulation has disappeared by February or March.

When the increase in storage ceases around the month of September the price paid to the farmer for butter fat ought to increase and continue to increase until the middle of the winter. Frequently the farmer does not get the advantage of increased butter fat prices until January, February or March. Mark you, the natural conditions are fairly steady. The large corporations, such as the Eastern Dairies, argue that an increased price should not be paid because of the presence of this accumulation still in storage. This happens as regularly as the seasons. My conviction is that the large dairy companies have used their storage facilities for their own profit rather than to assist the farmer.

Let me put the story the other way around. When this legislation was approved parliament realized that Canada was unique, as compared with New Zealand and certain other countries, in that we had a very cold winter season but a summer season of prolific production. Parliament accepted the view that subsidies should be paid to provide cold storage facilities in order that fair prices might be maintained and that the farmer might receive a higher price for his butter fat during the winter. It was felt that the production could be sold at a price which would enable the cold storage company to pay the farmer a fair price in the summer. But that is not the way it has worked out. To use the words the head of one of these corporations uttered some time ago, "There is the consumer dollar from which must be obtained the cost of freight, the cost of processing and our profit, and the farmer gets what is left."

That is an absolutely false philosophy; yet it dominates the butter business, and also the cheese business to a certain extent. The same philosophy dominates the hog and bacon market. I implore the minister to give some thought to this philosophy that works eternally against the farmer. My contention is that there should be a fair price paid to the farmer. That should be your kicking-off point. Then you have the cost of processing, cold storage, freight, handling and distribution. The function of parliament should be to watch these intervening processes and see that they do not become too costly. Naturally I am just as much interested in protecting the consumer as I am in seeing that the farmer gets a fair deal. Parliament should exercise its discretion and control as far as possible.

I venture to say that scores of millions of dollars have been contributed to assist in providing these cold storage facilities. I recall one instance where a grant of a couple of million dollars was made. These cold storage companies that have received millions of dollars from the public treasury ought not to be allowed to use these facilities to control the market for their own advantage. These facilities should be used for the stabilizing of the market so that the farmer may receive a fair price for his butter fat and other products involved in the cold storage business.

Mr. GARDINER: The remarks just made apply to what was said when the main estimates were up some time ago. At that time

we discussed the question whether this particular provision should be continued. My understanding of the discussion at that time was that there was an overwhelming opinion that these subsidies should be continued. When the question was raised before, I had somewhat the same idea as has been raised to-day. There is a question whether we have not reached the time when it can be said that we have given sufficient encouragement to the establishment of cold storage plants.

Mr. STEVENS: I would not want the minister to be under any false impression. I want it understood that I am not arguing for the cessation of grants under the Cold Storage Act. What I am suggesting is that these companies have taken advantage of these subsidies, and that the whole matter should be carefully surveyed from the standpoint of the farmer. That is all I am asking for at the moment. I am not making any charges, nor am I criticizing the minister. This is not a matter for which he has any particular responsibility.

Mr. GARDINER: Nevertheless there is a question whether we have reached a point where we should reconsider the whole matter. There is just a possibility that in some places we are promoting a commercial venture rather than assisting the producer. However, we feel that with the legislation as it is, those who meet all the conditions are entitled to the assistance provided. The storing of butter at comparatively low prices during the production season and selling it at higher prices during the winter is something that goes on rather generally all across Canada. It is something that develops with the seasonal conditions prevailing in this country.

Mr. SENN: Not only as regards butter.

Mr. GARDINER: No; as regards other products as well as butter. The whole question is one which is receiving consideration by the department in an endeavour to find some way of meeting the situation, but up to the moment we have not found any effective way of meeting it.

Reference was made to the amount. The total amount of subsidies was $2,570,525.94. I think it advisable that we should place that on the record just to keep it straight.

Mr. STEVENS: May I add one suggestion to what I have already said about this matter, and it is this: When we come to the month of August, September or October, there is somewhere during that period the possibility of moving out of Canada a substantial amount of butter. I recall that some four years ago, possibly five, I took an interest in the matter from the standpoint of the Department of Trade and Commerce; I know that a considerable amount was moved out, and it eased the tension at once and had an immediate effect on the price. I believe that even if it were to cost a little, it would pay us to move some of that butter out just at the peak of the period because the flush period is always used as an excuse for beating down the price to the farmer for his butter fat. I do not know the price now, but for many years it got down to sixteen, seventeen and eighteen cents for butter fat, which is a disastrous price. I think these cold storage companies and the large dairy corporations ought to be brought into line so that a reasonable price will be paid to the farmer throughout this flush period, and I am quite certain that if we had some attention paid to the science of marketing during that period, in September and October particularly, a great deal could be done to assist. But, above all, during the summer months these companies ought not to be allowed to beat down the price as they do on the presentation of statistics of storage.

Mr. BLACKMORE: The suggestion of the hon. member for Kootenay East (Mr. Stevens) causes me to point out that in my judgment we shall never get the economic life of this country on a stable basis until we introduce from one end of it clear to the other the principle of the just price.

An hon. MEMBER: How?

Mr. BLACKMORE: First of all, go to work on it; realize it has to be done. Then, probably call in those who know how to do it. There has been no evidence so far that anyone has attempted to do it, and the farmer is being destroyed. It is the same in Ontario as in other parts of the country. I do not wish to labour this unduly, but the words of the hon. member for Kootenay East are absolutely true, and this situation ought not to be.

I have come to the point where I should like to ask the Minister of Agriculture three or four questions just to get clearly in mind the point of view of the Department of Agriculture. I am not sure whether this is the right place to ask these questions, but the first one is this:

What is the purpose of the Department of Agriculture in the Dominion of Canada? Is it here to increase the agricultural output in Canada, or is it here to increase the farmers' prosperity and stability in Canada, or is it here to improve Canada's agricultural possibilities? I believe that if we can definitely answer these three questions to start with, we would be on a basis from which we could go forward.

The next question which ought to be asked, it seems to me, is this: Is our Department of Agriculture primarily concerned with producing Canada's needs or the world's needs?

An hon. MEMBER: Both.

Mr. BLACKMORE: A very sound answer came from the other side of the house—both. That is also my opinion. If that is the case, it helps us to direct our agricultural thinking. I come from an agricultural constituency, and I am deeply interested in these questions, as I know all members are. My province is primarily an agricultural province, and my constituency is an agricultural constituency. I have said several times already in this house that unless something is done to regulate the situation for the farmers in my constituency, then we are destroying the agricultural life of my constituency, which thing ought not to be. I think everyone will grant that.

I propose to ask several other questions after a while. I do not want to be too truculent, but the time has come when the farmer's voice must be heard, and attention must be paid to it. Otherwise we must frankly acknowledge that in this Dominion of Canada the agricultural industry no longer counts, that it is a secondary consideration. Once that is acknowledged so that everybody knows it, well enough. Then we shall all know how to act; then we shall all know what to do. We shall all know that it is not wise to stay any longer in the western provinces, that we had better move to Ontario and Quebec where the industries are.

Miss MACPHAIL: Mr. Hepburn will look after you.

Mr. BLACKMORE: We shall have to move east. That is how many people from the agricultural areas are feeling. While we do not want to have anything unpleasant, I think probably the time has come when there ought to be a show-down. That is how the farmers are feeling. We are pretty much with our backs to the wall. It is practically impossible for us to move across the line into the United States as tens of thousands of farmers have done, and it is rapidly becoming impossible for us to live on the farm. If we leave the farm and move into the cities, we face a life of misery, and we have much the same situation to face as those boys in Vancouver of whom we were speaking yesterday. While I do not want to precipitate anything unpleasant, I would ask the minister, as man to man—I know he is as deeply interested in the farmers as I am—

An hon. MEMBER: More so.

[Mr. Blackmore.]

Mr. BLACKMORE: You must not say more deeply interested. You can think it, and say it if you want to be wrong. But the minister comes from the west and is a westerner with me. He is interested in the west, first, as the west itself. Second, he is interested in it because of the part the west can play in making Canada a great and happy country, and that is the attitude we all have. I have asked very few questions on the estimates, but if I could get an answer from the minister to the questions I have put, I have several others.

Mr. LENNARD: Ask them.

Mr. BLACKMORE: I have asked several already, and they will take some answering. First, what is the purpose of the department? Is it to increase the agricultural output of Canada?

Mr. ILSLEY: If I may be allowed, I move, Mr. Chairman:

That under vote 483, supplementary estimates, subsidies for cold storage warehouses under the Cold Storage Act, there be added: "and special grant to the Temiskaming Producers' Co-operative, New Liskeard, Ontario, $1,050.

Mr. GARDINER: As I explained a few moments ago, that will rectify the position in which the item now stands. The amendment will put it in the same position as Manitoba.

Mr. ROWE (Dufferin-Simcoe): Are the same statutory terms applicable to limited companies as to cooperative organizations engaged in cold storage?

Mr. GARDINER: Yes. It is just a matter of cold storage as long as it is available to the public.

Mr. ROWE (Dufferin-Simcoe): So long as it is available to the producer?

Mr. GARDINER: To the public generally. For cold storage purposes, as long as the space is available, at a fee, to the public generally, whether it is for producer or consumer purposes. The public has the use of the service.

Mr. ROWE (Dufferin-Simcoe): It must be kept open for public purposes?

Mr. GARDINER: Yes.

Mr. LENNARD: In connection with this $37,500 grant to the Allied Cooperative Cold Storage Company of Hamilton, what further grant will this firm receive?

Mr. GARDINER: The first amount paid is fifty per cent of the total grant. The remainder is spread over four years.

Mr. LENNARD: What type of cold storage plant is this?

Mr. GARDINER: It has a space of 300,000 cubic feet, and it will be open to the public for general storage.

Mr. LENNARD: It is not a processing plant?

Mr. GARDINER: There may be a processing plant built along with it; I am not sure about that. But the only part to which we give assistance is cold storage.

Mr. LENNARD: Who are the officials at the head of this concern?

Mr. GARDINER: That is one which is pending; the agreement has not yet been signed. I have not the names of the officials here.

Mr. BLACKMORE: I should like to have the minister answer the questions I put, because they are, to my thinking, important. Perhaps he will tell me whether or not he would answer them in the affirmative. I asked three questions which were covered up, probably, by a later remark. The first one was: Is it the purpose of the federal Department of Agriculture to increase the agricultural output of the dominion? I would say the answer is, yes. If that is not right the minister will correct me.

Mr. GARDINER: I think that on two or three previous occasions I have answered these questions, particularly when I was discussing the reorganization of the department. We have reorganized the department on a basis which we think indicates what the intention of the department is. The first division is the science and research division, which investigates all possibilities in connection with the fighting of diseases of plants, and animals and other problems of scientific agriculture. Then we have an experimental division, which makes use of the discoveries made by research and otherwise, and tries them out on our experimental farms. Then we have the production branch, which promotes the production of farm products on the farms generally throughout Canada. And we have the marketing branch, which promotes the marketing of these farm products.

In reply to the remarks made by the hon. member for Kootenay East (Mr. Stevens), I would say that what he is suggesting really did occur last year in the carrying out of the activities of those who had dairy products in cold storage. Approximately 5,000,000 pounds of butter was exported last fall, mostly in October and November, and a little more than 5,000,000 pounds were imported this spring to take the place of what had been exported last fall. The intention was probably a little different from the result obtained. It was probably thought last fall that there would be a slight surplus, and butter was exported; but as we got into the winter months, and found, because of the falling off of production towards the end of the season, particularly due to the fact that there were poor feeding supplies in different parts of Canada, that our butter production was down and the quantity in storage had diminished, it did become necessary to bring in later approximately the amount which had been exported early in the season. Whether if this happened every year it would invariably work out to be a good thing I am not so sure. After all what really happens in a case of that kind is that you add cost of transportation at least to somebody, somewhere. If you transport 5,000,000 pounds of butter from here to Great Britain there is the cost of carriage; if you bring butter back from Great Britain later on in order to supply the needs of this market, there is another transportation cost. Somebody must bear that expense, and, as I say, whether it would always work out to be a good thing for the producer in this country is difficult to determine. I believe last season it did work out beneficially to him: the fact that there was a slight shortage at the end of last year resulted in a better price this year for the farmer.

Mr. ROWE (Dufferin-Simcoe): How much New Zealand butter is in storage at the present time?

Mr. GARDINER: The amount in storage in the country at the present time is very small.

Mr. ROWE (Dufferin-Simcoe): Has the minister any idea how much New Zealand butter was brought in last year?

Mr. GARDINER: A little over 5,000,000 pounds, from Australia and New Zealand.

Mr. SENN: And some from England as well?

Mr. GARDINER: There was a shipment from England, but it is possible that it was Australian butter.

Mr. STEVENS: Has the minister before him the butter fat prices during the months of July, August and September last year?

Mr. GARDINER: Perhaps it would be well to place on record the wholesale jobbing

prices at Montreal throughout the year 1937, by months:

	Cents
January	26·32
February	24·98
March	26·04
April	26·52
May	23·49
June	24·67
July	26·00
August	26·77
September	26·64
October	28·39
November	29·92
December	30·06

The average price was 26·65 cents. Taking the next five months, in 1938, the jobbing price at Montreal was:

	Cents
January	31·88
February	34·29
March	35·75
April	31·72
May	26·35

The price for May this year is almost three cents a pound higher than the price in May last year.

Mr. STEVENS: These are wholesale prices. What I am concerned about is the butter fat price to the farmer in those months.

Mr. GARDINER: I have not that price here. There is a ratio generally prevailing between the two, but it does vary, and I should not like to quote it in relation to those prices.

Mr. STEVENS: While I thank the minister for the information, these prices are of no value at all in considering the matter from the agricultural standpoint. It is the butter fat price that is the vital point.

Mr. GARDINER: Yes. I have it here now, for Alberta, Saskatchewan, Manitoba and Ontario. Is there any particular one the hon. member would like to have? It is a rather long list.

Mr. STEVENS: Would the minister give us the figures for Ontario, with here and there an indication of the corresponding western price, which, I think, is much lower?

Mr. GARDINER: There are two lists for each province, one west and one east. I will give eastern Ontario, taking one date out of each month, to represent the average. These are weekly prices:

	Cents
January	31
February	30
March	30
April	31
May	26
June	27
July	29
August	30
September	31
October	31
November	34
December	36

These figures are all averages, of course. For example, the figures for the four weeks of April were respectively 31, 32, 32 and 29 cents.

Mr. STEVENS: Do I understand that that is the butter fat price per pound to the farmer?

Mr. GARDINER: It is the price at the creamery in Ontario. Two cents would be deducted from that in order to give the price to the farmer.

Mr. WARREN: What are the butter fat prices to the farmer for 1938 to date?

Mr. GARDINER: The prices I have just read are prices to the creamery. The butter fat price to the farmer would be two cents less. For this year the price in January was 37 cents; as a matter of fact it was 37 cents for every one of the five weeks listed.

Mr. BLACKMORE: What province?

Mr. GARDINER: Eastern Ontario, around Belleville. These are the figures:

	1st week	2nd week	3rd week	4th week	5th week
January	37	37	37	37	37
February	37	37	39	39	..
March	39	41	41	43	..
April	43	43	39	32	30
May	31	31	32	31	..
June	29	..	..	..	..

Mr. PERLEY: Can the minister give the figures for Saskatchewan?

Mr. GARDINER: The figures for Saskatchewan are:

	1st week	2nd week	3rd week	4th week	5th week
January	26	26	26	27	27
February	28	29	30	31	..
March	31	31	31	31	..
April	31	31	31	30	28
May	24	23	23	23	23
June	22	..	..	..	..

That is in the north, in the Saskatoon area. In the south it is about half a cent higher all the way through.

Mr. STEVENS: In order that the figures may be intelligible to a layman like myself, will the minister tell us what amount of butter is secured from a pound of butter fat?

Mr. GARDINER: About 1·22 pounds.

Mr. FAIR: The price list shows a difference of 9 cents between Saskatchewan and Ontario. Is that correct?

Mr. GARDINER: About 9 cents.

Mr. SENN: I was very much interested in what the hon. member for Kootenay East had to say about the rapid and violent fluctuations in farm prices in the flush months of production and in the other months. No doubt

certain interests have taken advantage of facilities afforded them by cold storage warehouses to profit thereby. On the other hand, I believe that the cold storage warehouses have done a great deal of good for agriculture, because in these flush periods of production, particularly as regards perishable products, it would have meant that the farmers very often would have had to take little or nothing for their products if there had not been cold storage facilities available. The minister has said that five million pounds of butter were exported last fall and that this had a good effect on the price in the winter months. He also said that some five million pounds or more of butter were imported this year, particularly in the months of April and May. I understand that butter was imported under special privileges granted by order in council in connection with the amount of duty that had to be paid on butter from New Zealand especially in regard to the exchange adjustments which were made. If I am correctly informed we still had a considerable carry-over of butter in Canada when this was done. It immediately had the effect of lowering the price of butter perhaps five cents a pound or more, and I should like the minister to state upon whose recommendation this order in council was passed allowing butter to come in at a lower rate of duty or at any rate without the exchange arrangements being taken into account, and whether it was assumed that there was going to be an absolute shortage. I doubt that, and it seems to me matters could have been allowed to remain as they were without anyone suffering, and the farmer would have received the benefit; whereas the importation of five million pounds or more of butter created more than the normal surplus and consequently lowered the price immediately.

Mr. GARDINER: No order in council was passed changing the rate of duty on butter from either New Zealand or Australia. There was an order in council that waived the dump as against butter from New Zealand, but that applied only to 25,000 boxes from New Zealand, and some from Australia. The total quantity that would be allowed in was 50,000 boxes, which would be in the neighbourhood of 1,400,000 pounds, which is less than one-third of what came in. As a matter of fact there was no reduction of price as a result of butter coming in. The price went gradually upward from the time that butter started to come in until the full amount was in. The price was 32 cents when butter started to come in and it went up to 41 cents.

Mr. STEVENS: Was that in 56 pound boxes?

Mr. GARDINER: Yes.

Mr. SENN: What time did butter come in?

Mr. GARDINER: From January 14 to April 8.

Mr. SENN: As a matter of fact was not that butter kept in bond until a good deal later in the year? Then, when it was released, the price dropped.

Mr. GARDINER: There has been no perceptible drop. The price has been from three to four cents per pound higher than in previous years all during the season. There has been no perceptible drop except what comes about in May and June regularly, and up to June 1, the drop has not gone as far this year as in some other years. It is not true that the butter was kept in storage; it was supplied to the market during the season. In fact, at one time there was placed before me a picture of a window in Toronto advertising it effectively.

Mr. SENN: I understand that. As a matter of fact when the arrangement was made there were no companies authorized to bring in butter and receive the benefit of the order in council exchange premium, but different companies, I understand, brought in far more butter than the regulations allowed, with the result that the department had to allot the amount of butter which each could bring in under the new arrangement. Is not that correct?

Mr. GARDINER: As a matter of fact, on June 1 there were 215,000 pounds of imported butter in Canada, "put in bond" and 57,000 pounds "in bond." That is a very small proportion of what was actually brought in.

Mr. SENN: I can scarcely understand how the minister can claim that after this butter was brought in the price rose, particularly after the butter was placed on the market. If I have the figures correctly, in March the price in Ontario was 35·75 cents; in April it was 31·72 cents, and in May, 26 cents. That was before the cattle were out on the grass at all, before there was any great increase in the amount of butter that was being produced.

Mr. GARDINER: My statement was that the butter came in from the time the order in council was passed which suspended the application of the dumping duty, which I think was some time in January or early in February. The butter came in up to April 8. While it was being admitted, following the passing of that order in council, the price of butter was gradually going up, right

to the end of the winter season. When the summer season came along, of course butter dropped in price.

Mr. SENN: Is it not a fact that until butter is released from bond there is no account of it in the statistical branch? I believe I am correct in saying that a certain amount of butter was never released from bond but was used in quite considerable quantities to provision ships leaving the country from time to time, butter that possibly could have been produced in Canada. A short time ago the minister said there was no order in council allowing for the suspension of the exchange premium or the dumping duty. How can these regulations be changed except by order in council?

Mr. GARDINER: That was the only thing that was done by order in council, and it was simply a matter of stipulating that the dump would not apply up to 25,000 boxes. After that the dump did apply, but as a matter of fact the price of butter in Canada was so much higher than it was anywhere else that the price continued to go up after that and the butter came in anyway, altogether apart from any regulations. The greater part of this butter came in not as a result of any action on the part of the government but because the price here was higher than anywhere else.

Mr. STEVENS: A moment ago the minister said there were 50,000 boxes, each containing 56 pounds, and he then gave a total of 1,400,000 pounds. I think that figure should be corrected; it is 2,800,000 pounds.

Mr. GARDINER: The figure I gave was for 25,000 boxes, which was the amount allowed from each country, but we did not have 25,000 boxes from each. We received 25,000 boxes from New Zealand and 25,000 boxes from Australia. So the total from New Zealand would be 1,400,000 pounds, and in addition there would be an equal amount from Australia. But they went right on importing, even after that amount of 50,000 boxes was made up, because the price was sufficiently high to allow importation even with any dump that might have been put on.

Mr. McGREGOR: Who imported those 50,000 boxes that did not come under the dumping duty?

Mr. GARDINER: The different firms dealing in the product. It was pro-rated among the different companies that buy and sell butter.

Mr. McGREGOR: Has the minister the records?

[Mr. Gardiner.]

Mr. GARDINER: No, I have not the records here. The customs department handled the pro-rating of it, not the Department of Agriculture.

Mr. STEVENS: And they will not give it.

Mr. FAIR: Why is there a difference of nine cents a pound as between Saskatchewan and Ontario?

Mr. GARDINER: There really is not a difference of nine cents a pound on butter. On account of the freight rate there is a difference, which amounts to just about the freight, but much of what was sold in eastern Canada was used as fresh cream, which commands a premium. It was used really as cream, not as butter.

Mr. FAIR: Then in Ontario they can drink cream, while in Saskatchewan they must have skim milk.

Amendment (Mr. Ilsley) agreed to.

Mr. SENN: Would the minister table the order in council having to do with the suspension of the dumping duty on butter coming in?

Mr. GARDINER: Very well.

Item as amended agreed to.

Live stock and poultry—further amount required, $7,040.

Mr. BARBER: There is a matter which I think has been brought to the attention of the minister by the poultrymen of British Columbia, in regard to a little more publicity to aid the marketing of eggs. From information I have received, and which I believe a large number of hon. members have received, the consumption of eggs in Canada to-day is some forty-five carloads a week less than it was seven years ago. The poultrymen of British Columbia, and I believe of Canada generally, are of the opinion that some policy should be pursued similar to that adopted by the Department of Fisheries, some general publicity campaign to encourage the consumption of Canadian eggs. I understand they have suggested that the minister make provision for the expenditure of something in the neighbourhood of $100,000 on such a campaign. It is a very serious matter when we find that the consumption of eggs in Canada has decreased to such an extent, because I believe that decrease is mainly responsible for the low prices of eggs in this country to-day.

Mr. GARDINER: We have a vote similar to the one referred to in the fisheries department. This year it amounts to approximately $200,000. We use that money for advertising farm products generally; for fruit, poultry, eggs, dairy products, in connection

with the marketing of our beef and bacon, and so on. So it may be seen that out of this sum it would be impossible to use the $100,000 that it is suggested might be used in connection with eggs. However, a part of it, what we consider to be the proper proportion, will be used for that purpose.

Mr. BARBER: Is that for advertising in the domestic market?

Mr. GARDINER: Yes, largely.

Mr. STEVENS: I want to discuss the question of the handling of live stock in the public stockyards. The public stockyards were undoubtedly established for the purpose of providing an impartial and, shall I say, government supervised market to which the producer could send his live stock and be assured of competitive buying. If anything intervenes that destroys the competitive nature of the business at the buying end, obviously the shipper or producer of live stock will suffer. I am convinced, from considerable study that I have given to this matter, that in our live stock markets, particularly Winnipeg and Toronto, which are the two main ones—and I would add Edmonton to a certain extent; as to Montreal I would hesitate to say very much, because I am impressed with the competitive nature of that market—there has grown up over the years an element of control which deprives the farmer of his right as an individual producer to a fair marketing system. One very important factor is the competition of direct trucking to the abattoirs, but I am not going to discuss that question to-day. The effect of it is that the large packing industries are able by direct shipments to maintain such a backlog of supply that they are able temporarily, if they wish, almost to ignore the public market. That is the condition to which that form of competition with the public market has grown. But what I am going to deal with now are the abuses which I believe are prevalent in the market itself.

The public market, or stockyard, is served by commission houses or brokers who handle the stock on a commission basis for the producer, acting as a medium between him and the buyer. The buyers consist in the main of the large packing companies; but in addition there are what are known as the wholesalers who purchase some portion of their supplies from private abattoirs, separate from the packing companies. These wholesalers are a distinctly healthy element in the buyers' market, looking at it from the standpoint of the farmer. They constitute something in the nature of a check on the overwhelming power of the large packing concerns. I have before me a very definite case which the minister will recall I brought to his attention. I wish to present this case to the committee as an illustration of what goes on. It will be noted as I read the correspondence that the minister on the advice of his officials is under the impression that the practices with which I shall deal are not prevalent on the market. This is the issue I take with the Department of Agriculture. It is extremely difficult to discuss a matter of this kind without appearing to be critical of the minister. I shall certainly be critical of him as far as it is deserved, but that is not my point. My point is that here is a grievance, of which this case that I shall cite is only a type. It exists; it is prevalent; I know it is prevalent: all I am asking is that the matter shall be grappled with and the practices stopped.

On March 11 last I brought to the attention of the minister a case where some 800 lambs were brought to the Toronto market. They were offered for sale, and the Toronto municipal abattoir, a responsible organization, bid on 200 of these lambs. The representative of Canada Packers, Limited, indicated to the commission house that if they sold a part of this lot to anyone else he, the buyer for Canada Packers, would not bid for or take the balance. And when it is understood, as it must be to understand this question at all, that Canada Packers exercise an overwhelming influence on our markets, particularly the stockyards, by virtue of the large quantities that they buy, it will be clear that any commission man who goes in the face of or does anything contrary to the desires of Canada Packers is subject to be blacklisted and driven out of business, as some of them have been driven out of business by that organization. In this instance the Canada Packers buyer declared that he would not buy the balance if the commission house dared to sell the 200 lambs to the Toronto municipal abattoir. The commission man told the municipal abattoir that he was sorry, and turned the lot over to Canada Packers. The municipal abattoir was short of lambs for its trade. That abattoir supplies the wholesalers. Fortunately, by scurrying around, he managed to get part of his supply. But the day after,—the letter will show this—the sales agent of Canada Packers rang him up and offered to sell him carcases. The point is this: Canada Packers did not require for their own requirements the 800 lambs; they could easily have spared the 200; but they said, No, all or none. The point is that when they offered to sell to the municipal abattoir a supply of carcases they quoted a price half

a cent a pound above what Canada Packers were selling at to the retailer, which it can easily be understood would put the abattoir in an impossible position.

I communicated this information to the minister on March 11, and on March 15 I got an acknowledgment from his secretary. On March 29 I got an acknowledgment from the minister saying:

I am placing your representations before the deputy minister and asking him to make full inquiries into the particulars and report to me.

But it was not until April 26 that I got any definite reply to my letter of March 11. On April 26 the minister wrote:

On my return to the office I have your letter of April 1, which refers to the previous letter received from you under date of March 11.

With regard to my advice to you in my letter of March 29, consideration has been given to your representations with respect to relations between the officers of this department and Canada Packers Ltd., and also certain practices by Canada Packers in the purchase of live stock. Officers of the department state emphatically that Canada Packers have not, and do not, in any way unduly influence them in either the formulation or administration of department policies. They point out that representations from this firm, as from all other packers, which have to do with the regulations and policies of the department as they affect the packing industry as a whole are presented through the industrial and development council of Canadian meat packers.

By the way, that company is presided over, I believe, by Mr. Charles Todd, who is really the mouthpiece of the head of Canada Packers. The letter continues:

With respect to politics and regulations affecting bacon hogs and bacon, which have been an important feature in the relations of the department with packing companies, it is contended that the record of these relations clearly shows that there has been no discrimination as between Canada Packers and other packing companies and that, when necessary, steps and action have been taken to compel Canada Packers to comply with the requirements. In all this work cooperation as between the packers and the department has played an important part in the development of it and it is believed that without this the progress which has been made could not have been realized.

With regard to the cases of lamb purchases by Canada Packers which you refer to, since the identity of only one party to the transactions has been given it has not been possible for the department to trace the first of the two alleged malpractices. We should be glad, therefore, if the date and the name of the party involved in the first transaction mentioned in your letter of May 11th could be furnished.

In the case of the second transaction, which you report as follows:

"On another day there were four car loads of western lambs on the market, and again Canada Packers declared they must have all or none. There was another packer willing to take one car load at $9.35 per hundred pounds, but Canada Packers persisted in taking the lot and got it at $9.25. This seemed a small difference, but you of course appreciate that every fraction of a cent on a pound makes a difference to the farmer. I respectfully request that this and other practices on the union stock yards perpetrated by Canada Packers be investigated and stopped."

I had no knowledge of the transaction until I read your letter and of course have no desire to take sides in what appears to be a matter of controversy within the trade. I have had the complaint checked. The report is that what actually occurred was as follows. On March 7th, Dunn and Levack sold 800 western lambs to Canada Packers at $9.25. On March 8th, the same commission firm had a further 800 head to offer and shortly after the opening of the market Canada Packers' buyer bid on them and secured the lot at $9.25. Somewhat later in the day, Swift and Company's buyer made it known that he would like to have 200 head, and he offered $9.35. As the lambs were already sold, the commission firm could not sell them again unless Canada Packers were willing to give up part of their purchase, which, we understand, they were not willing to do. Local deliveries of lambs were light, and, not having secured any of the western lambs, Swift's apparently were short and they therefore contracted for the next shipment which amounted to 400 head and for which they had to pay $9.50. Thus although the commission merchant did not secure the 10 cent advance for his client, on the 200 lambs which were already sold, they were able to secure a 25 cent advance on the 400 head. If this story is the complete report then, following the same line of reasoning as your informant, the complete transaction resulted in a 15 cent raise in the market.

With respect to this transaction it is pointed out that while at one time it was a fairly common practice for one packer to purchase the entire lamb offering and subsequently divide it with other packers, this practice was considered inimical to the best interests of producers and, because of the strong objection taken to it, it was discontinued.

Yours very truly,

James G. Gardiner.

It will be noted that this letter makes reference to the fact that I did not disclose the name of the person. Well, I did not have the authority to do so at the time, but I did secure it and I then furnished the minister with the original letter from the municipal abattoir, which I shall now read. This is dated March 9, 1938, and is addressed to me:

Having knowledge of your attitude toward mass buying and unethical business practices, we beg to take this opportunity of drawing your attention to the "cut-throat" tactics adopted by the Canada Packers Limited on the Union stockyards this week in regard to the purchase of live lambs.

On Monday of this week there were 800 western lambs for sale by the commission firm of Dunn and Levack.

One buyer was instructed to purchase 200 lambs (one car load).

The commission people were perfectly willing to sell us 200 lambs "out" of the 800 lot, but

they were told by the Canada Packers' buyer (Mr. R. McDonald) that of the 800 lot were broken they would not take the balance. Mr. McDonald was instructed by head office that it was a case of "all or nothing."

The commission house had no other alternative but to sell the entire 800 lambs to Canada Packers Limited.

This, of course, left us without a lamb in our coolers and to add insult to injury a Canada Packers' salesman called us by telephone Tuesday morning asking if we wished to buy dressed lambs, saying that he was advised that we were without lambs. The price which he asked us for dressed lambs was a half cent per pound more than Canada Packers' price to the retail trade.

Fortunately, we were able to contact a feeder in the country who came to our help. We were able to purchase approximately half of our requirements from this feeder and will be forced to accept only half of our regular lamb trade, which as you can readily see, will seriously affect our dressed beef and veal trade.

This vicious practice has happened on five different occasions since the beginning of the year.

Until this week we have been successful in obtaining our full requirements of lambs either by bringing car loads in from Lacombe, Alberta and Lethbridge, Alberta, or purchasing small amounts from Ontario feeders, who, incidentally would rather sell to a small wholesaler than to the big packers.

These feed lot lambs, however, are rapidly diminishing and before long we shall be forced to go on the union stock yards to purchase our entire requirements. What then shall we do if the Canada Packers persist in this unethical practice?

In fairness to the Swift Canadian Company we would point out that these people are the essence of fairness.

On several occasions when we have run short of lambs, Swift's have sold us lambs which they already had bought and charged us market price.

We have absolutely no quarrel with the Swift Canadian Company.

This organization (Swift's) were subjected to the same treatment on Tuesday at the hands of Canada Packers Limited as we, on Monday.

Swift's at present are feeding a number of lambs behind their West Toronto plant, and are, therefore, not a big factor on the stock yards at present.

On Tuesday, however, they (Swift's) required 200 lambs to round out their requirements.

There were four car loads of western lambs in the market Tuesday and once again the Canada Packers openly declared that they must have all the lambs or none.

Another very serious angle of this Swift incident is that Swift's were willing to pay $9.35 per 100 pounds for lambs; the entire four car loads were sold to Canada Packers at $9.25 per 100 pounds.

We understand that Swift's are taking this up with the authorities at Ottawa, and are also advising the owner that they had bid $9.35 per 100 pounds for his lambs.

The Canada Packers Limited know full well, that on an even price basis, the small wholesaler, in most cases will be given the business, but as their method of doing business is "defeat your opponent by fair means or foul" the small wholesaler is placed at a serious disadvantage.

We do not ask for special privileges (we don't need them) but we do demand and expect British fair play.

We feel sure in placing this matter before you, that corrective measures will immediately be taken.

Yours sincerely,
Alexander Mackenzie, Limited.

The point which is made in the minister's letter and which I desire to emphasize is that Swift's offered to pay $9.35, whereas the whole lot was sold for $9.25. If the market were a free market, the fact that Swift's bid $9.35 for 200 would have had a tendency to raise the price to the $9.35 price level. But Canada Packers came along and said that they would not buy any if the lot were broken up.

The same thing is done right along with hogs. A double-decked car of hogs, containing possibly 150 animals, will come on the market. In that carload will be selects, bacons, heavies, butchers, lights and possibly some stags, boars and so forth. But those are the five principal types that will be found. Here you have a carload, mixed. Canada Packers come along and say this: If you want to sell your hogs, we will take them all. But these wholesalers want the butcher type. They are willing to buy the butcher hogs in that lot. Montreal market is an excellent market for heavy hogs. Montreal will take the heavy hogs if they can get them. But Canada Packers say: Nothing doing—give us the whole carload or nothing. That is done right along.

Now let me give you the effect of that from the price standpoint. Under the regulations the price is fixed by the bacon grade. We will say the bacon grade is nine. The exact differential is not in my mind at the moment, but the minister will correct me if I am wrong. The bacon grade, we will say, is nine. The premium is one dollar a hog for selects. The penalty for butchers, the next grade, is one dollar a hog, I think, and then the penalty for lights and for heavies is another dollar, and another dollar, or it may be $1.50 below the bacon price. But the wholesaler wants the butcher type. He prefers the butcher type to the bacon hog or the select. It suits his business. He would be willing to pay the bacon price or possibly the select price in order to get the butcher type, but he cannot get it. If he competes with Canada Packers he must take the whole carload. The commission man is not allowed to divide them.

Mr. GARDINER: I do not want to interrupt, but I assume my hon. friend is aware that what he is suggesting was tried out at Montreal three years ago, and that the very men he is now saying wish to have that done expressed the desire to change back to the old method. In other words, they said they did not desire to carry on in the way my hon. friend suggests.

Mr. STEVENS: But the reason for that is this: It is not done in Toronto or Winnipeg, and those are the markets that control live stock in Canada. Toronto is the market that controls live stock in Canada, and the practices in Toronto—why, Mr. Chairman!—I digress but I will come back in a moment—if a farmer in northern Saskatchewan, yes or in the dried-out area of British Columbia at Prince George, or in the back districts of Ontario, brings in two or three head of cattle to the local market he is paid what the Toronto price is at ten o'clock in the morning. He has no bargaining power. He must take that price or take his cattle home. The significance of this thing is not appreciated, it seems to me, and yet it is fatal, in my opinion, to the whole live stock market of Canada.

I come back to the hog. Montreal will buy heavies. In Toronto there is a good market for the butcher type. These wholesalers would buy the butcher type. The same thing applies in the outlying districts. But by this stranglehold which Canada Packers have over the commission houses whom they will blacklist if they do not dance to their piping, these practices go on; they are going on to-day, and have gone on right along. The thing should be stopped, Mr. Chairman, and I say this to the minister in all due deference. I know it is not nice to get into difficulties with these large packing concerns, but I say there is a principle upon which these things can be done, and it is the duty of government to see that these principles are applied.

I hesitate to go into the story of the marketing of hogs, but I intended to do it and perhaps I might as well do it now. I have said it before and I want to emphasize it because until this situation is corrected the farmers of this country, the five millions of people living on Canadian farms, are not going to get a square deal. They are not getting it to-day, and they will not get it until these things are corrected.

It may be said that the matter of the price of hogs is not going to ruin the farming industry of Canada. But in the last ten years the live stock sales in this country have been almost equal, I venture to say to the grain sales. They are at least one of the biggest factors in the life of the farmer, and if the farmer cannot get a fair price for his cattle and his hogs he is simply heading for bankruptcy, as farmers have been doing by the tens of thousands.

What is the method of fixing the price of the Canadian hog to-day? I have told this story before. There is a committee in England consisting of the English buyers—not Canadian representatives in England, but British buyers for British firms that are purchasing our goods. That committee sits once a week, I think on Wednesday, and announces the price which goes into effect on Thursday for the following week. That price of Canadian bacon on the British market is telegraphed back here to Canada Packers—I say Canada Packers advisedly because they get the whole business—and Canada Packers fix the price of hogs in Canada on the basis of the price of bacon in England. Now in the first place I challenge the soundness, shall I say, of that method of fixing the price, for this reason. In the last ten years we have not exported more than ten per cent of our hogs. In the last year the export has gone up to eighteen per cent, or some such figure, but in the last decade we have not exported more than ten per cent of our hogs. Now, the price of bacon fixes the price not only of that ten per cent but of the other ninety per cent for the whole of Canada. It may be argued that that is a fair barometer, but if that philosophy is sound, then let me put this: The Canadian farmer ought to be getting as high a price for his hogs in relation to the price of Canadian bacon on the British market as the Danish farmer or the Dutch farmer or the Irish farmer gets for his hogs in relation to the price of Danish, Dutch or Irish bacon on the British market. The question is, does he do so? Here are the facts, and it took me about two years to get them. I have not the schedules under my hand, but I have the facts very clearly in my mind.

The price of Dutch bacon runs somewhere near our own, with Irish and Danish bacon considerably higher, particularly Danish, from eight shillings often to fourteen shillings, a hundred. What I did find in my study was, that the differential, and mark you, it is argued in London that that is the proper basis on which to determine the price in Canada; let us accept that position—I did find that the spread as against Canadian bacon was double that as against Dutch, Danish or Irish. In other words, the packer in Canada was getting double the price—what is the term

the economists use? It has slipped me for the moment—the Canadian packer was getting double the spread on the price of hogs in relation to Canadian bacon on the British market that his competitors did. That is a fact that challenges both the method of marketing and the philosophy and the fairness of Canada Packers and other packers in relation to the price on the British market.

There is another thing. We have as a matter of fact, over the years, persisted in sending into the British market a grade of bacon lower than we are competent to send. That is, they mix into their export business lights, heavies and butchers, which are not the best type of bacon hog, instead of limiting their exports to the bacon hog or the selects. It is sometimes said by people who are somewhat careless that we cannot get enough selects or bacon hogs to supply the export trade. That is absolutely false. I have the facts. I do not know whether I can put my fingers on them readily, but I can say from memory, that last year there came on our markets many times the number of select and bacon hogs which would have taken care of the total export trade of Canada.

Mr. GARDINER: Is it many times the possible export trade?

Mr. STEVENS: Yes. I would say more than double. I am safe in saying more than double our quota, which we have not yet filled. It may be said, "Well, we are not going to denude the Canadian market." There is no need to denude the Canadian market, but one thing is certain. If you accept the philosophy that the price of bacon on the British market fixes the price of hogs in Canada, the only thing to do is to ship the best bacon you can to England and get the best price you can for it. Can we do that? Yes. Dumart and Schneider and the Owen Sound plant did it, and actually got a premium over Danish bacon. On one occasion they got one shilling and two shillings over Danish bacon. On the British market we can compete with Danish bacon, probably with not all our export but with a substantial portion of it, with a grade which would get the Danish price, and if we got the Danish price, which is eight shillings to fourteen shillings above the Canadian price, and if the price of Canadian hogs is based on the price on the British market, you can see what the farmer has lost. I made a calculation over a five year period, and I figured that the Canadian farmer had lost, because of this method of handling his business, $36,000,000 which he might have had in enhanced price had this practice not been in vogue.

Mr. GARDINER: I do not want to take the time to reply to all that has been said, but there are some things that might be answered. My information is that all the bacon of the select and bacon types which is available at plants for export is exported, and that is the complete export.

Mr. STEVENS: Well, I have the figures. They are all in the government statistics. I have winnowed them out, but whether I can lay my hands on them at the moment I am not sure.

Mr. GARDINER: The reason for the extra amount of lower grades is the fact that the higher grades are not available.

Mr. STEVENS: That is not the case. If I had the time I could find the facts. I submit that there was more than twice as much bacon and select hogs on the market last year than was necessary for the processing of the bacon that was exported.

Mr. GARDINER: Just to get the full information, there may be double the number necessary to supply the trade; but when you make provision for bruises; for those that are softs; for those that are culled out for different reasons, and for those which do not go to plants that export bacon—when you make provision for all that, all that is left goes to the export market.

Mr. STEVENS: With all due deference to the minister, who may have been told that by the Canada Packers, I am going to say frankly to my hon. friend—

Mr. GARDINER: I have not been in correspondence with Canada Packers at all. I got that from officials of the department.

Mr. STEVENS: Well, they got it from Canada Packers. I do not accept it at all, and I have given a lot of study to the question. It so happens that I cannot put my fingers on the exact tables, but I checked the tables very carefully. I know that McLean argues right along that there are not enough selects; he sends out advices to the farmers—I have copies in my office—of what they should do, and all the time he has double and three times the select and bacon hogs that are necessary for him. There is no doubt about it that he is kidding the farmers of this country, making monkeys of them, and I say further that he is making monkeys of the officers of the agriculture live stock branch and has been doing so for ten or fifteen years. I have not any hesitancy in saying that. The other day I went over the file. It was prolific.

As a matter of fact, when I asked for the letters, the Agriculture department told me there were seventy files; they brought me along a large sample, and there was hardly a day when there were not letters on every little detail going down to Canada Packers; that is, to Charlie Todd. Do not differentiate between Charlie Todd and the Canada Packers. He is nominal head of the packers' association. He is in reality the mouthpiece of Stanley McLean, and the worst enemy the Canadian farmer has. I say that without any hesitancy: it is just about time that this parliament put its foot down on these practices.

Mr. GARDINER: I think we should get the records right. I have not any brief for Canada Packers or for any other packing concern, but the packing concerns of this country have an organization which they set up, and of which Mr. Todd happens to be secretary.

Mr. STEVENS: I know all about it.

Mr. GARDINER: Because Mr. Todd happens to be an employee of Canada Packers does not remove the fact—

Mr. STEVENS: I do not think he is.

Mr. GARDINER: —that he is acting as an employee not of theirs, but of the council.

Mr. STEVENS: I know all about it.

Mr. GARDINER: The fact that he happens to be an official is the only reason why all the correspondence goes to him. To say he is the mouthpiece of some particular packing concern is scarcely correct.

Mr. STEVENS: I know all about it. I sat in with Mr. Todd on the committee. I pay this tribute to the packing industry of Canada other than Canada Packers, that on the whole I think they are trying to do their business fairly and right. When I was minister I sat in at Toronto with this so-called council—Norman McLean, the brother of Stanley McLean, was there representing Canada Packers, and Charlie Todd is the nominal head—and discussed business with them. Well, nobody had anything to say or could have anything to say except Norman McLean, representing Canada Packers. They all know it. They are helpless. There is not a packer in Canada who, if he did not fear the weight of the hand of Canada Packers, would not endorse every word I have said this afternoon. And I have had some interesting letters from them, not very long ago either.

This man Todd, as I say, is the nominal head of the packers' council. He is nothing more or less than the lickspittle of Stanley McLean, and has been for years. When I was Minister of Trade and Commerce I had a meeting with the Agriculture department right here in Ottawa.

Mr. GARDINER: Why did the hon. member not deal with him then?

Mr. STEVENS: I will show you why, and I will show you why I said a moment ago that the officers of the live stock branch of the Agriculture department are under the thumb of Canada Packers. I called a meeting between myself and the Minister of Agriculture of the day and his officers. He brought in some of his staff. I had at the meeting the head of the commercial intelligence branch of the Department of Trade and Commerce. It was an interdepartmental conference on the question of marketing hogs or bacon in Great Britain. That was the purpose of the meeting. Whom did the agriculture officials bring with them? Mr. Charlie Todd and Mr. Sales Manager of Canada Packers, whose name I have forgotten. They sat in. They were not invited; but they were there, brought there by the officials of the live stock branch of the agriculture department.

Mr. GARDINER: While the hon. member was a minister of the government.

Mr. STEVENS: While I was a minister. The Agriculture officers, as far as I recall, did not open their mouths. They turned to Mr. Todd and Mr. Sales Manager whose name I have forgotten. They were the men who told the story. And what did they tell us? What was their position? Our position as the government marketing agency of the dominion in regard to marketing was that we should raise the standard of our bacon on the British market in order to raise the price of hogs. That was our general stand, and we drew attention to and gave data of inferior bacon which had been going over there. Todd and this other man representing Canada Packers argued that they definitely and deliberately included second grade hogs in the bacon trade of Great Britain, because they found there was some market there for it, and because in my opinion—I add my own—it kept down the price of hogs in Canada. There was no other motive than that, to keep the price of hogs down in Canada for the ninety per cent that is consumed here. If for ten per cent you can keep down the price by using inferior hogs, as they do—I have the sworn evidence as to what goes into the export business—if you

can keep down the price on ten per cent, by putting inferior hogs into the making of bacon for that market, you keep down the price on the ninety per cent.

I make this further statement. If Canada Packers put out the bacon they could put out on the standard of Dumart's or Schneider's or some of the other small packers, and raised the price of standard bacon in England, they would have to find another million dollars of working capital, and that is another reason why they do not want to raise the price here. If the price goes up, the amount of working capital will have to be increased, and so the price of hogs is kept down. I can find no other reason for it, no other justification for the course that is persistently pursued. There cannot be any other reason.

I do not want to delay the committee unduly, but I make this statement in regard to this practice that I have disclosed with respect to these lambs: It is one indication of dozens of cases of which I know. These people disclose their name and everything about the matter; and if the practice in question, namely, of Canada Packers going on the live stock markets of Canada and telling the commission houses that they must sell all or none, is allowed to continue, then every day we allow it to continue the farmers of Canada are defrauded of those fairer returns which they are entitled to receive for their products. If one had time, one could go into the sale of cattle, one could discuss the trucking business and show how Canada Packers will provide facilities for the truckers, fill their gasoline tanks so that they may be able to bring farmers' produce to them. Trucks will go fifty or a hundred miles away from the centre of operations, get the farmers' cattle, and take them—where? Right to Canada Packers' plant. They do not go on the live stock market at all. The live stock markets of Canada at Winnipeg and Toronto particularly are a joke and a by-word, though they were established for the purpose of maintaining an element of free competition for the farmers' products, where the farmer could take his hogs and his cattle and expect to get the advantage of competitive buying and selling. But that element of competition is not there because of the overwhelming and pernicious influence of Canada Packers.

Mr. GARDINER: Of course, even if I had the time I would not take the trouble to try to defend Canada Packers or any other packing concern, but in the minute or two that is left before six o'clock I wish to make this statement. I do not regard the letter which was written to the hon. member for Kootenay East as typical of a condition that exists in connection with the marketing of live stock in Canada whether at Toronto or Winnipeg or elsewhere. If the person who wrote the letter had intended to have the matter investigated at the earliest possible date and in the natural way in which anyone expects to have a matter of that kind investigated, he would naturally have written to the Department of Agriculture. But he apparently wanted a speech of the type we have heard this afternoon with regard to it.

Mr. STEVENS: I rise to a point of order. The minister is not stating the case as it is disclosed in the correspondence, or as it was disclosed in the correspondence from myself to him, to which attention was directed on March 11.

Mr. GARDINER: The hon. member himself directed it to the department, and he did the proper thing in directing it there. But the person who wrote the letter in the first place could just as well have written it to the department and had the matter investigated directly. Of course, there is a reason which is made apparent in the correspondence itself. This man had been in the habit of buying all his lambs from drovers and others here and there outside the yards altogether; when he was short on a certain day he went and asked for a certain number from someone else who had purchased them in the yards, and all he is complaining about is the fact that this particular packing concern did not see fit to give him the 200 lambs which he required at a certain time at a certain price. One may be able to criticize Canada Packers or any other packing concern for not being as courteous to someone else in the trade as they might have been, but I do not see that you can go very much further in criticism in connection with that particular matter. In other words, I do not think it is a typical case upon which to base the kind of criticism to which we have just listened. There may be all sorts of reasons for that type of criticism; but from investigations I made myself in England, and from the investigation the committee which was over there last summer made, and which one of my hon. friends commented upon highly—it dealt with the same thing—an entirely different reason is given for the lower price of bacon in Great Britain. We must, of course, take the information we obtain from those whom we pay to get information for us, until such time as that information is proven wrong.

Mr. STEVENS: The minister is not referring to the report—

Mr. GARDINER: I am referring to the report of the committee that went over last year. That report is just as authentic, and the information received is as reliable, as that received even by the price spreads committee. This information was gathered at the source.

Mr. STEVENS: The report was a travesty.

Mr. GARDINER: It was, of course, critical of some people; it was critical of some activities in the past. But because it was critical it does not follow that it was a travesty. After all, the bacon industry is one that has been very carefully investigated, very carefully checked by the department, and while we are not satisfied with all the actions of the packing concerns, I do not think anyone can base the type of criticism to which we have listened this afternoon merely upon the assumption that some price is set over in Britain for some particular reason.

The CHAIRMAN: It is six o'clock.

Mr. STEVENS: I happen to have the prices of bacon, which I shall give later.

Progress reported.

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

Thursday, June 16, 1938

The house met at three o'clock.

VALIDITY OF ALBERTA STATUTES

TABLING OF ORDERS IN COUNCIL WITH RESPECT TO QUESTION OF DISALLOWANCE

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I beg to lay on the table copies of order in council P.C. 1367 approving the report of the Minister of Justice (Mr. Lapointe) to His Excellency the Governor General in Council respecting certain measures enacted by the legislature of Alberta; and of order in council P.C. 1368 disallowing an act of the Alberta legislature for the security of home owners and an act to impose a tax on certain securities in the year 1938.

I had hoped if possible to table these orders in council before the house adjourned yesterday, but as the signature of His Excellency the Governor General had not been affixed until a minute or two after six o'clock, it was not possible to do so.

[Mr. Stevens.]

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 155, for the relief of Stella Maud Lash Dawes.—Mr. Lawson.

Bill No. 156, for the relief of Elizabeth Dubnitsky, otherwise known as Elizabeth Dubney.—Mr. Lennard.

Bill No. 157, for the relief of Harry Roth. —Mr. Jacobs.

CANADIAN NATIONAL RAILWAYS

REPORTED TRANSFERENCE OF WHEEL SHOPS FROM TORONTO TO LONDON, ONTARIO

On the orders of the day:

Mr. H. G. CLARKE (Rosedale): Mr. Speaker, I should like to direct a question to the Minister of Transport (Mr. Howe) in connection with a question I directed to him about ten days ago with respect to the transfer of wheel shops from Toronto to London. I have in my hand a letter from the secretary of the International Association of Machinists, stating distinctly that he understands there are twelve cars of defective wheels, four cars of new wheel blanks and three cars of axles rebilled to London from Toronto. Would the minister give me information in reference to the matter, because it is indicated that the work was being taken from Toronto and sent to London?

Hon. C. D. HOWE (Minister of Transport): Mr. Speaker, I referred the questions asked in the house to the management, and was advised by them there was no work being transferred from Toronto to any other place. It is simply a case of an oversupply of products in the Toronto shops, and the work is suspended until the oversupply is used.

VALIDITY OF ALBERTA STATUTES

INQUIRY AS TO ACTION OF FEDERAL GOVERNMENT WITH RESPECT TO QUESTION OF DISALLOWANCE

On the orders of the day:

Mr. A. H. MITCHELL (Medicine Hat): Mr. Speaker, in connection with the tabling of certain reports confirming disallowance of legislation of the province of Alberta, I should like to ask the following question of the Prime Minister (Mr. Mackenzie King). Are we to understand that sixteen men comprising this government have taken upon themselves—

Some hon. MEMBERS: Order.

Mr. SPEAKER: The hon. member should state his question.

Mr. MITCHELL: It is a question, Mr. Speaker. Have these men taken upon themselves the responsibility of imposing their will and judgment upon the democratic province of Alberta composed of many thousands of people?

Right Hon. W. L. MACKENZIE KING (Prime Minister): If that is a question, it is not a proper question to ask in this house.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. CHARLES A. DUNNING (Minister of Finance) moved:

That Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

He said: Mr. Speaker, the year which it now falls to my lot to review has been an eventful, indeed a dramatic, one. In the budget speech of last year I stressed the extent to which continued economic progress for Canada as for other countries depended upon the preservation of peace and the lessening of international friction. But in February, 1937, there were few who were bold enough to predict the sudden and, in some countries, drastic reversal of world economic trends which began last autumn, and fewer still, at that time, who could possibly foresee the astounding series of crises and near-crises in international political relations which the ensuing twelve months were to bring. Yet these things have come to pass. A new major war has embroiled the Asiatic continent and in Europe we have had a succession of incidents which at times have strained the fabric of peace almost to the breaking point. In the last four months of 1937, our nearest neighbour experienced a decline in business activity more drastic than that which followed the collapse of 1929. World production, trade and prices have also declined but less rapidly than in the United States.

Functioning under the shadow of these disturbing world events, the Canadian economy, nevertheless, has given a good account of itself. The recovery movement which had been under way for some time continued with surprising vigour almost to the end of 1937. The physical volume of business which is our most comprehensive measure of current economic activity expanded by 4 per cent from March to August and by nearly 4 per cent additional between August and November. In December a moderate decline set in and by April, the index of the physical volume of business in Canada was about 9 per cent below that for April, 1937. The low point, however, was reached in February and since that time the Canadian index has risen by 5·3 per cent. In the United Kingdom, the index of business activity compiled by the London Economist rose slightly over 2 per cent from March to August, 1937, and began falling in November to a point in April 6 per cent below the level of April, 1937. In the United States, industrial production fell slightly from March to August, 1937, then dropped sharply by 25 per cent between August and November, and by April of this year was 35 per cent below the level of April, 1937. In neither of these two countries which constitute the most important markets for Canadian products has there been in recent months any tendency to that reversal of the downward trend of the business curve which has been evident in Canada since February. World industrial production which apparently reached a peak in the first quarter of 1937, and maintained a fairly horizontal trend until August, has been declining for the last eight or nine months, the New York Annalist's world index for March, 1938, being 17 per cent below the level of March, 1937. According to the League of Nations, the physical quantum of world trade was 12 per cent less in the first quarter of 1938 than in the last quarter of 1937, and in most of the leading countries the level of wholesale prices has fallen 5 to 10 per cent from the high point reached in 1937.

The lag between the downward trend in Canada and that in other important countries is all the more remarkable when we recall that as early as last June or July it became apparent that drought conditions on the western prairies were to produce a wheat crop failure of a magnitude which a few years ago would have rendered our then less diversified economy almost prostrate. Last year Canada harvested only 182,000,000 bushels of wheat, barely 50 per cent of the average of the previous ten years, and the smallest crop since 1914. In 1914 we produced 90 per cent of last year's total from an acreage which was only about 40 per cent of the acreage seeded last year. The havoc wrought by this plague of drought reached its extreme in Saskatchewan where only 37,000,000 bushels were harvested from an acreage of almost the same size which in 1928 had produced a crop of 321,000,000 bushels.

I need not discuss the effect of this disaster on the purchasing power of western Canada—it is self evident—but I shall have occasion later to indicate what it meant to governmental expenditures. Fortunately, agricultural conditions in other parts of Canada and in respect to other farm products were more favourable and preliminary estimates show a net value of all agricultural production aggregating $681,000,000 in 1937, only $9,000,000 less than in 1936 and higher than in any other year since 1930. I recognize, Mr. Speaker, that he who ventures to make a crop forecast in the middle of June must take his courage in his hands, but I think we can safely say this much—that by and large in the wheat-growing area crop conditions at this stage are better than at any time since 1932, that in the southern drought triangle the improvement in moisture conditions has been substantial although current rains are needed in certain other areas, that the increased planting of Thatcher wheat gives a more effective insurance against rust than we have ever had before, and that the adequate preparations being made by the prairie provinces to deal with the somewhat less intense but perhaps more widespread infestation of grasshoppers should assure that losses on this account will be minimized. In other words, although we are only at the beginning of the critical period for the wheat crop, we may agree that there appears to be a sounder basis, than at any time in the last ten years, for that buoyant optimism which is again evident on the western prairies. Even with a lower world level of wheat prices, a good wheat crop would in my opinion do more than any other single factor to revitalize our whole economic life, to establish confidence and to restore a more normal balance between east and west.

It was inevitable that a wheat crop failure to the extent of our 1937 experience would exercise a depressing influence on Canadian business. Apart altogether from the effect of external factors reduced purchases by the farming community of consumable goods and of farm implements, reduced volume of freight traffic on our railroads, the reduced volume of wheat and flour for export and the unfavourable reaction on business psychology would in any case have caused some slowing up in our rate of progress. But the timing and nature of the slowing up of business in this country indicate that external factors were of predominant importance. Certainly it would be difficult to discover any evidence of lack of balance or other unsoundness in our internal situation which in itself would have caused a set-back. In spite of a prolonged, consistent and indeed a rapid recovery, Canadian industry and trade had expanded and developed on a rational, well-balanced basis, the tendency for speculative activity to get out of hand had been curbed at an early stage, the normal equilibrium between various prices and items of cost was being gradually restored, and there was no evidence of any undue piling up of excess inventories, except perhaps in the newsprint industry which again is so dependent upon foreign markets. A critical examination of all the major factors leads me to the firm conviction that, had it not been for economic depression and political tension abroad, Canadian business would have continued its upward trend with only a moderate slackening in its rate of advance.

[Mr. Dunning.]

TRADE OF CANADA

The influence of these external factors may best be seen in the statistics of our foreign trade, particularly of our exports. Export trade is the chief medium through which changes in economic conditions in other countries affect the Canadian economy. Up to August last business conditions throughout most of the world had been improving and the world price level had been rising. These favourable external conditions, coupled with the efforts which this government had made to widen export markets for Canadian products, had resulted in a steady expansion of our exports which had been the principal factor generating a steady increase in the national income of this country during the last few years. This expansion was particularly rapid during 1936 and the first nine months of 1937. Since that time, however, the business depression in the United States, the more moderate recession in the United Kingdom and several other countries, the pronounced fall in the world prices of many raw materials and the small Canadian wheat crop, have had their inevitable effect, a smaller total value of Canadian commodity exports each month than in the corresponding month of the preceding year. There have, however, been certain counteracting factors and the surprising thing is that the decreases in the latter part of the fiscal year were not sufficient to offset the gains made in the early months of the year. Thus for the 12-month period ending March 31, 1938, our aggregate external trade was

within $54,000,000 of the two billion dollar figure and was $154,684,000 or 8·6 per cent above the total for the preceding fiscal year. Our total export trade aggregated $1,148,000,000 or $27,000,000 in excess of that for the year 1936-37. While our imports have been declining since January, they registered an increase for the full fiscal year of $127,000,000 to a total of $799,000,000.

In the figures given for our total export trade I have included all exports of gold, including $22,000,000 of gold which has been sold and paid for by foreign purchasers, although the gold is still physically held earmarked in the vaults of the Bank of Canada. I have also included shipments of gold coins which are classified as monetary gold in our trade returns but which in reality are commercial gold, having been shipped in substitution for a corresponding amount of gold bullion newly produced by our gold mines.

I now desire to place on Hansard a table showing the comparative figures for imports, exports and total trade during each of the last two fiscal years:

TRADE OF CANADA

—	Fiscal year ended		Increase (+) or Decrease (−)
	Mar. 31, 1937	Mar. 31, 1938	
	$	$	$
Imports	671,875,566	799,069,918	+127,194,352
Exports—			
Merchandise (excluding gold)	990,152,778	989,790,065	− 362,713
Commercial gold	84,091,442	95,031,139	+ 10,939,697
Gold coin	706,875	40,440,096	+ 39,733,221
Gold earmarked*	45,282,860	22,462,195	− 22,820,665
Total exports	1,120,233,955	1,147,723,495	+ 27,489,540
Total trade	1,792,109,521	1,946,793,413	+154,683,892

*Valued at $35 per ounce.

An understanding of the course of our foreign trade during the past year and of its effect on the Canadian economy, however, must involve an analysis of the changing composition of our export trade as well as of changes occurring throughout the year in the direction of that trade. For instance, if we are to make a fair comparison of our exports during the last two years to particular countries, it is necessary to exclude gold movements, changes in the direction of which are not primarily related to trade considerations. For this reason, in the tables which I now present showing comparative figures for the last two years of the trade of Canada with the United Kingdom and other commonwealth countries, and with the United States, the figures given do not include gold of any kind but relate solely to other merchandise transactions:

TRADE OF CANADA WITH THE COMMONWEALTH

(Merchandise—all gold excluded)

—	Fiscal Year ended		Increase
	Mar. 31, 1937	Mar. 31, 1938	
	$	$	$
Imports from United Kingdom	129,507,885	144,978,493	15,470,608
Exports to United Kingdom	406,825,443	407,797,610	972,167
Imports from other Commonwealth countries	68,657,957	88,194,545	19,536,588
Exports to other Commonwealth countries	88,206,497	108,722,853	20,516,356
Imports—Total Commonwealth	198,165,842	233,173,038	35,007,196
Exports—Total Commonwealth	495,031,940	516,520,463	21,488,523
Total trade with Commonwealth	693,197,782	749,693,501	56,495,719

TRADE OF CANADA WITH THE UNITED STATES

(Merchandise—all gold excluded)

—	Fiscal year ended		Increase (+) or Decrease (−)
	Mar. 31, 1937	Mar. 31, 1938	
	$	$	$
Imports from the United States	393,720,662	487,328,980	+ 93,608,318
Exports to the United States	364,354,990	343,250,669	− 21,104,321
Total trade with the United States	758,075,652	830,579,649	+ 72,503,997

From these tables it will be noted that the United Kingdom purchased from us during the last fiscal year goods to the value of $407,798,000. This is slightly in excess of 41 per cent of our total exports of merchandise, excluding gold. Exports to other commonwealth countries showed an appreciable improvement, the increase being 23 per cent, and the total volume $108,700,000. Commonwealth countries as a whole, including the United Kingdom, took approximately 52 per cent of our total merchandise exports. Imports from all commonwealth countries increased during the past fiscal year by over 17 per cent, accounting for about 29 per cent of our total purchases from abroad. From the United Kingdom alone our purchases were $15,000,000 greater than in the previous year and amounted to $145,000,000. With the United States our total merchandise trade, again excluding gold movements, amounted to $830,600,000, as compared with $758,100,000 for the preceding fiscal year. Total exports to that country fell six per cent below the figure for the previous year to a total of $343,300,000, while imports at $487,300,000 showed an increase of nearly 24 per cent.

It is significant of the influence of business depression in the United States that during the first quarter of 1938, our exports to that country were only $61,600,000. This is a decrease of 31 per cent from the first quarter of 1937 as compared with only a 6 per cent reduction for the year as a whole. Imports from the United States for the same three-month period totalled $106,400,000, a decrease of about 3 per cent. During April, exports to the United States decreased by 21 per cent and imports from the United States by 14 per cent. An analysis of a few individual items will show more clearly the adverse effect of restricted United States demand on important Canadian industries. Thus, during the first four months of this year, exports of newsprint to the United States fell by 25 per cent, of wood pulp by 41 per cent, of planks and boards by 35 per cent, of nickel by 58 per cent, of live stock by 64 per cent, of hides by 77 per cent and of furs by 44 per cent. The comparison in each case is with the first four months of 1937.

Fortunately, economic conditions in other markets were not so depressed and important increases in exports to other markets of various types of products tended to offset these substantial declines in shipments to the United States. Thus, for instance, during the first four months of 1938, Canadian exports to the United Kingdom increased by 4 per cent as compared with the same period in 1937, while our exports to Australia and New Zealand increased by 35 per cent and to all empire countries by over 5 per cent. Similarly, if we take the exports of non-ferrous metals, other than gold, we find that during the first four months of 1938 total shipments to all countries were over 12 per cent in excess of those for the same period in the preceding year. Moreover, examination of exports of individual commodities to the British market for the last fiscal year as a whole shows such striking increases as 17 per cent in the case of bacon and hams, 33 per cent in the case of coarse grains, 86 per cent in the case of tobacco leaf, 49 per cent in the case of fresh and canned fruits and 27 per cent in the case of iron and steel products. As a result of these divergent trends in the trade with particular countries and in particular commodities, the reduction in our total merchandise exports during the first four months of this calendar year, when our economy was feeling the full brunt of the world depression, has been kept to what I regard as the very satisfactory figure of 9 per cent.

Before leaving this discussion of our export trade, it is essential to refer to an important decrease which is not the result of external influences. For the fiscal year ending March 31st last, our exports of wheat and wheat flour are down from the previous year by 43 per cent, the total amounting to only $139,000,000 as compared with $245,000,000 for the year 1936-37. This drastic decline reflects

of course the failure of the western wheat crop, and with the small amount of wheat now in the country no improvement in this export can be expected until the new crop comes on to the market.

From the figures I have given for total exports and total imports, it will have been noted that the balance of trade remained favourable to Canada during the fiscal year and amounted to $348,000,000 as compared with $448,000,000 during the preceding year. However, the calculations of our international balance of payments are made by the Dominion Bureau of Statistics on a calendar year rather than a fiscal year basis. For the calendar year 1937, their figures show a favourable merchandise balance of $212,000,000. Gold exported or earmarked established a further credit of $145,000,000. Visiting tourists are estimated to have spent no less than $290,000,000 in Canada during 1937, which is an increase of 13 per cent over the amount expended in 1936. After deducting expenditures of Canadians abroad, there emerges a net credit of $170,000,000 on account of the tourist trade which, by the way, it will be noted is substantially larger than the value of our total exports of wheat and flour during the fiscal year. Adding up these three items we get a total credit of $527,000,000 which was sufficient to enable us to meet all of our foreign obligations on account of interest and dividends as well as various miscellaneous debits, and at the same time enabled us to pay off foreign indebtedness or repatriate Canadian securities held abroad to an estimated amount of approximately $215,000,000. These facts indicate not only a highly favourable position for Canada in international payments during the past year but also a considerable strengthening of our ability to meet any strains that the future may bring.

All who have listened to this recital of the facts in connection with recent developments in our foreign trade will, I am sure, be impressed with how vulnerable our economy is to the impact of adverse external influences, and there may also be some who will question the wisdom of any substantial reliance upon foreign trade. There is no doubt about the high degree of vulnerability in our position. Whether we like it or not, our whole economy, including particularly our primary industries, is geared to the world economic machine and particularly to that of the British commonwealth of nations and that of the United States. It is thus much more than the mere friendly interest of a sister commonwealth or of a good neighbour which leads us to follow with anxious eyes the progress of economic conditions in these countries. This dependence on other nations inevitably follows from the simple fact that Canada is highly fortunate in possessing an abundance of what many other countries lack, namely, a rich and diversified treasure-house of agricultural, forest, and mineral resources. If we desire to capitalize these resources by specializing in their development and marketing the products abroad in exchange for commodities which we cannot ourselves produce or which we can only produce at greater cost, we must assume the risks inherent in the fact that our well-being will to a considerable extent be dependent upon the prosperity of our customers and upon the fluctuations in that prosperity. We can only avoid these risks, if we are content to place our economy on a self-sufficient basis. This would mean not only tremendous costs and wastes in the adjustment process but also a permanent and substantial lowering in the Canadian standard of living, not merely in times of economic depression but at all times. There are few in this country, I am confident, who are willing to pursue the mirage of national self-sufficiency. But, if that objective is not to be accepted, the course which should be followed by any government charged with the administration of affairs in this country is clear, and I submit it is the course which is represented by the policies which this government is following. In the field of external relations, it means not only such action on our part as may appropriately be taken to lessen the evils of international friction and political tension but also active cooperation in all efforts to re-open the markets of the world to the normal interchange of goods and services.

In emphasizing as I have done certain external and uncontrollable forces which have been influencing our economy, I would not have you think that I neglect or minimize the importance of the domestic factors. The fundamental fact that in this modern world no nation can live unto itself alone does not lessen, indeed it reinforces, the necessity for Canada to devote its maximum energies to the solution of its own internal problems. Concentration upon its domestic problems is the primary duty of any nation. It goes without saying that conditions favourable to economic expansion must be maintained. The fundamental structure of business in itself must be sound. Costs must be in the right relationship to prices. There must be a properly adjusted balance of factors within the price structure. Ample credit accommodation must be available for the needs of trade and for business expansion. Speculative enthusiasm must not be permitted to get out of hand. Maladjustments in the economy

must not be allowed to develop. Above all, under our present economic system, there must be a prevailing atmosphere of confidence in regard to our institutions, broad governmental policies and general conditions.

I have already expressed my own conviction that, measured by these tests, the Canadian economy during 1937 was in a sound position—that it disclosed no serious weaknesses which required the drastic corrective processes of a depression or even of a "recession." I shall now give some evidence to support this conviction but I do not wish to weary you with statistical details and shall confine myself to comment on some of the more important industries and factors which may have special significance for the outlook as to the immediate future.

In each of the last two years I have had to refer to the failure of employment to keep pace with the striking gains in business activity and to point out that this was a condition usually met with in the early stages of recovery from business depression. I am therefore pleased to be able to report that during 1937 the increase in the volume of employment was for the first time since 1929 more rapid than the rise in industrial production, and also that since the downward trend in business began last December employment has declined less rapidly than other business indices. Estimates by the Dominion Bureau of Statistics of the total number of wage earners employed in all industries show that the number in employment was higher in March, 1938, than in the corresponding month of the preceding seven years, and only slightly less than in March of 1929 and 1930. The estimated number of unemployed wage earners, including unemployables, was 456,000 in March, 1938, which was lower than in the same month of any year since 1931. The index prepared by the bureau based on reports from 10,550 firms employing over a million persons, rose from 110·4 on May 1, 1937, to 119·6 on October 1, 1937, and on May 1 of this year stood at 111·5, still about one per cent higher than a year ago. The trend disclosed by this index is confirmed by the figures showing the numbers on urban relief rolls. Preliminary estimates of the number of relief recipients in April show a total including all dependents of 1,038,000 persons, which represents a decrease of 121,000 since April, 1937. However, if we exclude, as we should, recipients of agricultural relief whose situation is a result of climatic rather than of economic conditions, we find that the number of persons on relief including all dependents declined from 833,800 in April, 1937, to 632,000 in April, 1938, a decrease of 201,800 persons or over 24 per cent during the period. Costs of urban direct relief have perhaps not been reduced proportionately with the decrease in numbers on relief but considerable progress has been made in many communities in securing a more effective control over expenditures.

I know of no better means of expanding employment in Canada to-day than by stimulating building activity. The construction industry is the most important of our capital or durable goods industries and it is the drastic fluctuations in this group of industries which largely account for the wide differences in general economic activity as between good and bad times. Purchases of consumers' goods maintain a fairly steady volume, but the durable goods industries tend to expand to abnormal proportions during boom periods and to lapse into comparative stagnation during depressions. Perhaps in no other industry is the range of fluctuation apt to be so great as in construction. It is difficult to exaggerate the bad effects which this extreme variability has upon the general welfare of the community. The reason will be obvious to anyone who takes the trouble to examine the magnitude of the dollar value of the products of the construction industry in normal times; the long series of industries which produce its raw and processed materials—lumber, iron and steel, cement, lime, brick, stone, glass, heating equipment, plumbing equipment and many others; the very large number of skilled craftsmen and unskilled labourers to whom it gives employment, both directly and indirectly; and the fact that its effects on employment and business activity ramify so widely in every community throughout the country. It has been frequently pointed out that this industry suffered most from the onset of the great depression, that it has been the most laggard of our major industries in recovering from the depression, and that its many branches include the occupations in which unemployment has been most heavily concentrated. In the eleven years from 1921 to 1931, the average annual value of all construction contracts awarded in Canada was $370,000,000 and the annual totals ranged, during that eleven year period from a low of $240,000,000 in 1921 to a high of $577,000,000 in 1929. During the worst year of the depression, 1933, the total dropped 73 per cent from the 11-year average to less than $100,000,000. From that low point the industry has been slowly recovering and during 1937 this upward movement was accelerated, total contracts awarded rising by 38 per cent over

1936 to $224,000,000. The increase of residential contracts by 31 per cent to $56,000,000 was very largely attributable to the stimulus provided by the Dominion Housing Act and the Home Improvement Plan. But, even with this increase, the total volume of construction during 1937 was still less than half the total for 1930, and construction during the first five months of 1938 again fell 25 per cent below the level of the corresponding period in 1937.

The experience of several countries with expansionist policies during the last few years has proven that only a rise in the rate of new investment can provide a durable basis for an upswing in business activity. Attempts to stimulate consumption by government expenditure or by suddenly improving labour conditions have been tried on more than one occasion but in every case they have been found wanting. They produced, it is true, an immediate temporary stimulus, but they did not awaken the more normal and permanent motive forces which are essential to continuing prosperity and they tended to put too heavy a burden upon production which ultimately produced an effect the reverse of what was intended. Furthermore, we have had several conclusive demonstrations of the principle that government expenditure to create or stimulate employment will not have beneficial results if it is carried on in such a way or on such a scale as to create an atmosphere of fear and uncertainty. It is of little use to prime the pump of business enterprise with government expenditure if at the same time we dry up the springs of private initiative which feed the well. It may be arguable as to whether a system of free enterprise is the most desirable economic and social system but as long as we believe in such a system—and few of us have seen any other system which we would be willing to accept as a substitute—we must follow policies that will enable it to work in accordance with its essential principles. The most important of these principles is that decisions as to whether the individual shall spend and consume, or shall save and invest, or shall save and hoard, are left to the individual's own initiative. If, therefore, the answers to the questions as to whether plants are to be built or extended, new houses are to be erected, and industry is going to expand or to stagnate, depend upon the decisions of tens of thousands of individuals who are free agents and not regimented sheep, it follows that governments must pursue policies which create confidence rather than fear and uncertainty—which give leadership and guidance and encouragement rather than stifle initiative and paralyze new enterprise. If in order to create employment we embark upon expenditures which create undue deficits, or if in any other way we show no sense of financial responsibility, we are certain to find that the relatively small amount of employment which we create is much more than offset by new unemployment resulting from paralysis of private enterprise. Under our system at least, government expenditures cannot take the place of private enterprise, and I do not think that our people are prepared to accept the alternative system of regimentation under which all or practically all expenditures would be government expenditures.

It was this set of principles and the set of facts which I have given in regard to the construction industry which led the government to ask parliament's approval of the Municipal Improvements Assistance bill and of the comprehensive housing program which I had the privilege of introducing the other day. Two phases of the tripartite housing program seek to restore a more normal volume of construction activity by removing obstacles which have hampered individual initiative and by providing facilities and incentives which are designed to bring into full play the energies and resources of the various branches of the industry itself. The third phase provides for a larger measure of governmental assistance but this is in the field of low-rental housing, where such direct governmental assistance can be given without the risk of subsidizing competition to private builders and thus discouraging more building than is stimulated. Moreover, the program for the most part involves government aid by way of loan for productive undertakings of a self-liquidating character. If there is, as there undoubtedly will be, a proportion of loss in respect of these loans, that loss will be amply compensated for not only by the employment created during the present emergency but also by the permanent improvement in the living conditions of our people.

I said the other day that the program constituted a challenge to the building industry. I repeat that challenge to-day with all the emphasis I can command. I wish to add that I am confident the challenge will be accepted. If it is, the contribution which it can make to the elimination of unemployment, to the stimulation of our whole economic life and to the expansion of the national income will be difficult to exaggerate.

While I am dealing with one of our major durable goods industries, let me say that activity in our factories producing capital or producers' goods was one of the brightest

spots in the manufacturing field during the past year. The output of industries engaged in the manufacture of producers' goods showed a gain of 13 per cent in 1937 over the preceding year. The primary iron and steel industry reflected the revival in the domestic demand for industrial equipment and durable goods as well as a brisk demand from the United Kingdom. The output of steel ingots recorded a gain of nearly 26 per cent over the preceding year, while the increase in pig iron production was over 32 per cent. The index of employment in this industry averaged 18 per cent higher than in the previous year. Since the first of the year, activity has declined but it is interesting to note that while in the United States the steel industry is operating at less than 30 per cent of capacity, the Bureau's index of steel production in Canada for April was 161·7 and for pig iron production 108·5 as compared with averages of 178·1 and 148·7 respectively for the boom year 1929.

The industry, however, which during the past year has been responsible, and is still to-day responsible, for the greatest stimulus to an upward movement in our economy is the mining industry. In 1937 for the third consecutive year it established a new record in the total value of its output. Reflecting in part a higher level of prices during most of the year, total production was estimated at $457,000,000, an increase of 26 per cent over the 1936 output. The dollar output of copper rose by 77 per cent, of nickel by 36 per cent and of lead by 43 per cent. Production of gold increased by 9 per cent to a total of $143,000,000, or more than double the output of eight years ago. While prices, particularly of base metals, have been substantially lower this year, and while the exports of nickel to the United States have been affected by the depression in that country, the performance of the mineral industry during the first four months of this year in the face of declining trends elsewhere, has been a truly remarkable one. The Bureau's index of physical output of the mines rose by 18 per cent from January to April and the figure for April was almost 15 per cent higher than that for April, 1937. Particularly noteworthy were the increases recorded in April of this year which would appear to forecast the impetus to general economic recovery which may be expected from this industry during the balance of the year. In this connection it is estimated that thirty new gold mills will come into operation during 1938, increasing existing capacity by more than 11 per cent.

[Mr. Dunning.]

Less encouraging has been the record during the last few months of that other great primary industry which is based on the products of our forests. During 1937, it is true there was a rapid expansion of production in its various branches, but this rapid pace has been slowed down materially because of a combination of factors, including the slackening of the British building boom, restricted demand from the United States and from the far east, severe weather during the winter months in British Columbia, and an over-accumulation of stocks in at least one branch of the industry. Newsprint output expanded during 1937 to a record high point, not far from the practical limit of capacity of the mills, and reached a total volume for the year more than 14 per cent in excess of that for 1936. But in the third quarter an excess of stocks in publishers' hands in the United States began to appear and sharp curtailment of Canadian production became necessary. However due to the substantial falling off in the United States' demand consequent upon the business depression, the industry has made relatively slow progress in disposing of accumulated stocks of newsprint. During the first four months of 1938, total output of newsprint mills in Canada was down 27 per cent from the corresponding period of 1937, and the industry will in my opinion do well if it is able to operate for the year as a whole on an average basis of about 65 per cent of capacity.

Other branches of the forest industry have fared considerably better. Logging operations required an expansion in number of employees of 36·5 per cent during 1937 while saw milling and paper industries recorded an advance of 11 per cent. Timber scaled in British Columbia which is a good index of saw mill operations showed a gain of 7·5 per cent while the exports of all wood and paper products rose by 25 per cent to a total of $263,000,000. During the winter months, however, lumbering operations were on a smaller scale than during the previous season and the general level of activity to-day is probably substantially below that of a year ago. On May 1st, employment in logging operations was 12 per cent higher than on May 1st, 1937, but in the rough and dressed lumber industries it was almost 9 per cent lower. Exports of planks and boards decreased by about 20 per cent in the first four months of 1938. It is difficult to forecast the outlook for lumber demand from foreign markets during the balance of the year, but the sharp decline in ocean freight rates to United Kingdom ports from the excessive levels of 1937 will place British Columbia lumber on a more advantageous

basis in that market in competition with Baltic timber. The lumber industry should also be one of the chief beneficiaries of expanding activity in the domestic construction field which the government's housing program is designed to bring about.

Summing up the net production of goods and services in all fields of economic activity, we reach that most significant of the measures of national well-being, namely, the total national income. By national income I mean not the revenues of the dominion government but the aggregate of the individual incomes of all the people. Unfortunately, the statistics of our national income, although the most important of all statistics for purposes of analysis and policy determination, leave much to be desired both in their adequacy and in the time at which they become available. I believe that the methods used by the Bureau in compiling their estimates are being revised and their compilations for the year 1937 have not yet been completed. Preliminary estimates from unofficial sources, however, appear to indicate that Canada's national income in 1937 amounted to $4,830,000,000, which is an increase of 13 per cent over the Bureau's revised estimate for 1936.

I turn now to a number of considerations which are primarily financial in character. Last July, the index of the wholesale prices of commodities reached a high point for the recent movement, only 12½ per cent below the average level which prevailed in 1926. Since that time there has been a gradual downward tendency, the index for April representing a drop of almost 6 per cent from the high of last July. This 6 per cent compares with a decrease of 9 per cent in the United Kingdom and of about 10 per cent in the United States. During the last two years, however, the disparities which had previously been an unsound and retarding factor in the Canadian price structure have been largely corrected. For instance, it is significant to note that while the index of April of this year for all commodities stood at 82·3, that for Canadian farm products was 82·5 and for fully and chiefly manufactured goods 81·3. In other words, the normal equilibrium between farm prices and other prices has been restored.

The decline in common stock prices has been drastic. Canadian stock markets felt the full blast of the hurricane which swept the New York stock exchange last autumn and security prices in the two countries are about on a par. This is true despite the highly satisfactory earnings of Canadian business enterprises as a whole last year. A recent listing of the net earnings of 522 corporations for the fiscal year ending in 1937 gives a total of over $450,000,000, which is 17 per cent above the aggregate net earnings of the same corporations for the previous year. It is only natural, however, that our financial markets should move closely in sympathy with New York. Apart from the important relationships in trade and commerce to which I have already referred, securities of a value of hundreds of millions of dollars flow annually north and south between the financial centres on this continent. Elaborate machinery has been developed to facilitate these transactions, and the daily intercommunication between brokers and financial houses has its effect in tending to create the basis for a common outlook on business prospects. Obviously, this has dangers as well as advantages. Depression psychology may affect our financial and business leaders when our own conditions do not justify it, and what is more important, if the North American investor for any reason loses confidence in any phase of the Canadian position, capital may fly from Canada overnight and our own securities held abroad may be dumped on our markets in enormous quantities. Fortunately there is no reason for the American investor to lose his undoubted faith in Canada which has been grounded in long and satisfactory experience, but those in charge of financial affairs in this country must always keep such considerations in mind.

The bond market in Canada has given an infinitely better account of itself than the stock market during the past year. During 1937, bond issues were sold by dominion, provincial and municipal authorities and by private corporations to an aggregate amount of $701,700,000, of which $225,600,000 was for new cash and $476,100,000 for refunding purposes. During the first quarter of 1938, the total offerings were $162,100,000 of which $76,800,000 was for cash and the remainder for refunding. These are substantial totals for a country of small population and indicate a healthy functioning of the capital markets. To-day the interest yields of dominion bonds are lower than they have ever been before in our history except for a short period in 1936. In another connection I shall give details of the favourable basis on which we were able to carry out a heavy volume of dominion financing last year.

If hon. members will examine the statistics published by the League of Nations on the percentage yield of government bond issues they may be surprised to find that of all the countries of the world only the United States, Great Britain, Holland, Sweden and Switzerland show the obligations of their respective governments selling on as low a yield basis as the obligations of the government of

Canada. This is all the more remarkable when you remember that these are great creditor countries while Canada is one of the greatest debtor countries in the world, that is to say, has more foreign capital invested within her borders than most other countries. In making such comparisons, care must be taken of course to see that maturity dates, coupon rates and tax exemption features are reasonably comparable. On a recent date the quotations showed the following yield basis for a government bond of 17 to 19 year term in the domestic markets of the respective countries: Canada, 3·01 per cent; United Kingdom, 3·09 per cent; Australia, 3·76 per cent; New Zealand, 4·31 per cent; South Africa, 3·45 per cent; and the United States, 2·56 per cent,—but that United States issue is free of income tax, and therefore is not strictly comparable. No comparable quotation could be secured for France, but her perpetual rentes were selling in March on a 4·43 per cent basis while Canada's perpetuals were on less than a 3·40 per cent basis.

I have also caused to be made certain calculations showing for the latest available date the average rate of interest being paid on the outstanding debt of several important countries. In the case of Canada, the average rate on our outstanding debt including treasury bills and allowing for the effects of the conversion issue floated in London last January, was 3·53 per cent. As the volume of outstanding treasury bills and other short term debt varies considerably as between different countries and as the information regarding this short term debt is not available in all cases, I will use for purposes of comparison the average rate on our Canadian debt excluding treasury bills. This was 3·67 per cent as at March 31, 1938. Contrast this percentage with the following figures for other countries: United Kingdom, 3·56 per cent; United States, 2·69 per cent, but again I must point to the tax free feature of the United States obligations; New Zealand, 3·79 per cent; South Africa, 3·92 per cent; Australia, 3·98 per cent; and France, 4·36 per cent. Of this comparison I think Canadians have real reason to be proud.

It may be of interest, Mr. Speaker, to make a further comparison with the Commonwealth of Australia. There is frequent controversy in this country as to whether we should have followed the plan adopted by Australia in 1931 when the interest rate on outstanding government bonds was cut by an average of 22½ per cent. I shall not undertake to pass judgment on the wisdom of such a policy for Canada in 1931 or 1932 but I do wish to point out that as at June 30, 1931, before the conversion operation took place in Australia, the average rate of interest on Australia's outstanding debt was 5·25 per cent and as at June 30th last, it was 3·93 per cent, a decrease therefore in the average rate on the Australian debt of 25·1 per cent. On the other hand the average rate of Canada's debt outstanding as at March 31, 1931 was 4·98 per cent, and to-day the corresponding rate is 3·53 per cent, a decrease in the case of Canada of 29·1 per cent.

In other words, by following a different and more normal policy, Canada has been able to secure a reduction in her average rate of interest by a larger percentage and to a lower relative figure.

To keep the record straight, I wish also to mention two additional facts. First, the arbitrary reduction in interest was applied only to domestic holders of government bonds, a policy which it was easy to enforce in Australia because of the established practice of issuing bonds in registered form rather than bonds payable to bearer, and bonds payable optionally in two or more currencies. Secondly, the policy was only one part of a comprehensive program designed to reduce all costs, including wages, by an approximately equal proportion.

Moreover, the Australian conversion offer was originally on a voluntary basis and it was only after 91 per cent of the bondholders had voluntarily accepted that the conversion was made compulsory on the 3 per cent who had dissented and the 6 per cent who had not been heard from. Canada has followed consistently the policy of offering voluntary conversions to holders of our bonds as these bonds become due or callable. This policy has amply justified itself. I have already shown the extent to which we have succeeded in reducing the average rate of interest on our outstanding debt. But rates of interest represent small figures and their full significance may not be apparent. Let me state the facts in another way. As at March 31, 1938, our total bonds, debentures and treasury bills outstanding amounted to approximately $3,315,000,000. This represents an increase since 1930 of $1,031,000,000 due mainly to the emergency expenditures incident to the depression. The annual interest charge, which represents the burden of this debt as at March 31 last, was $117,063,000 which was less than the corresponding figure at the end or any other year since the close of the war, with the single exception of March 31, 1930. The interest requirement on the funded debt outstanding on the latter date was $114,577,000. It should be remembered, however, that since 1930 we have invested a substantial sum in

additional active loans and investments which as at March 31, 1938, accounted for an offsetting credit to the treasury of $5,470,000 in the form of interest receivable. If this sum be deducted, the net interest burden on the funded debt is less than in any year since the great war, in spite of the increase in the public debt itself of over $1,000,000,000 since 1930.

Let me now sum up the argument I have been developing. In the first place we have succeeded in getting our interest rates on current borrowings down to levels comparable with those of the oldest and wealthiest countries in the world. Secondly, we have been able to reduce the average interest rate on our total outstanding funded debt to approximately 3½ per cent, although much of that debt was created in years past when interest rates were substantially higher than they are to-day, again a level comparable with the oldest and wealtiest countries. Finally, in spite of the fact that during the depression years our funded debt has had to be increased by over a billion dollars, the burden of that debt in the form of its annual interest charge is less than the payment required to service our smaller debt in any year since the war except 1930. All this I submit is no small achievement for a young and debtor nation. It reflects careful administration of the government's finances, a persistent endeavour to achieve a budgetary balance at the earliest practicable date, a healthy functioning of the capital markets, and the results of an easy money policy efficiently carried out.

There are some, of course, who appear to believe that the government should not pay interest at all or, indeed, should issue debt free money to finance its expenditures or to retire its interest bearing debt or to do both of these things. It is incredible that this hoary fallacy should persist after so many historical demonstrations of its devastating possibilities. Perhaps I underestimate the insidious appeal of a program which promises to make something out of nothing, although I must say that for no one more than for a minister of finance should such a program have seductive charm. How much easier my task would be if I could draw on the accumulated savings of the Canadian people without paying interest thereon or if indirectly I could do the same thing by issuing credit against our natural wealth, that is, against the resources of farm and forest and mine and factory now owned by the Canadian people as individuals and not by the dominion government. I am sometimes criticized because I do not accept the so-called "new economics," which in fact is centuries old. It dates back to the first monarch who, finding it difficult to replenish the royal coffers by taxation, tried to filch the needed funds from the pockets of his subjects by debasing his currency. When first introduced this currency debasement gave some temporary stimulus to trade, because there were in circulation more of the sovereign's coins, albeit each had a lower intrinsic value. But when the smoke cleared away the net result became evident, namely, that the sovereign had obtained a larger share of the product of his people's labour. It may be that our taxation system is not the most scientific, but at least the attempt has been and is being made to make it progressively more equitable. The kind of device to which I have been referring takes many different forms, but there is nothing more certain than this, that in any of its forms it constitutes the most unjust and most inequitable type of taxation that could be devised. Not only that, but the inflationist expansion of currency and credit which it contemplates is bound to initiate unhealthy speculative activity and to result in overexpansion of particular industries. When maladjustments become too pronounced, the speculative boom always collapses and depression sets in. Surely we have suffered too much, Mr. Speaker, from the inflationist experience of the war and its sequel to deliberately embark upon such a program again.

This is not the way of sound and healthy prosperity. On a recent occasion in the house I had the privilege of discussing the monetary policy which has been followed in this country in recent years and of showing why in my opinion that policy was well conceived. It has been an easy money policy designed to offset any deflationary tendencies and to ensure that ample currency and credit would be available to meet the needs of industry and trade. Its general objective has been to promote the maximum possible sustained level of productivity and the minimum possible level of unemployment. It is a tribute to the skill with which this policy has been administered that while currency and credit have been expanded at a quite rapid rate, the substantial rise in production and trade which occurred has been consistent and has taken place without speculative excesses or other unsound features developing in our economy. To monetary policy must be given at least some share of the credit for the health and soundness of our internal economic conditions which I have already reported. We may feel confident, Mr. Speaker, that it will adjust itself with equal efficiency to the changing conditions that may arise in the future.

In this review of current economic conditions during the past year, I have tried to indicate the divergent influences at work. The net result of these conflicting forces will determine the course of Canadian business during the remainder of this year. On the unfavourable side we find two external factors which for us are uncontrollable and unpredictable. I refer to the progress of business depression abroad and to developments in the field of international relations. It is to be hoped that business in the United States is now dragging on the bottom and that the steps which have been and are being taken will promote an up-turn before the end of this year. In the United Kingdom and other European countries, the acceleration of the armaments program should exert a favourable short-term influence, although none of us look forward with confidence to the more distant results of a program which involves so heavy a concentration of the resources of the leading nations upon preparation for war. In the political field it is even more difficult to make predictions. Realism compels us to face frankly the fact that the potential dangers are indeed great. We can only hope that the forces which are striving to prevent war, while maintaining freedom, will achieve success.

Any improvement in conditions abroad will strongly reinforce the influence of the favourable forces which are at work within our own country. As I have already stated, our internal economy is sound, our price structure is in reasonable balance, ample credit accommodation is available for further expansion, and our people need not be affected by fear and uncertainty. Production in our major industries has shown what is relatively a moderate decline in the face of depressed conditions elsewhere and since February our index of the physical volume of business has been tending upwards. Moreover, there are now important forces at work which in my opinion should give a vigorous impetus to further recovery later in the year. Most important of these is the improved prospect for a good wheat crop and for good agricultural conditions generally. The mining industry may also be counted on to provide a further stimulus. Finally, I am confident that as a result of the government's program in relation to housing, municipal improvements, and national conservation and development generally, we may expect to see during the next few months the beginning of a more vigorous revival in the construction industry and the many industries which depend upon it. These are all powerful influences making for recovery, and if backed by the wholehearted cooperation of all elements in our population, they should make the current year a reasonably satisfactory one.

GOVERNMENT ACCOUNTS, 1937-38

Turning now, Mr. Speaker, to the government accounts, I am pleased to state that, because of the late date at which the budget is being brought down, I am able to present the figures for the past fiscal year in practically their final form instead of making the provisional estimates which are usually necessary. Following the procedure of last year, I shall first, with the permission of the house, place on Hansard a number of tables giving a complete summary of revenues and expenditures under the usual categories and of the over-all deficit or increase of net debt for the fiscal year 1937-38, together with comparative figures for the four preceding fiscal years:

STATEMENT OF REVENUES FOR THE LAST FIVE FISCAL YEARS

(000 omitted)

—	1933-34	1934-35	1935-36	1936-37	Estimated 1937-38
	$	$	$	$	$
Tax Revenues—					
Customs import duties	66,305	76,562	74,004	83,771	93,456
Excise duties	35,494	43,190	44,410	45,957	52,037
War tax revenues—					
Banks	1,336	1,369	1,281	1,210	1,107
Insurance companies	742	750	761	775	867
Income tax	61,399	66,808	82,710	102,365	120,366
Sales tax	61,392	72,447	77,552	112,832	138,054
Manufacturers', importations, stamps, transportation taxes, etc	45,184	39,745	35,181	39,641	42,765
Tax on gold	—	3,573	1,413	—	—
Total revenue from taxes	271,852	304,444	317,312	386,551	448,652

STATEMENT OF REVENUES FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(000 omitted)

—	1933-34	1934-35	1935-36	1936-37	Estimated 1937-38
	$	$	$	$	$
Non-Tax Revenues—					
Canada Grain Act	1,236	1,205	1,213	1,192	680
Canada Gazette	56	47	49	48	47
Canals	878	838	890	1,004	1,866
Casual	3,622	4,337	4,636	6,276	6,598
Chinese revenue	6	6	6	7	2
Electricity	440	485	542	646	692
Fines and forfeitures	178	90	295	134	209
Fisheries	39	43	42	56	60
Gas inspection	76	96	91	93	88
Insurance inspection	149	139	147	152	162
Interest on investments	11,148	10,963	10,614	11,231	13,120
Lands, Parks and Forests	419	516	458	478	541
Marine	208	218	222	263	336
Mariners' fund	188	181	187	205	206
Military college	20	20	20	20	20
Militia pensions revenue	165	174	178	187	194
Ordnance lands	18	16	16	15	16
Patent and copyright fees	429	426	455	464	452
Penitentiaries	98	74	68	62	63
Post Office	30,893	31,248	32,508	34,275	35,546
Premium, discount and exchange	—	752	36	—	27
Public Works	250	254	251	274	318
Radio Licences	1,291	1,487	1,574	(1) 990	(1) —
R.C.M.P. officers' pensions	12	9	11	10	11
Weights and measures	400	407	401	396	393
Total non-tax revenue	52,219	54,031	54,910	58,478	61,647
Total ordinary revenues	324,071	358,475	372,222	445,029	510,299
Special Receipts—					
Sundry receipts	409	3,397	320	(2) 8,464	3,009
Other Credits—					
Refunds on capital account	90	80	27	616	1,542
Credits to non-active accounts	91	21	27	45	819
Net credit resulting from various adjustments in Railway accounts authorized by Canadian National Railway Capital Revision Act, 1937	—	—	—	—	1,023
Total Special Receipts and Credits	590	3,498	374	9,125	6,393
Grand Total Revenue	324,661	361,973	372,596	454,154	516,692

(1) As from Nov., 1936, radio licence fees deposited to credit of The Canadian Broadcasting Corporation.
(2) Includes $8,000,000 from Canadian Wheat Board taken into the accounts as an offset, in part, to the disbursements in 1935-36 *re* losses on 1930 wheat pool and stabilization operations.

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS

(000 omitted)

—	1933-34	1934-35	1935-36	1936-37	Estimated 1937-38
	$	$	$	$	$
Ordinary expenditures—					
Agriculture	6,996	7,107	9,399	8,741	9,017
Auditor General's Office	376	377	429	423	463
Civil Service Commission	221	221	259	305	358
External Affairs, including Office of Prime Minister	974	1,427	1,290	1,341	1,450
Finance—					
Interest on Public Debt	139,725	138,533	134,549	137,410	132,118
Cost of Loan Flotations	2,550	2,890	3,577	3,839	4,555
Premium, Discount and Exchange (net)	167	—	—	400	—
Subsidies to Provinces	13,728	13,769	13,769	13,735	13,735
Special Grants to Provinces	1,600	1,600	3,975	3,225	7,475
Other Grants and Contributions	396	467	736	540	580
Civil pensions and superannuation	1,032	943	854	787	995
Government contribution to Superannuation Fund	1,986	1,948	1,875	2,019	2,065
Old Age Pensions	12,314	14,942	16,764	21,149	28,653
General Expenditure	3,152	3,939	3,735	3,579	3,635
Fisheries	1,596	1,641	1,710	1,691	1,850
Governor General's Secretary's Office	136	133	138	143	144
Insurance	152	156	163	172	187
Justice	2,711	2,718	2,748	2,773	2,507
Penitentiaries	2,677	2,667	2,377	2,372	2,577
Labour	561	581	660	720	706
Technical Education	129	91	99	76	49
Government Annuities—Payments to maintain reserve	184	146	272	541	(1) 5,000
Legislation—					
House of Commons	986	1,796	1,486	1,760	1,516
Library of Parliament	69	71	76	75	79
Senate	286	491	491	587	536
General	62	95	55	73	57
Dominion Franchise Office	—	1,545	498	53	76
Chief Electoral Officer, including elections	32	146	1,089	72	45
Mines and Resources—					
Administration	—	—	—	—	(2) 1,518
Immigration and Colonization	1,374	1,269	1,322	1,313	1,163
Indian Affairs	4,380	4,362	4,869	4,904	4,897
Interior	2,857	2,750	2,939	2,887	—
Lands, Parks and Forests	—	—	—	—	1,875
Surveys and Engineering	—	—	—	—	941
Mines and Geological Survey	909	965	1,040	1,135	658
Movement of Coal and Domestic Fuel Act	2,772	2,124	2,103	2,277	2,521
National Defence—					
Militia Service	8,773	8,853	10,141	11,346	17,223
Naval Service	2,171	2,222	2,380	4,763	4,372
Air Service	1,685	2,258	3,777	5,822	10,018
Sundry Services	847	847	879	992	1,147
National Revenue (including Income Tax)	10,360	10,166	10,963	11,205	11,870
Pensions and National Health—					
Treatment and after-care of returned soldiers	9,571	10,127	11,060	11,579	12,152
Pensions, War and Military	42,923	43,232	42,790	43,067	42,240
Health Division	802	809	993	873	914
Post Office	30,554	30,252	31,438	31,906	33,762
Privy Council	49	46	46	45	48
Public Archives	157	209	165	160	170
Public Printing and Stationery	172	368	169	169	161
Public Works	10,827	9,905	12,945	14,519	12,385
Royal Canadian Mounted Police	5,528	5,970	6,165	5,635	6,308
Secretary of State	387	395	705	655	692

(1) This represents a tentative estimate pending definitive calculations by Department of Labour on an actuarial basis.

(2) Prior to 1937-38 general administration expenses were not segregated from other expenditures of the respective Services of the Departments which were amalgamated to form the Department of Mines and Resources and the Department of Transport.

[Mr. Dunning.]

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Continued*

(000 omitted)

—	1933-34	1934-35	1935-36	1936-37	Estimated 1937-38
	$	$	$	$	$
Ordinary expenditures—*Concluded*					
Soldier Settlement	810	746	762	806	801
Trade and Commerce	3,007	3,057	3,458	5,523	4,070
Canada Grain Act	1,759	1,679	1,848	1,739	1,675
Mail Subsidies and steamship subventions	2,221	2,274	2,426	2,120	2,029
Transport—					
Administration	—	—	—	—	(1) 358
Air Service	—	—	—	—	(2) 2,961
Marine	5,439	5,742	5,857	5,614	4,308
Canadian Broadcasting Corporation	1,025	1,249	1,500	878	—
Railways and Canals	3,315	4,581	4,250	4,019	3,927
Maritime Freight Rates Act	1,989	2,529	2,348	2,506	3,182
Railway Grade Crossing Fund	310	275	128	54	180
Total ordinary expenditure	351,771	359,701	372,539	387,112	410,954
CAPITAL EXPENDITURE					
Canals	1,986	338	458	52	—
Railways	754	526	287	203	71
Public Works	3,840	6,243	5,799	3,237	4,359
Total capital expenditures	6,580	7,107	6,544	3,492	4,430
SPECIAL EXPENDITURES					
Unemployment Relief Act, 1930	4	2	26	—	—
Unemployment Relief Act, 1931	564	52	26	—	—
Unemployment Relief Act, 1932	6,948	399	111	—	—
Unemployment Relief Act, 1933	28,382	2,420	494	—	—
Unemployment Relief Act, 1934	—	49,114	1,152	—	—
Unemployment Relief Act, 1935	—	—	48,027	—	—
Special Supplementary Estimates—					
Administration—Relief Acts, 1936 and 1937	—	—	—	194	378
Grants-in-aid to Provinces	—	—	—	28,930	19,493
Dominion share of joint Dominion-Provincial projects	—	—	—	12,692	8,841
Dominion Projects	—	—	—	23,554	13,911
Transportation facilities into mining areas	—	—	—	1,221	1,324
Railway Maintenance Relief Work	—	—	—	2,662	—
	35,898	51,987	49,836	69,253	43,947
Western Drought Area Relief—					
Direct Relief	—	—	—	5,144	11,925
Feed and fodder and freight thereon	—	—	—	3,517	11,352
Freight charges on movement of cattle	—	—	—	90	—
Expenses of marketing cattle	—	—	—	—	337
Purchase and distribution of foodstuffs	—	—	—	—	971
	—	—	—	8,751	24,585
Public Works Construction Acts	—	8,673	29,581	—	—
1930 Wheat Crop Equalization Payments Act	—	—	6,600	—	—
Loss on 1930 Wheat Pool and stabilization operations—					
Payment to Canadian Wheat Board of net liability assumed as at Dec. 2, 1935	—	—	15,856	—	—
Loss on 1930 oats pool under guarantee of bank advances to Canadian Co-operative Wheat Producers, Limited	—	—	174	—	—
Total special expenditures	35,898	60,660	102,047	78,004	68,532

(1) Prior to 1937-38 general administration expenses were not segregated from other expenditures of the respective Services of the Departments which were amalgamated to form the Department of Mines and Resources and the Department of Transport.

(2) Prior to 1937-38 expenditures on civil aviation, now the Air Service Branch of the Department of Transport, were included under expenditures for the Air Service Branch of the Department of National Defence.

STATEMENT OF EXPENDITURES BY MAJOR CATEGORIES AND BY DEPARTMENTS FOR THE LAST FIVE FISCAL YEARS—*Concluded*
(000 omitted)

—	1933-34	1934-35	1935-36	1936-37	Estimated 1937-38
	$	$	$	$	$
GOVERNMENT OWNED ENTERPRISES					
Losses charged to Consolidated Fund—					
Canadian National Railway System, ex-eastern lines	52,264	42,590	41,796	37,449	37,882
Eastern lines	6,692	5,818	5,625	5,854	4,464
Canadian National Steamships	—	—	270	—	—
National Harbours Board	—	—	1,126	250	289
Trans-Canada Air Lines	—	—	—	—	111
Total charged to consolidated fund	58,956	48,408	48,817	43,553	42,746
Loans and advances non-active—					
Canadian National Steamships	(1) 14	487	(1) 333	(1) 1,754	104
National Harbours Board	2,110	1,242	2,456	2,419	1,983
Total non-active advances	2,096	1,729	2,123	665	2,087
Total government-owned enterprises	61,052	50,137	50,940	44,218	44,833
OTHER CHARGES					
Write-down of assets chargeable to Consolidated Fund—					
Reduction in soldier and general land settlement loans	1,766	469	488	628	750
Yearly established losses in seed grain and relief accounts—Department of Mines and Resources	91	21	27	44	14
Cancellation of Canadian Farm Loan Board—Capital Stock	—	—	—	20	10
Province of Manitoba Treasury Bills	—	—	—	—	805
Non-Active Accounts—					
Canadian Pacific Railway advances (Relief Acts)	1,000	—	—	—	—
Active assets transferred to non-active	—	11	—	(2) 18,487	139
Total other charges	2,857	501	515	19,179	1,718
Grand total expenditures	458,158	478,106	532,585	532,005	530,467

(1) Credit. (2) Dominion contribution to Voluntary Debt Adjustment Program effected in Provinces of Manitoba and Saskatchewan respecting Drought Area Relief that was financed by the Dominion to January 1, 1935—Manitoba $805,000, Saskatchewan $17,682,000.

SUMMARY OF REVENUES AND EXPENDITURES
(000 omitted)

Ordinary expenditures	351,771	359,701	372,539	387,112	410,954
Ordinary revenues	324,071	358,475	372,222	445,029	510,299
Deficit (−) or surplus (+) on ordinary account	−27,700	−1,226	−317	+57,917	+99,345
Special expenditures	35,898	60,660	102,047	78,004	68,532
Less special receipts	409	3,397	320	8,464	3,009
Balance	35,489	57,263	101,727	69,540	65,523
Add—Capital expenditures	6,580	7,107	6,544	3,492	4,430
" Government Owned Enterprises	61,052	50,137	50,940	44,218	44,833
" Other charges	2,857	501	515	19,179	1,718
	105,978	115,008	159,726	136,429	116,504
Less other credits	181	101	54	661	3,384
	105,797	114,907	159,672	135,768	113,120
Add deficit or deduct surplus as above	27,700	1,226	317	57,917	99,345
Over-all deficit or increase of direct net debt	133,497	116,133	159,989	77,851	13,775

REVENUES, 1937-38

With regard to revenues for the fiscal year 1937-38, the last fiscal year, our revenues from taxation and all other sources aggregated $516,692,000. This total exceeded that of the previous year by some $62,538,000, and surpassed by $55,835,000 the previous high total of the fiscal year 1928-29. The extent of our recovery from the low point of the depression is strikingly illustrated by the fact that our total revenue for 1937-38 represented an increase of more than 65 per cent over that for the low year 1932-33.

Total revenue from taxation amounted to $448,652,000, and exceeded the total for last year by over $62,000,000. Every major tax source contributed to this increase.

The sales tax for the second successive year led the field as a revenue producer. The total of $138,054,000 was $25,222,000 in excess of the previous year, and this increase resulted almost solely from a heavier turnover of merchandise and a higher price level, as the rate of tax has remained unchanged since May 1, 1936.

The income tax, which along with the sales tax now provides over one-half of our total tax revenue, was the second largest producer. Receipts from this source amounted to $120,366,000, an increase of $18,000,000 over last year, and much the highest total on record. There is no more conclusive evidence, Mr. Speaker, of the substantial improvement in both individual and corporate incomes. Of the total receipts, $69,769,000 was derived from corporations, $40,445,000 from the tax on individual incomes and $10,152,000 from the five per cent tax on interest and dividends.

Excise duties, levied principally on liquor and tobacco, increased $6,080,000 over the previous year, to a total of $52,037,000.

Customs duties accounted for $93,456,000, a substantial increase over last year when the total was $83,771,000. Although this revenue falls far short of previous high totals in 1929 and 1920, it must be noted that the proportion of imports entering this country entirely free of duty is larger at the present time than it has been since the turn of the century. In the two high revenue years mentioned, 1929 and 1920, for example, duty-free imports accounted for only about one-third of the total, whereas last year and the year before free imports amounted to almost one-half of our total imports.

Special excise taxes, of which the three per cent tax on imports is the most important as a revenue source, showed an increase of $3,124,000 over the previous year, the total receipts amounting to $42,765,000. The bank note circulation tax continues to decline from year to year due to the statutory decreases in the note circulation of the chartered banks.

Non-tax revenues, that is to say, the revenues derived from investments and from various departmental services, aggregated $61,647,000 during 1937-38, and increase of $3,169,000 over the previous year. This increase took place despite the fact that radio licence fees, previously shown as non-tax revenue, were eliminated from the government's accounts in 1937-38 and credited directly to the Canadian Broadcasting Corporation. The largest single item in this group of non-tax revenues is Post Office receipts which totalled $35,546,000, an increase of $1,271,000 over 1936-37. The nominal surplus on Post Office operations is estimated at $1,784,000. The other major source of non-tax revenue, interest on investments, totalled $13,120,000, as compared with $11,231,000 during the preceding year. This increase is largely accounted for by the receipt of $1,700,000 from the Canadian National Railways representing interest paid on capital advances made to the railway by the government. It will be remembered that payment of interest on these advances was provided for in the C.N.R. Capital Revision Act passed at the last session, so that this represents a new revenue item in our accounts.

Special receipts and other credits for the past fiscal year totalled $6,393,000, as compared with $9,125,000 in the previous year. The exceptionally large figure for 1936-37 was accounted for by the $8,000,000 payment from the Canadian Wheat Board for which there is no counterpart in the year under review. The total this year is comprised mainly of refunds on relief and capital expenditures and a net credit of $1,023,000 resulting from adjustments made in the railway accounts under authority of the C.N.R. Capital Revision Act.

EXPENDITURES, 1937-38

In dealing with expenditures, I shall, for the purpose of analysis and comparison with previous years, use the five main categories in which expenditures are now classified in the public accounts, but I wish again to emphasize the importance of concentrating our attention on the aggregate of our expenditures of all kinds, and on our over-all deficit rather than on ordinary expenditures and the surplus or deficit on ordinary account.

ORDINARY EXPENDITURES

The ordinary expenditures for the year totalled $410,954,000, an increase of $23,842,000 over the previous fiscal year. As ordinary

revenues amounted to $510,299,000, the so-called surplus on ordinary account was almost $100,000,000. As I have already stated, however, this surplus on ordinary account has only slight significance under present conditions which require substantial expenditures for relief and other purposes.

The largest increase in ordinary expenditures was accounted for by the new defence program initiated last year. Total expenditures of the Department of National Defence during 1937-38 amounted to $32,760,000, an increase of $9,837,000 over the previous year. The dominion's share of the cost of old age pensions increased by $7,504,000 to a total of $28,653,000. Special grants to provinces increased by $4,250,000, reflecting depressed conditions in western Canada. The cost of running the Post Office, due chiefly to increased business, rose by $1,856,000 to a total of $33,762,000. I wish to call special attention to an item of $5,000,000 representing the estimated amount required to be transferred to the Government Annuities Fund to maintain the reserve. This amount is very much larger than the provision made in any previous year and the increase results from the necessity of valuing our liabilities under annuity contracts in force as at March 31, 1937 on the basis of the increased rates now in effect. I should add that the figure mentioned is only a rough estimate pending completion of the actuarial calculations by the Department of Labour. It is obvious also that this item adds to our expenditure for the past year an estimated $5,000,000 which is really attributable to the operations of many prior years. Other increases in ordinary expenditure were of minor significance.

Fortunately I am also able to report a number of decreases in ordinary expenditure. Of these the most important were declines of $2,134,000 in ordinary expenditures on public works, $1,306,000 in the cost of operations of the marine branch of the Department of Transport, and $5,292,000 in interest paid on public debt. This last-named decrease in annual interest charges is one to which I will have occasion to refer later.

CAPITAL EXPENDITURES

Total expenditures charged to capital account amounted to $4,430,000, an increase of $938,000 over the previous year. Of this amount $4,359,000 was spent for public works construction.

[Mr. Dunning.]

SPECIAL EXPENDITURES

The next category of expenditures which I wish to discuss is that important group of items which are classified as Special, and which this year, as last year, relate solely to disbursements made for unemployment relief purposes. The aggregate of these expenditures for the year 1937-38 amounted to $68,532,000, a decrease of $9,472,000 from the previous year.

Direct grants in aid to provinces declined from $28,930,000 in 1936-37 to $19,493,000 in 1937-38, and the dominion's share of joint dominion-provincial projects, including transportation facilities into mining areas, decreased from $13,913,000 to $10,165,000. The total cost of public works and other projects sponsored by the dominion alone amounted to $13,911,000 last year as compared with $23,554,000 during the preceding year.

The largest single item of special expenditures, however, was necessitated by the disastrous drought in Saskatchewan and Alberta to which reference has already been made. To meet the emergent and unforeseen problems created by this renewed drought condition, the dominion government felt obligated to appropriate funds by governor general's warrants in order to pay the expenditures involved in purchasing and distributing feed and fodder for live stock in the drought-stricken areas, and in providing direct relief to farmers living in these areas. Agreements were entered into with the provinces of Saskatchewan and Alberta under which the dominion agreed to bear 100 per cent of the cost of direct relief in the drought areas as defined, and 100 per cent of the cost of feed and fodder for live stock, including the net freight charges incurred on live stock shipped from the drought areas to suitable feeding ground and return therefrom. Arrangements were also made for the marketing of surplus live stock which cost the dominion treasury the sum of $337,000. The amount spent for direct relief was $11,925,000 in the drought area; for feed and fodder $11,352,000; and for the purchase and distribution of foodstuffs $971,000. The total of these special expenditures for western drought area relief amounted to $24,585,000, which compared with an expenditure of only $8,751,000 for similar purposes in the fiscal year 1936-37. Of this total, the sum of $19,232,000 was expended from the moneys provided by governor general's warrants.

The following table which I will place on Hansard compares the expenditures made for direct relief and various unemployment relief projects during each of the last two fiscal years:—

UNEMPLOYMENT RELIEF EXPENDITURE

—	1936-37	1937-38
	$	$
Grants-in-aid to Provinces	28,929,774	19,493,000
Dominion's share of joint Dominion-Provincial Projects	13,912,623	10,165,000
Railway Maintenance Works	2,662,084	—
Dominion Projects:—		
Department of Public Works	10,043,785	7,098,000
Department of National Defence	3,746,849	75,000
National Harbours Board	4,733,256	1,565,000
Department of Mines and Resources	2,182,794	1,474,000
Department of Agriculture	1,048,738	1,937,000
Department of Transport	1,152,035	882,000
Miscellaneous and Sundry Departments	840,773	1,258,000
Special Drought Area Relief:—		
Direct Relief	5,143,658	11,925,000
Agricultural Relief (feed and fodder and freight on live stock)	3,607,333	11,689,000
Food Stuffs	—	971,000
	78,003,702	68,532,000

GOVERNMENT OWNED ENTERPRISES

The next main category of expenditures to which I wish to call attention comprises the losses of, and non-active advances to, government owned enterprises which are operated as separate corporations.

Canadian National Railway System

Operating revenues of the Canadian National Railways amounted to $198,396,000, an increase of $11,786,000, or 6·3 per cent over the corresponding figure for 1936, in spite of the falling off in grain traffic in the late months of last year resulting from the crop failure in western Canada.

Operating expenses of the railway increased by $9,311,000 or 5·4 per cent, to $180,789,000, although wage cuts were partially restored in 1937, the increase in the railway's payroll amounting to $6,584,000. This moderate increase in operating expenditures for the higher volume of traffic carried, compared favourably with the showing made last year by other railway systems on this continent.

The net revenue available for interest on the railway's debt was $8,287,000 compared with $6,409,000 in the preceding year. After payment of interest charges of $50,633,000, including $1,685,000 to the government on capital advances not paid in previous years, there was a net income deficit of $42,346,000 for the year, a decrease of approximately a million dollars from the comparable figure for 1936.

Under the provisions of the Canadian National Railways Capital Revision Act, certain changes were required to be made in the books of the dominion. These reflected the transfer to the securities trust of certain indebtedness formerly held by the minister on behalf of his majesty in exchange for capital stock of the trust, together with other adjustments in non-active accounts which resulted in a net credit of $1,023,000 as shown in the table of revenues. A recapitulation of these changes is given in the table which I now place on Hansard:

Adjustment in Public Accounts resulting from Canadian National Railways Capital Revision Act, 1937

Credit—		
Non-active assets:		
Railway accounts (old)	$ 25,607,393	
Railway accounts (loans non-active)	655,527,456	
Investments in Canadian government railways	589,708	
		$681,724,557
Active assets:		
Canadian government railway stores and open accounts		15,748,922
		$697,473,479

Adjustment in Public Accounts resulting from Canadian National Railways Capital Revision Act, 1937—*Conc.*

Debit—		
Non-active assets:		
Canadian National securities trust stock account	$269,325,706	
Canadian National stock account	18,000,000	
Investment in Hudson Bay railway	457,527	
		$287,783,233
Active assets:		
Canadian government railways working capital		16,771,980
Charges to consolidated fund		392,918,266
		$697,473,479

The increase of $1,023,058 in active assets shown by the above table is due to a transfer from Canadian government railways capital account to active assets—Canadian government railways working capital.

Canadian National Steamships

The operations of the Canadian National (West Indies) Steamships Limited in 1937 after payment of bond interest to the public but before depreciation and interest on government advances, resulted in a surplus of $189,000, which was paid to the government in partial reimbursement of prior deficits and interest. The corresponding figure in 1936 was $87,000.

An advance of $16,000 was made to the company for capital improvements on vessels under its control. In addition to this non-active advance, the table of expenditure also shows a further amount of $88,000 which represents an adjusting entry in connection with the 1936 surplus which was credited in 1936-37 to loans and advances, non-active.

Harbour Commissions

The operations of harbours under the new national harbours board again showed an improvement over the results obtained during the preceding year. Operating income for the calendar year 1937, after payments of interest to the public but before depreciation and interest payable to the government, totalled $2,872,000 or an increase of $598,000, as compared with 1936. This does not take into account the operations of the Prescott and Port Colborne elevators and of Churchill harbour, which were placed under the control of the board during 1937.

Government assistance to harbour commissions charged to expenditure during the fiscal year totalled $2,272,000. Of this amount $289,000 represented the operating deficit of the harbours at Quebec and at Churchill and of the elevator at Prescott. The remainder comprised non-active advances of $367,000 for the deficit on the Jacques Cartier bridge at Montreal, $1,269,000 for retirement of obligations of the harbour commissions at Halifax and Saint John, and $347,000 for capital purposes at Saint John, Three Rivers and Churchill.

In addition to the foregoing items an expenditure of $1,565,000 on various works at certain of the harbours was made under authority of the special supplementary estimates and charged to special expenditures.

Trans-Canada Air Lines

A new item of expenditure appeared for the first time last year in our accounts under the heading of government owned enterprises. This was the net deficit of the Trans-Canada Air lines for the period June 1st to December 31, 1937. The amount of the deficit contributed by the government and charged to expenditure was $111,000.

To sum up, the total amount of assistance to the various government owned enterprises which was treated as expenditure in our accounts was $44,833,000. For 1936-37 the total was $44,218,000, the slightly smaller amount being accounted for by a substantial credit from Canadian National Steamships because of the winding up of the Canadian Government Merchant Marine. Advances to government owned enterprises which are treated as active assets I shall refer to later.

OTHER CHARGES

The final category of expenditures, namely, Other Charges, accounts for a total of only $1,718,000 last year as compared with over $19,000,000 in 1936-37. This is comprised of the usual write-offs of soldier and general land settlement loans and the old seed grain and relief accounts, amounting together to $764,000, ascertained losses and concessions granted and credited to settlers' accounts

under the New Brunswick 500 British family settlement scheme, amounting to $139,000, and the final charge to consolidated fund of $805,000 of Manitoba treasury bills which were written down to non-active assets last year as the dominion's contribution to the voluntary debt adjustment program in that province. As the write-down to non-active assets took place last year, the charge to consolidated fund this year is offset by a corresponding credit.

SUMMARY OF EXPENDITURES

If we add together ordinary, capital and special expenditures as well as expenditures in connection with government owned enterprises and the other charges to which I have just referred, we find that the grand total of expenditures for which the government is responsible aggregated $530,467,000 during the fiscal year 1937-38. This is approximately $2,000,000 less than the total for each of the two preceding fiscal years.

I wish again this year to place on Hansard a table showing the percentage distribution of revenues and expenditures, that is to say, the percentage which each major source of revenue and each major item of expenditure bears to our total revenue as well as to our total expenditure. This table is subject to the same defects to which I called attention last year, but with the new form of estimates which we introduced this year I am confident that in future years most, if not all, of these defects can be removed.

PERCENTAGE DISTRIBUTION OF REVENUES AND EXPENDITURES, 1937-38

(000 omitted)

Revenues	Amount (estimated)	Percentage of total Revenues	Percentage to total Expenditures
	$	$	$
Ordinary Revenue—			
Income Tax	120,366	23·29	22·69
Customs Duties	93,456	18·09	17·62
Excise Duties	52,037	10·07	9·81
Sales Tax	138,054	26·72	26·03
Manufacturers', importation, stamp taxes, etc	42,765	8·28	8·06
Other tax revenues	1,974	0·38	0·37
Total Revenue from taxes	448,652	86·83	84·58
Non-tax Revenues	61,647	11·93	11·62
Total Ordinary Revenues	510,299	98·76	96·20
Special Receipts and Credits	3,009	0·59	0·57
Other Receipts and Credits—			
Refunds of capital expenditures and receipts on non-active account	3,384	0·65	0·64
Grand Total Revenues	516,692	100·00	97·41

Expenditures	Amount (estimated)	Percentage of total Expenditures	Percentage to total Revenues
	$	$	$
Ordinary Expenditures—			
Interest on public debt	132,118	24·91	25·57
Cost of loan flotations—			
Amortization of bond discount, etc	4,555	0·86	0·88
Charges of management	202	0·04	0·04
Total public debt charges	136,875	25·81	26·49
Subsidies and special grants to Provinces	21,210	4·00	4·10
Old Age Pensions	28,653	5·40	5·55
Civil Pensions and Superannuation charges	995	0·19	0·19
Pensions and after-care of soldiers—			
Pensions, War and military	42,240	7·96	8·18
Treatment, and after-care of returned soldiers	12,152	2·29	2·35
Total	54,392	10·25	10·53

PERCENTAGE DISTRIBUTION OF REVENUES AND EXPENDITURES, 1937-38—*Concluded*
(000 omitted)

Expenditures	Amount (estimated)	Percentage of total Expenditures	Percentage to total Revenues
	$	$	$
Ordinary Expenditures—*Concluded*			
Agriculture	9,017	1·70	1·74
Fisheries	1,850	0·35	0·36
Legislation	2,309	0·44	0·45
Mines and Resources	13,573	2·56	2·63
National Defence	32,760	6·17	6·34
Post Office	33,762	6·36	6·53
Public Works	12,385	2·33	2·40
Transport	14,916	2·81	2·89
All other	48,257	9·10	9·34
Total Ordinary Expenditures	410,954	77·47	79·54
Capital Expenditures—			
Railways	71	0·01	0·01
Public Works	4,359	0·83	0·85
Total Capital Expenditures	4,430	0·84	0·86
Special Expenditures—			
Grants-in-aid to Provinces	19,493	3·67	3·77
Dominion Projects	13,911	2·62	2·73
Western Drought Area Relief	24,585	4·64	4·76
Miscellaneous	10,543	1·99	2·00
Total Special Expenditures	68,532	12·92	13·26
Government Owned Enterprises—			
Losses charged to Consolidated Fund—			
Canadian National Railways	42,346	7·98	8·20
National Harbours Board and Trans-Canada Air Lines	400	0·08	0·08
Loans and Advances Non-active—			
National Harbours Board and Canadian National Steamships	2,087	0·39	0·40
Total Government Owned Enterprises	44,833	8·45	8·68
Other Charges—			
Write-down of assets	1,718	0·32	0·32
Grand Total Expenditures	530,4o7	100·00	102·66

OVER-ALL DEFICIT

As I have reported our total revenues at $516,692,000 and our total expenditures at $530,467,000, it is apparent that the over-all deficit, in other words, the increase in net debt, for the fiscal year which ended on March 31 last, was $13,775,000.

While naturally I am disappointed to have to report any deficit, I believe there is cause for gratification over this close approach to a balanced budget after eight years of very large deficits. It will be recalled that for 1936-37 the realized deficit was $77,851,000 and that when I delivered the budget speech last year I did not venture to forecast a deficit for 1937-38 of less than $35,000,000. That we have done so much better than that forecast is all the more gratifying when we consider the abnormal item of $5,000,000 added to the annuities reserve and the substantial unanticipated increase in our expenditures resulting from the crop failure in western Canada. As I have already indicated, the increase in our special expenditures resulting from intensified drought conditions was over $20,000,000, and the increase in the C.N.R. deficit arising from this cause was at least $7,000,000. Had it not been for this unfortunate catastrophe, it is clear that to-day I would have been able to report an over-all surplus.

The progress which this government has made in approaching its objective of a balanced budget within the shortest practicable period is indicated by the fact that, while the over-all deficit in our first year, 1935-36, was $159,989,000, the deficit was reduced to $77,851,000 in 1936-37, and to $13,775,000 during the past fiscal year.

LOANS AND INVESTMENTS

Active Assets

In addition to the expenditures for the year, as outlined, we should also take into account loans and investments which are treated as active assets in the public accounts. For the year under review, the transactions in loans and investments resulted in a net credit to the dominion treasury of $4,202,000 as compared with a net debit during 1936-37 of $21,457,000. In other words, total repayments of loans and advances made in previous years exceeded new advances made during the year by a substantial amount.

Loans to Provinces

The total of loans made to the four western provinces for relief purposes during the fiscal year 1937-38 was slightly higher than the total advanced in 1936-37. The net amount of such loans was $16,298,611 which compares with $15,462,477 made during the preceding fiscal year. The Unemployment and Agricultural Assistance Act of 1937 restricted such assistance to a maximum amount to be measured by the provincial share of the cost of unemployment relief and relief projects incurred under agreements with the dominion entered into pursuant to the act. Furthermore the terms of the act required any province desiring assistance by way of loans to establish the necessity therefor by the submission of detailed statements of the financial position of the province.

As at March 31, 1938, loans made to the four western provinces under authority of the various relief acts were outstanding in the dominion's books to an aggregate amount of approximately $129,800,000. The totals for the various provinces, in round figures, were as follows: Manitoba, $22,285,000; Saskatchewan, $48,350,000; Alberta, $26,079,000; and British Columbia, $33,087,000. In the case of Manitoba, the total which I have given is the amount outstanding after deducting the sum of $804,897 written off in accordance with vote 392 of the further supplementary estimates for 1936-37, and in the case of Saskatchewan the total given is after deducting the sum of $17,682,158 written down to non-active assets pursuant to vote 393 of the further supplementary estimates for 1936-37.

I desire now to place on Hansard tables showing the net loans made to each province during each of the last seven fiscal years, and a classification of such loans on the basis of the general purposes for which the loans were obtained.

NET LOANS TO PROVINCES UNDER RELIEF ACTS BY FISCAL YEARS

—	Manitoba	Saskatchewan	Alberta	British Columbia	Total
	$	$	$	$	$
1931-32	2,788,812	10,934,341	4,097,740	4,813,124	22,634,017
1932-33	5,171,904	7,578,556	1,902,041	912,636	15,565,137
1933-34	2,273,283	5,469,240	4,050,743	1,321,761	13,115,027
1934-35	2,874,631	10,141,014	1,926,476	7,966,714	22,908,835
1935-36	2,396,226	14,245,478	13,104,000	12,558,445	42,304,149
1936-37	4,626,000	6,058,879	805,198	3,972,400	15,462,477
1937-38	2,959,188	11,604,787	193,000	1,541,636	16,298,611
	23,090,044	66,032,295	26,079,198	33,086,716	148,288,253
Less reductions as provided by votes 392 and 393 of further supplementary estimates 1936-37	804,897	17,682,158	—	—	18,487,055
	22,285,147	48,350,137	26,079,198	33,086,716	129,801,198

NET LOANS TO PROVINCES UNDER RELIEF ACTS CLASSIFIED AS TO PURPOSE

—	Loans specifically to meet maturing obligations and interest	Loans specifically for agricultural relief including purchase of seed grain	Loans for Provincial purposes generally including direct relief and public works	Total
	$	$	$	$
Manitoba	1,139,455	234,819	21,715,770	23,090,044
Saskatchewan	3,934,341	15,134,633	46,963,321	66,032,295
Alberta	8,577,000	3,152,748	14,349,450	26,079,198
British Columbia	9,818,845	—	23,267,871	33,086,716
	23,469,641	18,522,200	106,296,412	148,288,253
Less reductions as provided by votes 392 and 393 of further supplementary estimates 1936-37, Manitoba $804,897 and Saskatchewan $17,682,158				18,487,055
				129,801,198

Loans to Canadian National Railway System

In addition to paying the net income deficit of the Canadian National Railways, the government advanced to the Railway $11,035,000 for capital purposes and for the retirement of miscellaneous obligations. This amount, together with advances of $41,358,000 made for similar purposes in the years 1932 to 1936, were repaid to the extent of $50,000,000 out of the proceeds of a dominion guaranteed bond issue marketed in January, 1938. This issue took the form of $20,000,000 2 per cent four-year bonds yielding 2·20 per cent and $30,000,000 3 per cent thirteen-year bonds yielding 3·29 per cent. An amount of $2,393,000 of temporary loans remaining unpaid is carried on the books of the dominion as an active asset.

There was also advanced to the Canadian National Railway Company $3,390,000 for the construction of the Senneterre-Rouyn branch line, $1,500,000 for the purchase of the capital stock of the Trans-Canada Air Lines and $7,040,000 as a temporary loan pending the passing of the 1938 budget of the Railway Company. A repayment of $394,000 was received on account of loans made in prior years for betterment and repairs to railway equipment. The net result of these various transactions was a reduction in government loans to the Canadian National Railways of $27,429,000, but an increase in our indirect liabilities of $50,000,000.

Mr. BENNETT: Which should have been included as part of the national debt.

Mr. DUNNING: Not according to law.

Mr. BENNETT: But according to the arrangement.

Mr. DUNNING: No.

[Mr. Dunning.]

Other Loans and Investments

During the fiscal year, the government's purchases of Canadian Farm Loan Board 3½ per cent bonds amounted to $3,550,000, and of the board's capital stock to $282,000. An amount of $10,000 was advanced to the board as initial capital under the authority of the Fisherman's Loan Act. A further amount of $6,000 was advanced to the board to cover losses on operations in respect of loans made under the provisions of part II of the Canadian Farm Loan Act. As at March 31, 1938, the total investment by the Government of Canada in the farm loan board had reached $31,598,000.

An amount paid out by the government during 1937-38 on loans approved under the terms of the Dominion Housing Act totalled $1,679,000. The dominion's share of such loans is not in excess of 20 per cent of the lending value of each property financed under the act and is paid out from time to time as required after loans are approved.

During the year $1,891,000 was advanced to the National Harbours Board for the ports of Montreal and Vancouver for capital purposes. These loans are considered as active assets, as both these ports have paid a substantial part of the interest accrued on their obligations held by the government.

A loan of $500,000 was made to the Canadian Broadcasting Corporation to assist in the building of two broadcasting stations.

Owing to the winding up of the Canadian Government Merchant Marine, it was necessary to provide $450,000 by way of loan to the Canadian National (West Indies) Steamships Limited for working capital purposes.

Loans to the Canadian Pacific Railway Company made in previous years for relief purposes were reduced by $211,000. In addition, railway equipment was purchased to a value of $89,000 which in turn was leased to the Canadian Pacific Railway Company.

The dominion's investment in the government of Roumania's bonds was increased by $359,000 due to the receipt of bonds representing an adjustment for interest unpaid in 1931.

A repayment of $1,422,000 was received during the year in reduction of loans to provinces for housing purposes, made under the act of 1919. The increase in active loans to the soldier settlement board amounted to $505,000, which was more than offset by a write-off of $750,000 to consolidated fund.

The following is a statement of the amount of loans and investments made during the last fiscal year which are regarded as active assets, and the comparable figures for the four preceding years:

LOANS AND INVESTMENTS, ACTIVE

(000 omitted)

—	1933-34	1934-35	1935-36	1936-37	Estimated 1937-38
	$	$	$	$	$
Canadian National Railways	2,628	16,579	3,689	4,573	Cr. 27,429
Canadian Pacific Railway	—	—	1,270	555	Cr. 211
Canadian Farm Loan Board	416	353	7,933	10,991	3,848
Dominion Housing Loans	—	—	82	995	1,679
National Harbours Board	1,677	393	1,438	323	1,891
Provinces—under relief legislation	13,115	22,909	42,304	15,462	16,299
Provinces—housing program 1919	Cr. 213	Cr. 397	Cr. 3,003	Cr. 2,038	Cr. 1,422
Railway equipment purchased	—	—	7,244	5,120	89
Soldier and general land settlement	Cr. 726	Cr. 102	Cr. 566	Cr. 489	505
Roumanian government	—	—	—	—	359
Bank of Canada—Class "B" shares	—	—	—	5,100	—
Canadian Broadcasting Corporation	—	—	—	—	500
Canadian National (West Indies) Steamships	—	—	—	—	450
Net Advances	16,897	39,735	60,391	40,592	Cr. 3,442
Less write-offs—					
Soldier and general land settlement loans	−1,766	−469	−488	−628	−750
Canadian Farm Loan Board—capital stock	—	—	—	−20	−10
Write-down to non-active assets—					
Manitoba and Saskatchewan treasury bills	—	—	—	−18,487	—
Net change in active investments	15,131	39,266	59,903	21,457	Cr. 4,202

LOAN FLOTATIONS

The fiscal year under review witnessed a heavy amount of government financing. Obligations of the government falling due during the year, including $52,000,000 of sterling issues maturing on July 1, 1938 which it was considered wise to provide for by prior financing, totalled $321,920,508 and both my predecessor and myself had looked forward, perhaps at times with a little misgiving, to the magnitude of the task which the year 1937-38 would bring. I am now pleased to be able to report that all this financing was successfully accomplished, and the maturing obligations were paid off or refunded at a substantial interest saving to the country. New dominion obligations were floated to a total amount of $295,460,138, and the maturing obligations were redeemed out of the proceeds of these new issues and out of cash of $26,460,370 supplied directly from the treasury.

In the table which I now place on Hansard full details of the amounts and terms of each of the new issues and of the prices at which they were sold are set forth.

LOAN FLOTATIONS, 1937-1938

Issue Date	Maturity Date	Interest Rate	Where Payable	Price		Yield at		Amount Issued	Purpose to Refund	
				To Public	To Government*	Public Price	Price to Government		Amount	Int. Rate
1937		%				%	%			%
June 1....	June 1, 1939	1	Canada	99.25	99.125	1·38	1·45	$20,000,000		
June 1....	June 1, 1942	2	Canada	98.25	98.00	2·375	2·43	60,000,000	$113,500,000	5½
June 1....	June 1, 1949	3¼	Canada	99.00	98.25	3·35	3·43	33,500,000		
July 1....	July 1, 1938	4	Canada (School Lands)	—	100.00	—	4·00	33,293,471	33,293,471	4
Nov.15....	Nov. 15, 1944	2½	Canada	98.50	98.125	2·74	2·80	20,000,000		
Nov.15....	Nov. 15, 1951	3¼	Canada	99.00	98.25	3·34	3·41	60,000,000	122,799,800	5½
Dec. 1....	June 1, 1939	1	Canada	99.125	99.00	1·59	1·68	20,000,000		
1938										
July 1**..	July 1, 1963	3¼	London	98.50	97.18	3·34	3·42	48,666,667	37,271,230	3
									15,056,007	3½
								$295,460,138	$321,920,508	

*Price to public, less commission to underwriters and dealers.
**Issued in January, 1938, to provide funds to pay off bonds aggregating $52,327,237, which are to mature in London on July 1, 1938.

As a result of these refunding operations during the past fiscal year the government has effected a saving in interest charges of $6,342,000 per year. Since the present government took office in October, 1935, the refunding operations which have been carried out have effected an annual saving of over $10,200,000. In addition the calendar year 1937 saw the elimination of the last two tax-free bond issues sold to the public during the war period. These two issues—the five per cents maturing on March 1st, 1937, and the five and one-halfs maturing on December 1st, 1937—had been outstanding in total amount of over $326,000,000, and they required an annual interest payment of over $17,485,000. The fact that these tax-free issues have been replaced by taxable issues means that in future years our income tax revenues should be substantially increased. It is impossible to determine precisely what this increase should be, but if we assume that the cash proceeds of the two tax-free issues were reinvested by their former holders to yield an average return of 3½ per cent and if we assume that these holders paid an average rate of tax on this income as low as the corporate rate, namely, 15 per cent, the estimated annual increase in income tax revenues would be over $1,700,000.

During the year we continued the established practice of offering fortnightly issues of three months' treasury bills. While the primary purpose of these offerings is to assist in the effective functioning of the short-term money market by keeping available at all times a reasonable amount of liquid credit instruments of the highest grade, they also serve, of course, to provide a revolving fund of cash which is available at very low interest rates. The last issue of treasury bills during the fiscal year 1937-38 was sold at what was up to that time the record low yield of ·524 per cent. Since that time, however, rates have tended still further downwards, and our latest offering, dated June 1st, was sold on a yield basis of ·466 per cent. The average cost to the treasury of funds obtained by the twenty-four offerings made during the fiscal year was a yield basis of ·689 per cent. The total amount of treasury bills outstanding on March 31st, 1938, was $150,000,000, the same as was outstanding a year previously.

NATIONAL DEBT

As of March 31st, 1938, the outstanding unmatured funded debt and treasury bills of the dominion, less sinking funds, amounted to $3,248,900,000. Adding to this amount $287,400,000 of other liabilities, consisting chiefly of annuity, insurances and superannuation funds, post office saving deposits and certain trust and contingent accounts, we arrive at gross liabilities for the dominion of $3,536,300,000. Active assets, including cash on hand and investments, amounted to $438,573,000. After deducting the latter figure from the gross liabilities we reach an estimated net debt of $3,097,727,000 as at the close of the fiscal year. The increase over last year of $13,775,000 represents, of course, the amount of the over-all deficit to which I have previously made reference.

I now place on Hansard a statement showing the assets and liabilities of the dominion as estimated as at March 31st, 1938.

LIABILITIES—MARCH 31, 1938
(estimated)

Bank Circulation Redemption Fund		$ 5,967,000
Post Office money orders, postal notes, etc., outstanding		3,665,000
Post Office Savings Bank Deposits		22,588,000
Insurance and Superannuation Funds—		
Government Annuities	$ 103,703,000	
Insurance Fund, Civil Service	11,585,000	
Insurance Fund, Returned Soldiers	16,827,000	
Retirement Fund	9,126,000	
Superannuation Fund	56,151,000	
		197,392,000
Trust Funds—		
Indian Funds	14,082,000	
Common School Funds	2,677,000	
Contractors' Securities Deposits	1,157,000	
Other Trust Funds	3,036,000	
		20,952,000
Contingent and Special Funds		2,981,000
Outstanding cheques		9,885,000
London Loan Suspense (registered stock 1958-63)		8,988,000
Province Debt Accounts		9,624,000
Interest due and outstanding		1,680,000
Funded Debt—		
Unmatured less sinking funds	3,248,900,000	
Matured and outstanding	3,678,000	
		3,252,578,000
		$ 3,536,300,000

ASSETS—MARCH 31, 1938
(estimated)

Active Assets—		
Cash, working capital advances and other current assets		$ 16,665,000
Bank of Canada, class "B" shares		5,100,000
Gold Bullion account		16,000
Loans to Provinces—		
Housing	$ 3,308,000	
Relief Acts	129,801,000	
Subsidy Account, Alberta	469,000	
		133,578,000
Loans to Foreign Governments—		
Greece	6,525,000	
Roumania	24,329,000	
		30,854,000
Loans to National Harbours Board—		
Montreal	60,114,000	
Vancouver	24,977,000	
		85,091,000
New Westminster Harbour Commissioners		275,000
Dominion Housing Act—Loans		2,755,000
Canadian Farm Loan Board		31,598,000
Soldier and General Land Settlement		42,233,000
Loan to Canadian Broadcasting Corporation		500,000
Loan to Canadian National (West Indies) Steamships		450,000
Seed Grain and Relief Advances		2,364,000
Canadian Government Railways working capital		16,772,000
Deferred debits—		
Unamortized discount and commission on loans		$ 41,209,000
Bond Holding Account		328,000
Railway Accounts—		
Canadian National Railways—		
Advances, Financing and Guarantee Act, 1937	2,393,000	
Senneterre—Rouyn Railway Line	3,390,000	
Trans-Canada Air Lines	1,500,000	
Temporary Loans	7,040 000	
Loans for betterment or repair of railway equipment	395,000	
Purchase of equipment—leased	6,723,000	
		21,441,000
Canadian Pacific Railway—		
Loan for betterment or repair of railway equipment	1,170,000	
Loan for wages on special works program	444,000	
Purchase of equipment—leased	5,730,000	
		7,344,000
		$ 438,573,000
Net debt, March 31, 1938		$ 3,097,727,000

ASSETS—MARCH 31, 1938—*Concluded*

(estimated)

Net Debt represented by—		
A. Expenditure and non-active assets, March 31, 1938 (estimated).		
Capital expenditures—		
Public Works—		
Canals	240,350,000	
Railways	429,691,000	
Public buildings, harbour and river improvements	286,507,000	
Military property and stores	12,050,000	
Territorial accounts	9,896,000	
		$ 978,494,000
Loans non-active—		
Canadian National Railways Security Trust		269,326,000
Canadian National Railways Stock		18,000,000
Canadian National Steamships		13,858,000
Railway Accounts (old)		62,791,000
Loans to Province of Saskatchewan (Relief Acts)		17,682,000
National Harbours Board—		
Quebec	26,293,000	
Chicoutimi	3,796,000	
Churchill	9,000	
Halifax	10,468,000	
Saint John	16,003,000	
Three Rivers	3,554,000	
Montreal (Jacques Cartier Bridge)	3,313,000	
		63,436,000
Seed Grain and Relief advances		478,000
Soldier and General Land Settlement		16,653,000
Miscellaneous advances		3,536,000
B. Consolidated Fund—		
Balance, consolidated fund brought forward from March 31, 1937	1,250,051,000	
Excess of expenditure over revenue, fiscal year ended March 31, 1938 (estimated)	10,503,000	
Charges authorized by C.N.R. Capital Revision Act, 1937	392,919,000	
		1,653,473,000
		$ 3,097,727,000

The following table, which I also wish to place on Hansard, gives a statement of the unmatured funded debt and treasury bills of the dominion outstanding as at March 31, 1938, and the annual interest charges thereon:

UNMATURED FUNDED DEBT AND TREASURY BILLS AS AT MARCH 31, 1938 AND ANNUAL INTEREST CHARGES

Date of Maturity	Rate Per Cent	Where Payable	Amount of Loan	Annual Interest Charges
			$ cts.	$ cts.
1938, July 1	4	Canada	33,293,470 85	1,331,738 83
July 1	3	London	8,071,230 16	242,136 90
July 1	3	London	18,250,000 00	547,500 00
July 1	3	London	10,950,000 00	328,500 00
July 1	3½	London	15,056,006 66	526,960 23
Oct. 15	2	Canada	90,000,000 00	1,800,000 00
1939, Jan. 1	2	New York	40,000,000 00	800,000 00
June 1	1	Canada	20,000,000 00	200,000 00
June 1	1	Canada	20,000,000 00	200,000 00
Oct. 15	4	Canada	47,269,500 00	1,890,780 00
Oct. 15	2½	Canada	7,933,000 00	198,325 00
Nov. 15	2	Canada	20,000,000 00	400,000 00
1940, Mar. 1	3	Canada	115,013,636 82	3,450,409 10
June 1	1½	Canada	80,000,000 00	1,200,000 00
Sept. 1	4½	Canada	75,000,000 00	3,375,000 00
1941, Mar. 15	1	Canada	45,000,000 00	450,000 00
Nov. 15	5	Canada	141,663,000 00	7,083,150 00
1942, June 1	2	Canada	60,000,000 00	1,200,000 00
Oct. 15	3	Canada	40,403,000 00	1,212,270 00
1943, June 1	2½	Canada	20,000,000 00	500,000 00
Oct. 15	5	Canada	147,000,100 00	7,350,005 00
1944, Jan. 15	2¼	New York	30,000,000 00	675,000 00
Oct. 15	4½	Canada	50,000,000 00	2,250,000 00
Nov. 15	2½	Canada	20,000,000 00	500,000 00
1945, Aug. 15	2½	New York	76,000,000 00	1,900,000 00
Oct. 15	4	Canada	88,337,500 00	3,533,500 00
1946, Feb. 1	4½	Canada	45,000,000 00	2,025,000 00
1947, Oct. 1	2½	London	4,888,185 64	122,204 64
1949, June 1	3¼	Canada	33,500,000 00	1,088,750 00
Oct. 15	3½	Canada	138,322,000 00	4,841,270 00
1950, July 1	3½	London	137,058,841 00	4,797,059 43
1951, Nov. 15	3¼	Canada	60,000,000 00	1,950,000 00
1952, May 1	5	New York	100,000,000 00	5,000,000 00
Oct. 15	4	Canada	56,191,000 00	2,247,640 00
1955, May 1	3¼	London	48,666,666 67	1,581,666 67
June 1	3	Canada	40,000,000 00	1,200,000 00
June 1	3	Canada	55,000,000 00	1,650,000 00
1956, Nov. 1	4½	Canada	43,125,700 00	1,940,656 50
1957, Nov. 1	4½	Canada	37,523,200 00	1,688,544 00
1958, Sept. 1	4	London	73,000,000 00	2,920,000 00
Nov. 1	4½	Canada	276,687,600 00	12,450,942 00
1959, Nov. 1	4½	Canada	289,693,300 00	13,036,198 50
1960, Oct. 1	4	London	93,926,666 66	3,757,066 67
Oct. 1	4	New York	100,000,000 00	4,000,000 00
1961, Jan. 15	3¼	New York	48,000,000 00	1,560,000 00
1966, June 1	3¼	Canada	54,703,000 00	1,777,847 50
Perp. Sept. 15	3	Canada	55,000,000 00	1,650,000 00
1967, Jan. 15	3	New York	55,000,000 00	1,650,000 00
Demand	6	Canada	4,000 00	240 00
Demand	6	Canada	11,827 40	709 64
Demand	3½	Canada	9,600 00	336 00
Treasury Bills due April 1, 1938	·744	Canada	25,000,000 00	186,000 00
Treasury Bills due April 14, 1938	·726	Canada	25,000,000 00	181,500 00
Treasury Bills due April 30, 1938	·700	Canada	25,000,000 00	175,000 00
Treasury Bills due May 16, 1938	·648	Canada	25,000,000 00	162,000 00
Treasury Bills due June 1, 1938	·584	Canada	25,000,000 00	146,000 00
Treasury Bills due June 15, 1938	·524	Canada	25,000,000 00	131,000 00
			3,314,558,031 86	117,062,906 61
Payable in Canada			2,455,690,435 07	74·09%
Payable in New York			449,000,000 00	13·55%
Payable in London			409,867,596 79	12·36%
			3,314,558,031 86	100 %
Less bonds and stocks of the above loans held as sinking funds			65,657,699 66	
			3,248,900,332 20	

INDIRECT LIABILITIES

Bonds and debenture stocks bearing the guarantee of the dominion outstanding in the hands of the public at the close of the last fiscal year amounted to $1,050,608,000. Canadian National Railway guaranteed obligations increased by $47,577,000 to $1,019,947,000 due to the issue of $50,000,000 guaranteed bonds to repay temporary loans obtained by the railway from the government for capital purposes, less retirements of serial issues in the amount of $2,423,000. Guaranteed bonds of harbour commissions and steamships decreased by $304,000 during the year under review.

There are also outstanding other contingent liabilities arising out of guarantees given under relief and other acts. During the fiscal year under review the only new guarantee was that under The Saskatchewan Seed Grain Loans Guarantee Act, 1936. Under provincial statutes the province of Saskatchewan guaranteed loans made by chartered banks to municipalities or to the Department of Municipal Affairs for seed grain assistance to farmers during the crop year 1936. The provincial guarantee is in turn supplemented by a dominion guarantee, the amount of which at March 31, 1938, was $2,555,000.

A similar arrangement was made under the terms of The Seed Grain Loans Guarantee Act, 1937, to provide for seed grain assistance to farmers in the provinces of Manitoba, Saskatchewan and Alberta during the crop year 1937. Pending the submission of definitive documents no formal guarantee has yet been given by the dominion. The amounts involved for each province are approximately as follows: Manitoba, $130,000, Saskatchewan, $6,498,000 and Alberta, $911,000.

There were also outstanding at the close of the fiscal year guaranteed bank loans to the Canadian Wheat Board in the amount of $489,000 and to the Canadian Cooperative Wheat Producers Limited in the amount of $169,000 for the purchase of oats for the account of the province of Saskatchewan. The guarantee of the dominion to the Winnipeg Grain and Produce Clearing Association Limited, referred to in previous budgets, is still outstanding, although trading by the board in futures is very limited. No liability in connection with the guarantee accrues from day to day as margin deposits are made to the clearing association daily.

At March 31, 1938, home improvement loans had been granted by banks and approved lending institutions to home owners in the amount of $14,526,000. The dominion's contingent liability with respect to these home improvement loans is limited to 15 per cent of the aggregate of such loans made by each approved lending institution. As claims for losses have been paid in the amount of $2,500, our contingent liability as at March 31, 1938, was $2,176,400. While it is far too early to form any judgment as to what our ultimate losses may be, it is encouraging to note that at the end of the first 17 months of the operation of the plan, the loss ratio is insignificant, only 11 loss claims for $2,500 having been paid out of 37,108 loans in the total amount of $14,526,000. In terms of dollar losses to total volume of loans, this means a loss ratio over the seventeen months of only slightly over 1/60th of 1 per cent.

I shall now place on Hansard a statement of the principal amount of bonds and debenture stocks and other indebtedness guaranteed by the dominion outstanding at March 31, 1938.

BONDS AND DEBENTURE STOCKS GUARANTEED BY DOMINION GOVERNMENT
AS AT MARCH 31, 1938

Date of Maturity	Issue	Interest Rate	Amount Outstanding
		%	$
May 1, 1938	Canadian National	2	13,400,000 00
Aug. 1, 1938	Canadian National Equipment "G"	5	750,000 00
Jan. 15, 1942	Canadian National	2	20,000,000 00
Feb. 15, 1943	Canadian National	2	55,000,000 00
Feb. 1, 1944	Canadian National	2¼	15,500,000 00
May 1, 1944	Canadian National	3	35,000,000 00
July 1, 1946	Canadian Northern	6	24,238,000 00
Apr. 1, 1948	New Westminster Harbour Commissioners	4¾	700,000 00
Dec. 15, 1950	Canadian National	3	50,500,000 00
Sept. 1, 1951	Canadian National	4½	50,000,000 00
Feb. 1, 1952	Canadian National	3	20,000,000 00
Aug. 1, 1952	Saint John Harbour Commissioners	5	667,953 04
Feb 15, 1953	Canadian National	3	25,000,000 00
July 10, 1953	Canadian Northern	3	9,359,996 72

BONDS AND DEBENTURE STOCKS GUARANTEED BY DOMINION GOVERNMENT
AS AT MARCH 31, 1938—*Conc.*

Date of Maturity	Issue	Interest Rate	Amount Outstanding
		%	$
Feb. 1, 1954	Canadian National	5	50,000,000 00
Mar. 1, 1955	Canadian National (West Indies) Steamships Limited	5	9,400,000 00
June 15, 1955	Canadian National	4¾	50,000,000 00
Feb. 1, 1956	Canadian National	4½	70,000,000 00
July 1, 1957	Canadian National	4½	65,000,000 00
July 20, 1958	Canadian Northern	3½	7,896,543 87
May 4, 1960	Canadian Northern Alberta	3½	3,149,998 66
May 19, 1961	Canadian Northern Ontario	3½	34,229,996 87
Jan. 1, 1962	Grand Trunk Pacific	3	34,992,000 00
Jan. 1, 1962	Grand Trunk Pacific	4	8,440,848 00
July 1, 1969	Canadian National	5	60,000,000 00
Oct. 1, 1969	Canadian National	5	60,000,000 00
Nov. 1, 1969	Harbour Commissioners of Montreal	5	19,000,000 00
Feb. 1, 1970	Canadian National	5	18,000,000 00
By drawings	Canadian National	2	23,282,663 80
Various dates 1938-54	City of Saint John Debentures assumed by Saint John Harbour Commission	Various	892,641 72
Perpetual	Grand Trunk Guaranteed Stock	4	60,833,333 33
"	Grand Trunk Debenture Stock	5	20,782,491 67
"	Great Western Debenture Stock	5	13,252,322 67
"	Grand Trunk Debenture Stock	4	119,839,014 33
"	Northern Railway of Canada Debenture Stock	4	1,499,979 67
			1,050,607,784 35

Other Indebtedness Guaranteed	Principal Amount Outstanding Mar. 31, 1938
Bank Advances, *re* Province of Manitoba Savings Office	$ 6,875,932
Bank Advances, *re* Government of Newfoundland	625,000
Bank Advances, *re* Dominion Steel and Coal Corporation (order for rails)	9,724
Province of Manitoba Treasury Bill	4,878,764
Province of British Columbia Treasury Bill	626,534
Bank Advances, *re* Canadian Co-operative Wheat Producers (Saskatchewan Oats Account)	168,909
Bank Advances, *re* Canadian Wheat Board	488,965
Bank Advances, *re* Saskatchewan Seed Grain Loans	2,555,113
Guarantee of Home Improvement Loans (15 per cent of aggregate loans made) less claims paid	2,176,391
Deposits maintained as reserves by chartered banks in Bank of Canada	194,859,595

I now come to that part of the budget for which you have all more or less patiently waited.

BUDGET FORECAST 1938-39

I have already stated that the over-all deficit for the past fiscal year is estimated at $13,775,000. In the budget a year ago, I forecast a deficit of $35,000,000, and stated that in accordance with the government's definite program of attaining the final objective of a balanced budget at the earliest practicable date, I hoped to wipe out the deficit altogether during the current fiscal year. While we have been able to do very much better than my forecast for 1937-38, conditions beyond our control have made it difficult, if not wholly impossible, to achieve the goal I had in mind for 1938-39.

The house will recall that the main and supplementary estimates, already submitted, call for total appropriations of $524,600,000. If we can judge by the experience of previous years, the departments will be able to effect considerable savings in their appropriations, and these savings, judging from experience, should be more than sufficient to offset any additional expenditures that may be authorized. I believe, therefore, that I am safe in estimating that total expenditures for the current fiscal year will not exceed $524,600,000.

Our revenue prospects for the full year will be greatly influenced by whether or not our hopes for a good wheat crop are realized and whether or not the current trend of business in the countries which constitute our chief markets show improvement during the next few months. However, two and one-half months of our current fiscal year have already elapsed and our revenues for this period provide a fairly good basis for estimating our total receipts for the year. On the basis of these partial returns and of a reasonable forecast of business prospects for the remainder of the year and allowing for the tax changes which I am about to announce, I estimate that for the year as a whole our aggregate revenue will approximate $501,700,000 made up as follows:

Taxation revenue:	
Customs duties	$ 82,000,000
Excise duties	51,000,000
Income tax	138,000,000
Sales tax	125,000,000
Manufacturers', stamp, importation and other special taxes	39,000,000
Banks and insurance companies	1,950,000
Total taxation revenue	$436,950,000
Non-tax revenue:	
Post office receipts	$ 35,000,000
Interest on investments	13,500,000
Other	13,250,000
Total non-tax revenue	$ 61,750,000
Total ordinary revenue	$498,700,000
Special receipts	3,000,000
Grand total revenue	$501,700,000

These estimates of revenue and expenditure indicate an estimated deficit for the current year of approximately $23,000,000. I do not think it will be larger than this. It may indeed be substantially smaller, if the west produces a good crop, if the business trend in the United States and other important countries is reversed at an early date, and if our own construction industry takes full advantage of the opportunities now afforded to it. I may add that the results of such favourable developments will not be wholly realized until next year and not be fully reflected in the government accounts until the next budget.

In view of the current business situation, we have not thought it wise to attempt this year to wipe out a possible deficit of the moderate proportions I have indicated by imposing further burdens upon industry and upon the people. On the contrary in the tax changes which are being proposed we are trying in the first place to eliminate certain anomalies and inequities and in the second place to make certain important adjustments designed to accelerate the forces making for business recovery.

[Mr. Dunning.]

Tax Changes

Under the Income War Tax Act, no changes will be made in the rates of tax on individual and corporate incomes. Amendments to this act, however, will include a provision to allow Canadian companies a deduction in respect of lump sum contributions to employees' pension funds covering past years' services, such deductions to be spread forward over a ten-year period. The government hopes that this concession will encourage the present tendency in industry to create pension funds for employees. Annuities received under the provisions of any will or trust will be made taxable. In respect of royalties paid abroad from sources within Canada, no deduction will be allowed on account of the amount of any such royalties passed on to another party. An amendment will also be made to assure that financial companies operating in the small loan field will in future be subject in all cases to the normal corporation tax rates. The gift tax provisions are to be amended in order to allow an exemption up to one-half of a person's taxable income less the amount of income tax paid. This is to meet the objection which has been raised in this house to the fact that the gift tax in its present form is unduly severe in its effects on gifts which were not made for the purpose of tax avoidance. At the same time, we propose to discourage still further the making of gifts for tax avoidance purposes by substantially increasing the rates applying to gifts in excess of the increased exemption. The new schedule of rates will be graduated from 5 per cent on gifts totalling $25,000 or less, up to 15 per cent on gifts of $1,000,000 and over.

Provision is also to be made to allow Canadian parent companies an exemption from corporation tax in respect of dividends received from wholly-owned non-resident subsidiaries if at least 75 per cent of the combined capital of the parent and subsidiary companies is employed abroad and if the country in which the subsidiary is located grants a like exemption to parent companies in respect of subsidiaries in Canada.

It is also proposed to insert a provision in the act designed to prevent taxpayers from effecting transactions, using persons or corporations abroad for the purpose of evading Canadian taxation and not for business reasons.

No changes are proposed in respect of rates of tax under the Excise Act.

Under the Special War Revenue Act, one important change and several minor ones are proposed. The minor changes, include an amendment to exempt from the sales tax feed for all fur bearing animals, harness, harness parts and materials used in the manufacture thereof, ingredients used in making gopher poison, and materials for the repair of fishermen's boats. Another amendment provides that in future the special excise tax on tires and tubes will in no case be levied when the items in question are for original equipment of automotive vehicles including tractors, trucks, trailers and motor cycles.

I come now to the most important change in taxation which the government proposes. Starting to-morrow the major products used for the building of houses, will be given complete exemption from sales tax. It is proposed that this exemption from sales tax shall cover all lumber, sashes, doors, laths, and shingles; bricks, building tile, building blocks, cement, stone, plaster and lime; plaster boards, fibre board, insulating materials, building paper and wallpaper; paints, varnishes, white lead and paint oil; prepared roofings; glass for buildings; plumbing fixtures, not including piping and pipe fittings; furnaces for heating buildings; builders' hardware; and some other minor items. It will be realized, I am sure, that an exemption of the type here attempted presents considerable difficulties, and it was found impossible to provide specific exemption in respect of all the hundreds of various miscellaneous items entering into the construction of houses. It was necessary to make a selection but all the important materials which have their primary or predominant use in house-building are included. Accordingly, lumber, for example, although having many other uses, will be tax-exempt no matter for what purpose it is used. This will be the case with all the items exempted.

I believe the house will agree that this proposed tax change is highly constructive. Coupled with the various legislative measures which the government has already introduced, this tax reduction should act as a further powerful stimulus to the construction industry. If these various measures now before the house result in restoring normal construction activity, a large proportion of our remaining employable unemployed will go back on the payrolls of industry and to self-reliant citizenship. These important objectives are in my opinion ample justification for so radical a proposal. I need only add that the benefits of these tax reductions must be passed on to the consumer, and personally I am confident that the construction industry, for which so much is being done, will rise to the occasion with a renewed efficiency and vigour worthy of the great opportunity now presented to it.

TARIFF AND TREATY NEGOTIATIONS

For reasons which I believe will commend themselves to the house, I am not proposing any amendments to the customs tariff in the present budget resolutions. It is true that the government had hoped that it would be found feasible to deal with a new United States agreement as part of this year's budget. Circumstances, however, have compelled us to abandon that expectation and the government, therefore, is not proposing any changes in the Canadian tariff pending the satisfactory conclusion of the negotiations now in progress.

In the budget speech two years ago, I said, "Canada cannot give to-day and bargain to-morrow." It is even more true, Mr. Speaker, in the world as it is to-day that unilateral tariff reductions will not get the wider export markets which our products need and which the government is securing for them. Since the present administration came into office, Canada has been a contracting party to the two most comprehensive trade agreements that have been concluded since the great war. Our agreement with the United States in 1935 and our agreement with the United Kingdom in 1937 resulted in the reduction of effective duties on a wide range of Canadian imports. They also secured the enlargement and consolidation of marketing opportunities for Canadian exports in the two biggest import markets of the world, which in the last calendar year took between them about eighty per cent of Canada's total exports. They were long strides towards our goal—both in intra-imperial and international trade—of lowering tariff barriers and freeing trade from fettering restrictions. We are now ready for further progress in this direction and we hope to take it in concert with the United Kingdom and the United States.

No commercial treaty policy can, in the nature of things, ensure against the disturbing influences on our national economy of industrial depression to the south of us, or of wars and rumours of wars to the east and the west of us. These disturbing influences are apparent from the most casual scrutiny of our trade returns. The returns reveal an expansion of those exports for which demand has been increased by the fears of war, and at the same time a falling off in the value of those exports for which demand depends on peace and prosperity in the countries which normally buy our goods. This is not, fundamentally, a healthy condition. The

world itself is not in a healthy condition and Canada's economic relations with the outside world reflect the disturbances beyond our frontiers.

I see no reasonable hope of restoring normal trade relations except by a vigorous prosecution of the policy of tariff reduction through bilateral trade agreements, a policy for which this government has stood since its entry into office. For better or worse, the force of circumstances has eliminated at least for the present the alternative approaches of unilateral or universal action. The United States is not prepared to reduce its tariffs except by way of trade agreements, and the United Kingdom is now pursuing a similar policy. This being the present attitude of our two best customers, it is surely apparent that Canada should try to reach agreement with them rather than to pursue at this time an isolated policy of further unilateral tariff reductions. I do not think there should be any real difference of opinion as to where the national interest of this country lies. It is bound up inseparably with the restoration of free and stable international trading conditions. Every effort in that direction has had and will continue to have our wholehearted support and practical cooperation.

It would not be proper for me, at this time, to make any statement with regard to the negotiations looking toward the conclusion of new trade agreements between Canada and the United States, and the United States and the United Kingdom, which have been pursued steadily in Washington for some months now. We have embarked, it is true, on a big and difficult undertaking which for its successful completion will require the continuing collaboration in good faith of all the countries concerned. We believe that all the benefits of the good neighbourhood which we in Canada appreciate in our relations with the United States of America can be fully realized only through closer cooperation in the economic field between the United States and all the countries of the British commonwealth. The process of translating these hopes, which we all share, into concrete results has been difficult and protracted. In the present instance, it is clear that if we are to find fair and practicable solutions to the problems involved, Canada must make its contribution along with the rest towards a general settlement. It is perhaps true that in some areas and in some industries we have been enjoying the best of both worlds, and it has been argued, therefore, that our interest is to sit tight and exploit such privileges for what they are worth—while they last. Such an attitude is obviously shortsighted; it is certainly not the policy of this government, which is striving, on the basis of reciprocity and fair dealing, to work out trade arrangements with all nations which will serve the best interests of Canada as a whole.

I shall not attempt to prophesy the consequences that may follow from a successful completion of the present negotiations. I cannot refrain, however, from reminding the house that proof of the will and capacity of the countries of the British commonwealth of nations and the United States of America to cooperate in the field of trade will be a political fact of world importance. Conversely, the acknowledgment of inability to do so would limit the influence of the great democracies as a stabilizing factor in a disturbed world. The economic benefits of success in our efforts would not be confined to the trade and prosperity of the countries directly engaged in these negotiations. They would, through the application of the policy of equal treatment in commercial matters, be shared in some degree by every country in the world. The progressive reduction of the tariffs of the great trading nations will undoubtedly lessen the present strains under which the economies of many less fortunate nations are labouring. It should help to turn the nations of the world away from economic nationalism which is both a cause and a consequence of the growing fear of war.

In conclusion, Mr. Speaker, I do not exaggerate when I say that the fate of civilization to-day depends on whether the qualities of toleration, of good-will, of friendly cooperation, of ability to take the far-sighted view and of willingness to sink differences of lesser importance for the sake of the larger interest triumph in human affairs. If I may say so, these old-fashioned qualities are needed not only in international affairs but in the day to day relations between individuals, social groups and political bodies in this country. In spite of all our difficulties, I am confident that the Canadian people possess these qualities to a degree which will ensure continuous and progressive development of a united Canada.

RESOLUTIONS

Mr. Speaker, I beg to give notice that when we are in committee of ways and means I shall move the following resolutions:

INCOME WAR TAX ACT

Resolved, That it is expedient to amend the Income War Tax Act and to provide:

1. That lump sum payments made in Canada, which sever the funds permanently from the assets of the payor company, for the establishment of superannuation or pension fund plans with a view to providing benefits for employees

in respect of past years' services, shall be allowed as a deduction to the extent of one-tenth of such lump sum payments in each of ten successive years, commencing the year in which the payment is made; provided that in the case of superannuation or pension fund plans heretofore established by lump sum payments the said deduction shall commence in the year 1938 and continue thereafter until ten years shall have elapsed from the date of the initial payment.

2. That every corporation, the main business of which is the making of small loans shall, notwithstanding any other provision contained in the Income Tax Act, be subject to normal corporation rates of tax.

3. That annuities received under the provisions of any Will or Trust shall be taxable income of the recipient. Such annuities shall be taxable for the year 1937 and each year thereafter notwithstanding when the Will or Trust became effective.

4. That the Gift Tax shall not apply to any gifts made in any year by an individual the aggregate value of which in such year does not exceed an amount equal to one-half of the difference between the income which was subject to income tax in the previous year and the income tax payable thereon. Any enactment founded on this resolution shall be applicable to gifts made in the calendar year 1938 and thereafter.

5. That the rates of tax set forth in the schedule to the Gift Tax be increased as follows:

On gifts up to and including $25,000—from 2 per cent to 5 per cent.

On gifts exceeding $25,000 but not exceeding $50,000—from 3 per cent to 6 per cent.

On gifts exceeding $50,000 but not exceeding $100,000—from 4 per cent to 7 per cent.

On gifts exceeding $100,000 but not exceeding $200,000—from 5 per cent to 8 per cent.

On gifts exceeding $200,000 but not exceeding $300,000—from 6 per cent to 9 per cent.

On gifts exceeding $300,000 but not exceeding $400,000—from 7 per cent to 10 per cent.

On gifts exceeding $400,000 but not exceeding $500,000—from 8 per cent to 12 per cent.

On gifts exceeding $500,000 but not exceeding $1,000,000—from 9 per cent to 14 per cent.

On gifts exceeding $1,000,000—from 10 per cent to 15 per cent.

Any enactment founded on this resolution shall be applicable to gifts made in the calendar year 1938 and thereafter.

6. That royalties paid by persons abroad out of royalties received from sources within Canada shall not be allowed as a deduction in determining net royalty income from sources within Canada.

7. That if any person or corporation ordinarily resident in Canada effects any transaction which at any stage makes use of any person or corporation ordinarily resident abroad, and which has the effect of reducing the liability to taxation under the Act of such person or corporation ordinarily resident in Canada, such person or corporation ordinarily resident in Canada, shall continue to be liable to taxation under this Act to the same extent as if the transaction had not taken place. This provision shall apply to any transaction only if the Treasury Board upon a reasonable interpretation of the evidence available makes a ruling that the transaction was effected mainly for the purpose of avoiding liability to taxation under the Act. An appeal shall lie from any such ruling of the Treasury Board to the Exchequer Court of Canada.

8. That dividends received by Canadian parent companies from wholly-owned non-resident subsidiary companies shall be exempt from the corporation rate of tax if at least 75 per cent of the combined capital of the parent and subsidiary companies is employed abroad. Such exemption shall be granted only if and to the extent that the country in which the subsidiary company is located grants a like exemption to parent companies in respect of dividends emanating from subsidiary companies in Canada and shall not extend beyond dividends that are equal to profits that have been subject to tax abroad in the year previous to the year of declaration of the said dividends. Any enactment founded on this resolution shall be deemed to have come into force at the commencement of the calendar year 1938 and to be applicable to the calendar year 1938 and to fiscal periods ending therein and to all subsequent periods.

9. That any enactment founded on the provisions of these resolutions shall be deemed to have come into force at the commencement of the calendar year 1937 and to be applicable to the calendar year 1937 and to fiscal periods ending therein and to all subsequent periods, except as otherwise provided.

SPECIAL WAR REVENUE ACT

Resolved, That it is expedient to introduce a measure to amend the Special War Revenue Act, chapter one hundred and seventy-nine of the Revised Statutes of Canada, 1927 and amendments thereto and to provide:

1. That Schedule III to the said Act being the list of articles exempted from the consumption or sales tax be amended by adding to the said Schedule the following:

"Materials for use exclusively in the manufacture of gopher poison;

Harness for horses and complete parts therefor and articles and materials to be used exclusively in the manufacture thereof;

Feeds for fur-bearing animals whose pelts have commercial value;

Articles and materials for use exclusively in the equipment or repair of boats used by fishermen in the fisheries;

Bricks; building tile, building blocks and building stone; plaster; lime, cement; stucco and stucco dash;

Lumber; sash; doors; shingles; lath; siding; stairways; balustrades;

Plaster boards, fibre boards, wallpaper, building paper, and materials manufactured wholly or in part of vegetable or mineral fibre for wall coverings or building insulation;

Paints, varnishes, white lead and paint oil;

Prepared roofings;

Shower baths, bath tubs, basins, faucets, closets, lavatories; sinks and laundry tubs, not including pipes and pipe fittings;

Glass for buildings;

Furnaces for heating buildings;
Builders' hardware, namely: locks, lock sets, butts, hinges, pulleys and window fasteners.

2. That Schedule II to the said Act be amended by striking out the following words in paragraph three thereof:

"Provided that the tax hereby imposed shall not apply to the goods mentioned herein, when sold to or imported by manufacturers of automobiles or chassis for the original equipment of such automobiles or chassis under the following conditions:

(i) If less than ten thousand automobiles or chassis are manufactured or produced per annum and at least fifty per centum of the factory cost of manufacturing or producing them, exclusive of duties and other taxes, is incurred in the British Empire;

(ii) If ten thousand automobiles or chassis or more are manufactured or produced per annum and at least sixty per centum of the factory cost of manufacturing or producing them, exclusive of duties and other taxes, is incurred in the British Empire;

Provided, however, that effective April 1st, 1938, the words "sixty-five" shall be substituted for the word "sixty" in this paragraph."
and substituting therefor the following:

"Provided that the tax hereby imposed shall not apply to the goods mentioned herein when used exclusively for the original equipment of such automotive vehicles."

3. That subsection two of section fifty-eight of the said Act be amended to provide that the excise tax payable upon the sale, transfer or assignment of any share at a price or valuation of one dollar shall be one-quarter of one cent per share.

4. That any enactment founded on this resolution shall be deemed to have come into force on the seventeenth day of June, one thousand nine hundred and thirty-eight and to have applied to all goods imported or taken out of warehouse for consumption on and after that date and to have applied to goods previously imported for which no entry for consumption was made before that date.

Hon. J. E. LAWSON (York South): Mr. Speaker, I desire to move the adjournment of the debate, and if the Prime Minister would be good enough to intimate whether Monday or Tuesday would in his opinion be most suitable to the house I should be glad to include the day in the motion.

Mr. MACKENZIE KING: Mr. Speaker, just whatever day will suit the convenience of hon. gentlemen opposite. We had thought of proceeding on Monday. I indicated that a day or two ago.

Mr. BENNETT: Yes.

Mr. LAWSON: Then, Mr. Speaker, I move the adjournment of the debate.

Motion agreed to and debate adjourned.

[Mr. Dunning.]

SUPPLY

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

DEPARTMENT OF LABOUR

Employment Offices Coordination Act—
Administration, $63,925.

Payments to the provinces in connection with the organization and coordination of employment offices, $150,000.

Hon. NORMAN McL. ROGERS (Minister of Labour): This was the item which was held at the request of the leader of the opposition pending the securing of some further information from the Department of National Defence.

Mr. MACKENZIE (Vancouver): During my absence the other day some question came up with reference to the disposition of some horses, I believe, from project—

Mr. BENNETT: No; first, certain documents. This item is standing in order that I might be provided with a report which was made by Major, now Colonel Stethem, and the reply, and when the report reached here.

Mr. MACKENZIE (Vancouver): I will deal first with the first point, and then I will deal with the second. I have a memorandum here from the director of supply and transport, who says that prior to the date mentioned, namely June, 1936, all stores of whatever kind were transferred from project No. 37 to project No. 42, and the former project closed down. There were on charge to project No. 42, five horses. These had originally been on the strength of the Royal Canadian Artillery but became surplus and available for use with the unemployment relief work. These five horses were disposed of as follows: One was destroyed June 2, 1936, age nineteen; four were sold through the dominion salvage officer (salvage minute 8,849, dated June 8, 1936) to Mr. N. Greenlee, rural route No. 1, Joyceville, Ontario, for the sum of $300. The ages of these horses were sixteen, sixteen, fifteen and thirteen years respectively. So far as can be traced, the above were the only government owned horses employed on unemployment relief work in the Kingston area at the time of closing down the project.

The second request made by the right hon. gentleman came up during the last evening I was present. The first statement made by him was that a report had been made by the commandant of the Royal Military College.

Mr. BENNETT: Excuse me; he said no such thing. What he said was that there was a report made which was in the hands of the minister. He knew nothing of it. In

consequence of what occurred here Friday night,—the minister was not in his place—I was in a position to state definitely there was a report by the officer administrating, which was placed in the central registry, and I gave the date.

Mr. MACKENZIE (Vancouver): The first remark made was that my right hon. friend believed there was a report made by the commandant. That was immediately investigated, and I told him later on that day that I was informed there was no such report. I believe that later on my right hon. friend suggested there was a report made through the quartermaster-general.

Mr. BENNETT: He asked if there was a report to the quartermaster-general.

Mr. MACKENZIE (Vancouver): I believe my recollection is correct. I will look up the question in Hansard. An immediate investigation was made, and it was found there was no report made through the quartermaster-general. What actually occurred was read in the house on Tuesday by the Minister of Labour. During the debate on Monday my right hon. friend suggested, I believe, that a report was made by Major Stethem to another officer of the Royal Military College.

Mr. BENNETT: Will the minister read what was said? That was made with leave, after what took place here on Friday.

Mr. MACKENZIE (Vancouver): I have accordingly since then made further investigations, and I have found that a letter was written by the officer in question on May 26. It was written to a fellow officer, the staff adjutant of the Royal Military College.

Mr. BENNETT: He is the person to whom Major Stethem should report.

Mr. MACKENZIE (Vancouver): Well, of course that is a matter of military etiquette which I do not choose to discuss with my right hon. friend at the present time. But a letter was written at the time to the staff adjutant. I shall read it. That letter arrived here yesterday at Ottawa by telephone message from the commandant of the Royal Military College. As far as my knowledge or recollection goes, I never saw this letter until it came in yesterday by telephone from the commandant at Kingston. Also the commandant stated yesterday over the telephone that he had never reported the letter to national Defence headquarters.

Mr. BENNETT: To whom did he say that? To the minister himself?

Mr. MACKENZIE (Vancouver): To the adjutant general. I confirmed that by telephone, to the adjutant general yesterday, from the commandant at Kingston:

It will be remembered that on or about January 2nd I made a verbal report to the effect following:

"At about 12.10 p.m. on January 2nd, a large dump truck, no. 33511-C, bearing the name of L. Drinka, was seen loading up and carting away a full load of several cubic yards of crushed stone by the stone crusher at the R.M.C. stone pile near Navy Bay. I was unable to get in touch with the R.M.C. constable who had orders to watch this stone pile.

"I followed this truck to see where the stone was being taken. The truck pulled up at the entrance to a laneway running off Sydenham street and the stone was delivered to a stone shed which was being converted into a garage, the floor of which was under construction. This shed was near Johnston street. I asked the driver where he got his instructions and he replied he had received orders to take it from Mr. Bert Stansbury."

As stated above, I reported this verbally to you and to the commandant R.M.C. I would like this verbal report made a matter of record in the R.M.C. central registry as, from reports I have received, it would appear very possible that this may become a subject of controversy at a later date.

That is to the best of my recollection the first I ever heard of that report, and I have reason to believe that the action was taken on a verbal report by the commandant before this letter was sent. That is all with regard to that.

Mr. BENNETT: There was a letter written by the Minister of Labour as acting Minister of National Defence which I was anxious to see.

Mr. ROGERS: My right hon. friend will recall that when he raised the point the other day I had been acting Minister of National Defence at that time, I said I had no recollection whatever of having received such a letter and having replied thereto, but I would immediately ascertain whether or not such was the case. I gave instructions at once to my own officers that they should examine the files of the Department of Labour to see if such a letter had been received and a reply made thereto. Search was made, and no such correspondence is in the files of the Department of Labour. I feel sure, however, that if such a letter had been received, it would probably have been in the files of the Department of National Defence, inasmuch as it pertained clearly to a matter which affected the operations of that department; but again, my information is such as confirms my own recollection that no such letter was received and no reply was made by me to it.

What I stated with regard to it was absolutely in accordance with the facts as I knew them, and that appears to be fully confirmed by the statement just made by the Minister of National Defence, namely that this report was filed with the staff adjutant, placed in the central registry there, and not forwarded to Ottawa. I should also like to point out that the information contained in the report just now given to the committee is substantially the information which I gave as coming from Mr. Stansbury when this matter was first brought to my attention, namely that a load had been taken and placed upon a roadway leading to his garage.

Mr. BENNETT: If two ministers say that they have no such document; that there is none on the file, for the moment I must accept that but I think a little clearer search would perhaps disclose a different result. The Minister of National Defence says that the contents of that note were not communicated to Ottawa; the Minister of Labour says that they were not communicated to him. Do I understand him aright?

Mr. ROGERS: Most certainly. I said the other day that I had no recollection whatever of having received such a letter, but that I would immediately make an effort to ascertain whether any such letter could be found. If it could have been found, it would have been placed on the table before now.

Mr. BENNETT: If that be so, it is obvious that the minister did not send a reply to anyone, and for the moment I have to accept that statement. It will be observed that Major Stethem says that this stone was used in the construction of the garage.

Mr. ROGERS: No.

Mr. BENNETT: Excuse me, the floor of the garage—in the conversion of a shed into a garage. The document is laid on the table, I take it, inasmuch as it is a public document. Is that the original?

Mr. MACKENZIE (Vancouver): It was telephoned yesterday from Kingston.

Mr. BENNETT: I was going to ask for it that I might read it. One section of it I have not seen. I assume that this is what he reported:

> I followed this truck to see where the stone was being taken. The truck pulled up at the entrance to a laneway running off Sydenham street and the stone was delivered to a stone shed which was being converted into a garage, the floor of which was under construction. This shed was near Johnston street.

That is the shed which was owned by Mr. Stansbury. I assume that the Minister of Labour has satisfied himself as to why Major Stethem made the report that he did. The real difficulty about this lies in the fact that under our system of accounting we can have no public accounts inquiry with respect to these matters until the auditor general's report is filed, and the auditor general's report covering this matter will not be tabled in this house until next year. Ordinarily a meeting of the public accounts committee would be called; witnesses would be brought and evidence produced, so that there would be no difficulty at all on that score. But we found, to our dismay, on one occasion in this house that inasmuch as the transactions were not within the period of time covered by the auditor general's report as tabled, nothing could be done until the next year; and in view of the importance of the whole question to the general conduct of public business it was thought desirable that it should be discussed here.

I find, on looking through Hansard, that the hon. gentleman is entirely in error when he asserts that any effort was made to attack him in the first observations that I made in connection with the abuse of patronage at Kingston. I endeavoured to point out to him that a condition had prevailed there in years gone by which had been the subject matter of much acrimonious discussion in this house in 1911 and in succeeding years, with respect to penitentiary matters, with respect to the public service generally, and questions of that sort, and I pointed out to him that I believed and had hoped—and I gave my reasons for that hope—that he might be able to effect some improvement in the way of removing these abuses. I had been curious to watch and see what would happen, for the reasons I gave—I need not restate them—having regard to what was said in 1935; and now I say that so far as I can ascertain, there were on the Fort Henry job at one time four Conservatives, known to be such, who were allowed to work on it, apart from those who worked for the contractors. It may be the minister is right when he says that this was a contract made with the province. But if it is made with the province, I would point out that there were under the old contracts of the former government general powers of supervision with respect to the work itself. Leaving that out for the moment, it gets down to this: The minister gave certain dates with respect to the movement of cement, and I asked him the other day, Does he approve that way of transacting public business? These were not two contractors exchanging cement; the contracts provided that the province of Ontario was to provide the cement. It was the property of the crown in the right of that

province, and the cement was to be delivered at a particular point, which was done. What happened is that the Frid Construction Company had a contract at Queen's university and one at Fort Henry; they took from time to time large quantities of cement from the car, as I pointed out, to Queen's university and placed it in bins, and at night the same trucker conveyed the paper bags which had contained the cement that had been left there, to Fort Henry. There was no one at the cars checking out the cement, and we were interested because half the cost of that is to be borne by the people of Canada. What I was endeavouring to ascertain was whether or not the minister had knowledge of the matter. I was only stating what the facts were; I was not endeavouring to suggest that he was personally responsible for what had been done. I was pointing out facts from which he draws an inference that I was not drawing at all, inasmuch as I was not drawing inferences but stating facts.

Mr. GRAY: Is it suggested that the Frid Construction Company was dishonest?

Mr. HOWE: You are attacking one of the most reputable firms in Canada, and through them the whole construction industry. Tell us whether you think they are dishonest.

Mr. BENNETT: I am reciting facts.

Mr. HOWE: What reason have you for stating them?

Mr. BENNETT: It is not for me to draw conclusions. I am telling the minister what the facts are, and I ask him whether he approves that method of dealing with public property.

Mr. ROGERS: The leader of the opposition has asked me a question—

Mr. BENNETT: Wait until I finish.

Mr. ROGERS: But you asked me a question.

Mr. BENNETT: I was not asking for the answer now. However, if the minister thinks that any advantage is being taken of him he can answer the question now.

Mr. ROGERS: I stated, when the question was first put to me, that I was absolutely convinced there was nothing dishonest in the transaction. In the first place, as the right hon. gentleman will understand, I do not know anything of the actual operating details of these contracts, nor did he or his Minister of Labour, in connection with joint works carried on with the provinces. Actually the contracts are let by the provinces, and the provision of materials is entirely a matter for the inspectors of the provincial department of highways. I stated further that I was informed, as soon as the matter was brought to my attention by the leader of the opposition, that this loan and replacement had been made with the knowledge and consent of the provincial department.

Mr. BENNETT: And I said it was not consented to until after. I asked him when consent was given.

Mr. ROGERS: I have a telegram just received from W. L. Somerville, the architect in charge of the work at Fort Henry. He was president of the Canadian Architects' Association last year—

Mr. BENNETT: What has he to do with it?

Mr. ROGERS: —and I assume my right hon. friend will have no complaint to make about the quality of his evidence.

Mr. BENNETT: What has he to do with the cement?

Mr. ROGERS: I might place this telegram on Hansard. It is addressed to me as Minister of Labour:

> In June, 1937, contractor at Fort Henry obtained permission to borrow cement which was duly returned.

He was the architect on the job, acting for the provincial department of highways.

Mr. BENNETT: That does not give any power with respect to this. I asked, when did the contractor obtain the consent? The minister said he had the consent of the provincial government.

Mr. ROGERS: In June, 1937.

Mr. GRAY: Where is the dishonesty?

Mr. BENNETT: In treating the property of the crown thus. This is not a case of two contractors. This is a case in which I say that without anyone checking the cement out of these cars, Drinka was hauling it to the Crain contract at Queen's university.

Mr. ROGERS: Both ways, in fact.

Mr. BENNETT: And he also was taking some to the fort. But he did take the paper bags to the fort, and the paper bags are the basis of the count that determines who shall pay.

Mr. HOWE: The counting of bags went out when the cloth bags went out.

Mr. BENNETT: Excuse me; it did not.

Mr. HOWE: They have no more importance than the paper bags you buy full of pop-corn.

Mr. BENNETT: I admit the hon. minister has had considerable experience, for some of which this country has paid.

Mr. THORSON: And got value for it too.

Mr. BENNETT: Go to Prescott. Let us go a step further. The minister says that paper bags are of no importance. But they give the count for the delivery, because there was no man there. That is the reason why they were preserved. As a contractor he should know that.

Mr. HOWE: I know no such thing. The delivery of sacks of cement is counted by the sacks themselves; the paper bags have no value as counters or in any other way. The right hon. member is talking about twenty years ago when cement was delivered in cloth sacks, and the bags had to be returned for credit.

Mr. BENNETT: Surely the Minister of Transport is not going to get away with that sort of statement. He knows perfectly well the cloth bags were counted as they were delivered back to the company from which they came.

Mr. HOWE: And paid for.

Mr. BENNETT: And credit was given for them. The paper bags were counted merely for the purpose of ascertaining how many bags of cement had been delivered, which is an entirely different matter. This truckman loaded so many bags of cement, paper bags, he took them to Queen's, and from Queen's the empty bags were taken back to the fort. Why they were taken there I do not know—

Mr. HOWE: But the right hon. member insinuates.

Mr. BENNETT: I said the evidence was that they were taken there at night, and I asked why.

Mr. ROGERS: And you said it was dishonest.

Mr. BENNETT: So it is. It is a dishonest transaction for anyone to take cement belonging to the crown and use it on a private job on the say-so of the architect.

Mr. ROGERS: The architect was representing the provincial government and was in full charge.

Mr. BENNETT: He was in Toronto. The one to give the consent is the crown, who signed that contract.

Mr. ROGERS: He was representing the government.

[Mr. Howe.]

Mr. BENNETT: He did not represent the government with respect to that. It is distinctly provided, unless this contract is different from any other—and what is more, these contracts for joint work by the federal and provincial governments provided for supervision by the federal government.

Mr. GRAY: Does the right hon. gentleman say that this government lost any bags of cement in the transaction? That surely is the question.

Mr. BENNETT: I was observing, Mr. Chairman, when I was interrupted—

Mr. GRAY: Will the right hon. gentleman answer that?

Mr. BENNETT: When I was interrupted, Mr. Chairman—

Mr. GRAY: Will the right hon. gentleman answer that question?

Mr. BENNETT: This is the hon. member who examined with respect to the cost of my living, and I do not answer his questions, if I can avoid doing so.

Mr. GRAY: I suggest I made a fair job of it.

Mr. BENNETT: I have never forgotten that.

Mr. GRAY: I notice that.

Mr. BENNETT: I have now the document signed by the Canadian National—

Mr. SLAGHT: I rise to a point of order. Surely this debate can proceed without animosities and personalities of the kind the right hon. gentleman has just expressed.

Mr. BENNETT: That is not a point of order. I was interrupted in the course of my observation by questions which I do not see fit to answer and have no intention of answering from that source. And I have given my reasons. I think there is nothing that is personal about that.

I say that not only is it bad practice, it is dishonest for any contractor to take cement from a car of cement consigned to the crown at Kingston or anywhere else under the circumstances that this cement was taken. The matter has developed to this point, that we cannot have the public accounts committee investigate it this year, but surely we can have an adequate and proper investigation with respect to it at the right time. I say that the evidence discloses such a condition as should not exist with respect to public property. That is what I say. And I believe the people everywhere think so. I brought

the matter to the attention of the minister for the purpose of having him make the necessary changes to see that we do not have that sort of thing taking place. He has become angry, abusive, has said many things which he should not have said; and I still bring these matters to his attention as indicating the conditions that exist at Kingston with respect to these contracts and with respect to the conduct of public business. I pointed out that I am not responsible, but I said that reputable persons saw a letter written to the Abramsky people who said they gave this man Stansbury $100 to be put on the list—

Mr. ROGERS: May I answer that? I always find it a little difficult to keep up with these charges.

Mr. BENNETT: These are not charges.

An hon. MEMBER: What are they?

Mr. ROGERS: I at once took the matter up with Mr. Stansbury and he told me immediately that there was no basis for it. I said, If that is the case, Abramsky should himself write a letter at once to that effect. And he did.

Mr. BENNETT: Which one of them?

Mr. ROGERS: Only one of them was in the city at the time; the other was in Boston. But he vouches for the truth of the statement—

Mr. BENNETT: Perhaps the minister will read the letter.

Mr. ROGERS: If they had both been there, I naturally would have had both sign the letter. This letter is addressed to A. E. Stansbury, and reads as follows:

> For your information and following up statement made on official report, Hansard, dated June 10, page 4072, the writer and his brother did not give Mr. Stansbury any moneys.
>
> My brother is out of the city when I make this statement and I have an idea that he was joking with some member of the Conservative party that may have been a friend of his.
>
> In closing, I assure you that no moneys have been paid by my brother or myself to Mr. Stansbury or any other individual in the Liberal party.
>
> Yours very truly,
> (Signed) Harry Abramsky.

Mr. BENNETT: That proves exactly what I said, that Mr. Abramsky said he did pay $100. Now he says he was joking.

Mr. ROGERS: But when my right hon. friend made this statement he said he made it on the basis of something someone had heard in the presence of two credible witnesses; but my right hon. friend has never mentioned a single name in connection with this or much more of the information or misinformation that he has brought to the attention of this committee.

Mr. BENNETT: It would seem to be abundantly established by Abramsky himself.

Mr. ROGERS: Why does my right hon. friend bring gossip into this place?

Mr. BENNETT: He established it without any difficulty.

The CHAIRMAN: It is six o'clock.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. BENNETT: Mr. Chairman, during the period that elapsed from the last time we had the matter under consideration until to-day I looked up the record, and I point out to the minister that I made it abundantly clear that no one expected him to do the impossible. In the very first discussion which took place I made it clear that there were a number of questions in connection with patronage. I was discussing that; and I said that the statement made by the Prime Minister the other evening had been highly satisfactory, and that I had said, "splendid," because his statement indicated he thought matters in these days at least should be conducted in a different way. Then I told the minister I would direct his attention to two or three matters in his own constituency. Whereupon this long discussion has taken place.

I repeat that if you take the record produced this afternoon, alone, the evidence indicates a condition which is not satisfactory; whether it be the Rollands case or the Marshall case or some other case, is not a matter of importance. I use the words I used then; being a substantial taxpayer I decline to believe that this government has a right to say that my taxes are to be used for the purpose of paying only those men who support the government and who are opposed to me. I say that is not sound.

The other evening I thought the statement made by the Prime Minister was an admirable one, and I said, "splendid," in answer to it, and asked the minister to give effect to it. That is all. I made the request as quietly and calmly as I could at that time, but apparently brought about a great deal of annoyance and anger. And the minister ever since has shown much animosity about the matter.

All I want to say is this: The answers then given had nothing to do with the case at all. The Minister of National Defence (Mr. Mackenzie) rose in his place and read a declaration of a cheese inspector in eastern Ontario, an admirable man I am told, who makes a declaration that says nothing. He says that the bin would hold fifty tons of coal. This was a matter which was discussed during the course of the election, and I do not propose to endeavour to discuss it to-night, except to say that Mr. Sowards is perfectly content and willing to have the matter dealt with at once. What was said by the Minister of National Defence is at variance with what was said by me. He said it was some labour matter. Unfortunately, in the order in council the blame was put upon the deputy minister, and it turned out he had nothing to do with it at all.

Mr. MACKENZIE (Vancouver): On a point of order, every order in council is prepared on the recommendation of the deputy minister of the minister concerned. There is nothing unusual in the slightest degree in the order in council.

Mr. BENNETT: I did not say anything about its being unusual; I said that the deputy minister was blamed for something with which subsequent events disclosed he had nothing at all to do. The record shows that.

As a second line of defence the hon. member for Provencher (Mr. Beaubien) read a statement from the records that were brought down on June 9 last. It is dated Thursday, June 9, and the motion, which was made only a few days before, limits the papers in this case to those between August 20, 1935, and October 15, 1935, and no others. The papers were asked for on June 6 and submitted on June 9, and limited to the two dates, August 20, 1935, and October 15, 1935.

Mr. GRAY: Is it suggested there are any other papers?

Mr. BENNETT: On that it is alleged there was a conspiracy to debauch three constituencies in western Canada. I propose to place upon Hansard the record, and when that record is placed upon Hansard, I may be wrong, but my experience of the fair-minded attitude of the citizens of this country induces me to believe that they will attach the blame, not against me, but against those who did this thing.

Mr. GRAY: Again I ask the right hon. gentleman: Is it suggested there are other papers?

Mr. BENNETT: The letter is dated June 7, 1935—

Mr. GRAY: On a point of order, the right hon. gentleman has in my opinion suggested that there are papers missing from the return brought down on the motion of the hon. member for Provencher. No other interpretation can be placed upon my right hon. friend's words. I ask that he answer.

Mr. BENNETT: There is no point of order there. The rules of order are plain about that. The order of this house was circulated—

Mr. GRAY: Mr. Chairman, I do think a point of order should—

Mr. BENNETT: I cannot be interrupted in this way by hon. members who rise and talk about a point of order.

The CHAIRMAN: The hon. member has raised a point of order.

Mr. BENNETT: He cannot raise a point of order to destroy the proceedings, when there is no possible point of order.

Mr. GRAY: On a point of order, Mr. Chairman, do you rule that the hon. member for Provencher brought down to this house a complete file in relation to the matter?

The CHAIRMAN: The point of order raised by the hon. member for Lambton West is that the right hon. the leader of the opposition is inferring that all the papers are not on the file. Is that the point of order?

Mr. GRAY: Yes.

The CHAIRMAN: I think the point of order is well taken.

Mr. BENNETT: I repeat, Mr. Chairman, so that there may be no misunderstanding, that the order of this house was to produce papers only from August 20, 1935, to October 15, 1935. That is what I said, and I repeat it. I hold the return in my hand. In view of the fact that the rules say that one cannot attribute motives to any hon. member, what is the point of order that is well taken?

The CHAIRMAN: I have given my ruling.

Mr. BENNETT: What is it? I do not know, nor does anybody else.

Mr. MACKENZIE (Vancouver): What was the complaint in the first instance in regard to the return?

Mr. BENNETT: If the Minister of National Defence had been following, he would have observed I said that on June 6 the

hon. member for Provencher moved for certain papers, which were brought down on June 9. Great promptitude! They are limited in the motion to those between August 20, 1935, and October 15, 1935, and no other dates.

Mr. MACKENZIE (Vancouver): What is wrong with that?

Mr. BENNETT: I merely recite the fact; that is all. Whereupon a member of this chamber suggests that someone is inferring something. I am not inferring anything at all. I am making a statement of fact that a motion of this house was made to produce papers, at the instance of the hon. member for Provencher, limited from August 20, 1935, to October 15, 1935.

Mr. GRAY: Let us understand it then.

Mr. BENNETT: And the highways to which reference is made are the Piney highway, the Sprague-Morden highway, and the Brandon-Clear Lake highway in Manitoba. Those highways have in part been completed since this government came into office, and the file contains papers with respect to them. But the motion is limited to October 15, 1935.

Mr. ROGERS: Subject to agreement we found when we came into office.

Mr. BENNETT: Certainly. I am bound to say that I have not been able to see the original file; that is in the possession of the hon. member for Provencher.

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

Mr. BENNETT: Another point of order.

Mr. BEAUBIEN: The right hon. gentleman has no right to impute motives to any member of the house, or to say things that are untrue. I have not the file in my office.

Mr. BENNETT: I inquired of the office downstairs for the original file. I asked to see it just before coming in here to-night, and I was told it had not been returned, that the hon. member for Provencher (Mr. Beaubien), had it. Perhaps that statement was an error. I am stating the facts only as told me by the officials. I have what purports to be a copy. That is all I have been able to see up to the moment.

Mr. BEAUBIEN: I have just sent one of the page boys downstairs for the file itself. As soon as I get it I shall send it to my right hon. friend.

Mr. BENNETT: If my hon. friend is able to send for it, he must have control over it. The official of the house in charge of the office told me within the last twenty minutes that he had not the file.

Mr. MACKENZIE (Vancouver): The file was produced as an official document of this house and any hon. member can see it.

Mr. BENNETT: The hon. member for Provencher borrowed it.

Mr. MACKENZIE (Vancouver): Anyone can borrow it.

Mr. BENNETT: It had not been returned. I went downstairs to the office last week and I could not see it. I called to-night for it and it had not yet been returned. The Secretary of State circulated the order among the various departments. First of all, it went to the Minister of Public Works, and the reply was that there was nothing in the public works department. It then went to the Prime Minister's office and the reply was:

There is nothing on the files of the Prime Minister's office regarding this matter.

Edward A. Pickering,
Assistant Private Secretary.

Then we have the Department of Labour. I am going to place upon the record the story as it appears on this file. On July 23, 1935, the minister of public works and labour of Manitoba sent the following letter:

Department of Public Works and Labour
Minister's Office
Winnipeg,
23rd July, 1935.

Hon. W. A. Gordon,
Minister of Labour,
Ottawa, Ontario.

Dear Mr. Gordon:—

A large delegation interviewed the honourable premier and myself this morning in reference to the construction of a road, as a relief project, from a point four miles east of the town of Morden, thence easterly through the towns of Plum Coulee, Letellier, Dominion City, Stuartburn, Vita, Caliento, Sundown, Menisino and Piney, to the town of Sprague, an approximate distance of 115 miles.

Roughly estimated, this road will cost around $10,000 per mile, plus the construction of a bridge over the Red river at Letellier, which will cost in the neighbourhood of $125,000.

The delegates were very desirous of having this road constructed as an unemployment relief measure, and intimated that the dominion government would favourably consider same.

If you are prepared to do this as a relief measure, the province will undertake to do its part.

Yours very truly,
W. R. Clubb,
Minister of Public Works
and Labour

That is the first letter on the file, a letter from the minister of public works and labour of Manitoba seeking the construction of these roads.

Mr. MACKENZIE KING: Is there any answer to that letter?

Mr. BENNETT: None here. Under date of July 27, 1935, there appears the following:

Department of Public Works and Labour
Minister's Office

Winnipeg,
July 27, 1935.

Hon. W. A. Gordon,
Minister of Labour,
Ottawa, Ontario.

Dear Mr. Gordon:

Last month when I was at Ottawa discussing relief projects that might be undertaken in this province, I submitted to Mr. Dickson, deputy minister, a list of same and in which was included the project known as the Piney highway.

This road was started in 1930 as a relief project and considerable work was done in that year and continued in 1931.

The list referred to above, I understand, Mr. Dickson referred to you but in your letter of June 27 you stated that you could not see your way clear to approve of any of this work other than that on the Trans-Canada highway and the Peace Garden road.

Since my return, I have had numerous requests asking me to again take up with you the matter of the completion of the Piney highway and to ask if you would be prepared to reconsider your previous decision.

This highway begins at the city of St. Boniface and runs in a southeasterly direction through the towns of Grande Pointe, Isle de Chene, Steinbach, La Broquerie and Piney and then five miles south to the international boundary, an estimated distance of ninety miles.

The estimated cost of this work is ten thousand dollars per mile less the forty miles which have already been graded.

I would appreciate it if you would let me hear from you in this regard.

Yours very truly,
W. R. Clubb,
Minister of Public Works
and Labour.

Mr. MACKENZIE KING: Any answer to that letter?

Mr. BENNETT: I am taking them from the file just in the order in which they come.

Mr. MACKENZIE KING: There is no answer to that letter.

Mr. BENNETT: Then it was not necessary to ask. The next letter is dated August 23, 1935, and reads:

Conservative Dominion Headquarters
Province of Manitoba

August 23, 1935.

Dear Mr. Gordon:

I would appreciate it very much indeed, if you would kindly read the enclosed carefully. It does explain the situation, and means so much to us, and in view of the new conditions that have arisen owing to the rust and extreme heat on the crops, it might be good justification for really doing something at this time as a special consideration. There is not the question of a doubt but that if we do not do something, many hundreds and thousands of these people in these districts will be applying to the provincial and federal governments for assistance this winter.

Yours very truly,
R. H. Webb,
Director for Manitoba.

That is the next letter on the file. Attached to that is a letter marked "private and personal," written by Mr. Webb to Mr. Bennett. Copies are said to have been sent to the Honourable Wesley A. Gordon, K.C., M.P.; the Honourable J. Earl Lawson, K.C., M.P.; and the Honourable Doctor R. J. Manion, M.P. This letter is dated August 23, 1935, and reads:

The Right Hon. R. B. Bennett,
P.C., K.C., M.P.,
Prime Minister of Canada,
Ottawa, Canada.

My dear Chief:

I have just come in from the constituencies of Lisgar, Provencher and St. Boniface particularly, and the situation at the moment is very good there politically, but it needs the necessary impetus to carry on.

I have already written to the Hon. J. E. Lawson, the Hon. R. J. Manion and the Hon. Wesley Gordon and the Hon. T. G. Murphy with regard to the two roads in these three constituencies that are vital factors to this election campaign, and they have the whole story in detail, both verbally and in writing.

In 1931 the federal government appropriated moneys for both of these roads. Both trunk highways enter the province of Manitoba, and as an unemployment relief measure, quite considerable work was done, which I think was shared by the federal and provincial governments fifty per cent each. The provincial government have or did apply again for these two roads to be carried on as an unemployment relief measure, but for some reason or other were more or less turned down as a matter of policy.

A new problem has arisen lately, which may be a good reason for reconsideration. As you know rust and extreme heat have destroyed the larger portion of our Manitoba wheat crop, and in some parts of Lisgar and Provencher especially it has created a very serious problem, and has left the farmers in a serious situation. My thought is that if your government will cooperate with the provincial government as an unemployment relief works measure,

that work could be done on these roads that would give the farmers of these three constituencies plenty to do and help them to earn something, whereas if it is not done they possibly may appeal to the provincial and federal governments for some form of relief and for which we will get nothing, but on the other hand are perfectly willing to work themselves and use their teams and equipment. As a political measure, it assures us without any question of a doubt these three seats which we badly want to win, and which look very good for us at the present time.

Some hon. MEMBERS: Hear, hear.

Mr. BENNETT: There will not be so much "hear, hear" when I finish. The letter continues:

The Liberal federal members in these three constituencies, supported to some extent, under cover, by provincial government members are endeavouring to blame the federal government for the fact that these two roads have not and will not be built, and it has become such a strong factor politically, that a great deal rests on a favourable decision being made.

May I intervene here to point out that according to the record the Liberal candidates in those constituencies were urging that these roads should be built and complaining that the federal government was not providing the means to have them built. That is the position at the moment.

Mr. GRAY: Read the next paragraph.

Mr. BENNETT: The letter continues:

I feel that we should play the game politically, call the provincial government's bluff, who have stated positively to delegates that they are prepared to put up dollar for dollar with the federal government in the building of these two roads as an unemployment relief works measure, and I understand, although I am not sure, that the provincial government have forwarded on letters of approval for both of these roads. They certainly did in their original letter of March or April 27, because I have a copy of it, and it was discussed at Ottawa with the Minister of Labour and the Hon. T. G. Murphy.

If the federal government would advise of participation in these two roads, it would be good politics; it would call the provincial government's bluff; it would kill the propaganda that the Liberals are carrying on at the present time; it would assure us of a victory in these three seats, and in my humble opinion, will not have cost the federal government anything, because by the time the work is organized, the election will be over, and winter will be upon us, and perhaps very little work will have been done before the end of the present financial year.

I am not for one moment endeavouring to justify that language. I did not write the letter. If I had written it—

Mr. GRAY: Couple that with paragraph 11 of the agreement.

Mr. BENNETT: I did not write the letter. Just let me ask: Is there any member who has not received personal and private letters in which it has been urged that action should be taken because it would be good politically?

Mr. GRAY: But read paragraph 11 of the agreement.

Mr. BENNETT: Mr. Chairman, will you be good enough to stop the interruptions?

Mr. GRAY: I would ask the right hon. gentleman to read paragraph 11 of the agreement.

Mr. BENNETT: I think I have the floor, Mr. Chairman.

Mr. CHAIRMAN: I would point out to the hon. member that unless the leader of the opposition permits a question when he has the floor he cannot be asked questions.

Mr. GRAY: I am very sorry, Mr. Chairman.

Mr. BENNETT: The letter proceeds:

The Hon. W. Gordon, the Hon. Dr. R. J. Manion and the Hon. T. G. Murphy know all about these two roads. They have the details, map locations and I believe thoroughly understand the situation. Our candidates are very alive to the situation, and no doubt have also been in touch with your own good self and the ministers, pointing out the actual situation and what it means. If it was not the right thing to do I would be the first to turn it down, but they are essential to the welfare of the province as a whole, running through two very thickly settled parts of the province, in fact the oldest settled parts, and there is not a road anywhere east of the Red river other than mud roads, and the people there are naturally aroused. I am not saying that it is a federal matter at all, we all know that, but as an unemployment relief works measure it is thought that something might be done, and particularly in view of the serious situation that has developed through rust and extreme heat in the crops of the farmers, and politically it means victory for us.

Yours very truly,
R. H. Webb,
Director for Manitoba.

Mr. DUFFUS: Might I ask the right hon. gentleman what Mr. Webb is director of?

Mr. BENNETT: I had not known him by that title until I heard it stated the other day. But it was stated then that he was director of the Conservative organisation in Manitoba.

Mr. DUFFUS: He is not personally the director of the road work?

Mr. BENNETT: Oh, no, he is mayor of Winnipeg and was actively interested in politics.

Mr. MACKENZIE KING (reading):

Conservative Headquarters, Director in Chief for Manitoba.

Mr. BENNETT: That is what I say. The The next letter is dated September 4, 1935, and is directed to Mr. W. M. Dickson, Deputy Minister of Labour, Ottawa:

Dear Mr. Dickson,—

I have received a telegram from the Minister of the Interior reading as follows:

"Regarding further works in the province of Manitoba which might be commenced for the relief of unemployment the following should I feel receive serious consideration: Construction of a highway leading south easterly from Winnipeg to the international boundary known as the Piney highway; construction of a highway from Morden eastward to connect with the Piney highway; construction of a highway from Russell to a point near Erickson to connect with the highway leading to the Riding Mountain park; construction of a bridge known as the Lens bridge Swan river district. The provincial government has addressed correspondence to the Department of Labour intimating their willingness to consider the construction of such highways and bridges as may be mutually agreed upon and to enter into a supplementary agreement in regard thereto."

Yours faithfully,

R. B. Bennett.

It was asked why that should be sent to the deputy minister and not to the minister. The answer appears in Mr. Clubb's letter to the minister. He said that he left his papers in regard to this matter with Mr. Dickson, because, the minister being absent, it was the custom to leave these matters with Mr. Dickson so that the minister would unquestionably receive them on his return.

Mr. BEAUBIEN: May I ask a question?

Mr. BENNETT: No. The next letter, which is dated September 4, 1935, reads:

Department of Public Works and Labour
Minister's Office,

Winnipeg,
September 4, 1935.

Hon. W. A. Gordon,
Minister of Labour,
Ottawa, Ontario.

Dear Mr. Gordon,—

Yesterday Senator Mullins, Mr. R. Peden, of Rossburn, and the Hon. Mr. Griffiths interviewed me with reference to the proposed gravelling of the road from Russell to Clear Lake via Silverton, Angusville, Birdtail, Rossburn, Olha, Oakburn, Menzie, Elphinstone, Sandy Lake and Rackham to Clear Lake highway.

This road, Mr. Peden informed me, had been approved by the parties interested at a meeting which he had attended. In discussing this matter Mr. Peden also informed me that Senator Mullins and himself had just returned from Neepawa where they had discussed the building of this road with the Hon. Mr. Murphy. They stated that Mr. Murphy had said that if I would write you requesting that this road be approved by you, as a relief project on the usual basis, that it would be built.

If this information is correct, and your government accepts this proposition, which we submitted to you on a previous occasion and which you refused, I take it that you would be prepared to draw up an agreement embodying this project, and forward same to me for signature.

Mr. Peden requested that I give you the approximate mileage and the estimated cost of this work which is as follows:

Mileage, 76 miles.

Estimated cost, $6,000 to $10,000 per mile, depending upon width of road.

I would appreciate hearing from you at your earliest convenience.

Yours very truly,

W. R. Clubb,
Minister of Public Works
and Labour.

Now no one asserts or has in this discussion asserted that Mr. Clubb was a supporter of the then government at Ottawa; no one has asserted that the Hon. Mr. Griffiths was a supporter of the government at Ottawa, and yet Mr. Griffiths, Senator Mullins and Mr. Peden, who was a supporter of the government, waited on Mr. Clubb, as the letter I have just read, dated September 4, 1935 indicates.

Then follows on the same day, September 4, 1935, a letter from the Department of Public Works and Labour, Winnipeg, as follows:

Hon. W. A. Gordon,—

Under date of July 27, 1935, I wrote you with reference to the Piney highway and also under date of July 23 with reference to the Sprague-Morden road. To date I have not heard from you with regard to the above projects and would appreciate it if you could give these matters your attention, and oblige,

Yours very truly,

W. R. Clubb,
Minister of Public Works
and Labour.

The committee will bear in mind that this letter was apparently written on the same day—whether before or after it does not indicate—it carries the same date as the previous letter containing the reference to the delegation consisting of Hon. Mr. Griffiths, who was an opponent of the then government at Ottawa, Senator Mullins and Mr. Peden.

Then on September 7, 1935, three days later, there was a telegram from Mr. Dickson, Deputy Minister of Labour, to Colonel G. C. MacLean, as follows:

Reference Mr. Murphy's telegram to Prime Minister re additional dominion assistance to provincial road construction kindly wire

approximate mileage and cost per mile of proposed construction of road between Russell and point near Erickson on the Minnedosa-Clear Lake highway No. 26 referred to therein. At same time please indicate principal towns through which road passes.

W. M. Dickson,
Deputy Minister of Labour.

To which a reply was sent on the same day, a telegram to Mr. W. M. Dickson, Ottawa:

Replying telegram date regarding Russell Erickson road. Minister Public Works wrote Mr. Gordon September fourth and gave estimate of seventy-six miles at estimated cost of from six to ten thousand per mile. Engineers have not surveyed road so amount is approximate only. Principal towns Russell, Silverton, Angusville, Rossburn, Oakburn, Elphinstone, Sandy Lake.

Geo. C. Maclean.

Five days later, namely on September 12, 1935, we have a telegram from the Minister of Labour at Ottawa to the Minister of Public Works and Labour at Winnipeg:

Hon. W. R. Clubb,
Minister of Public Works and Labour,
Winnipeg, Manitoba.

Reference your letters fourth instant Piney highway Sprague Morden road and Russell Clear Lake road. Governor in council has now approved of supplementary agreement which authorized federal assistance to construction on the above highways also certain bridges and memorandum of agreement is being forwarded at once to the province.

W. A. Gordon,
Minister of Labour.

On the same date, September 12, Mr. Gordon writes a letter to Mr. Clubb, as follows:

Ottawa, September 12, 1935.

Dear Mr. Clubb,—

I forward herewith copies of agreement under the Relief Act of 1935 between the dominion and the province of Manitoba supplementary to the two agreements of July 10th and 15th respectively under the same act. Would you kindly have the same executed on behalf of the province and return one copy to me together with the authority for the duly authorized minister to sign on behalf of the province.

I have duly signed the enclosed copies of agreement on behalf of the dominion and enclose copy of P.C. 2851 of the 10th September, which is my authority so to do.

Yours very truly,
W. A. Gordon,
Minister of Labour.

I propose now to read the order in council which authorized the agreement, and the agreement itself:

P.C. 2851

Certified to be a true copy of a minute of a meeting of the committee of the privy council, approved by His Excellency the Governor General on the 10th September, 1935.

The committee of the privy council have had before them a report dated 9th September, 1935,—

That is two days after the date of the documents to which I have referred:

—from the minister of labour submitting:

(1) That parliament has enacted legislation which may be cited as the Relief Act, 1935;

(2) That clause 2 of the act provides, inter alia, that the governor in council may, upon such terms and conditions as may be agreed upon, enter into agreements with any of the provinces respecting relief measures therein;

(3) That the government of the province of Manitoba has signified a desire to enter into an agreement with the dominion under the aforesaid act respecting relief measures in the province, supplemental to the agreements authorized by orders in council P.C. 1769 dated June 28, 1935, and P.C. 2396 dated August 8, 1935.

The minister therefore recommends that he be authorized to enter into an agreement with the province of Manitoba on behalf of the dominion under the provisions of the Relief Act, 1935, in accordance with draft attached hereto.

The committee concur in the foregoing recommendations and submit the same for approval.

Signed, E. J. Lemaire,
Clerk of the Privy Council.

To The Honourable the Minister of Labour.

The next communication is, Canadian National Telegraphs, September 18, 1935:

Winnipeg.

W. M. Dickson,
Deputy Minister of Labour,
Ottawa, Ont.

Very large deputation appeared before provincial government this morning and urged that short stretch of road leading from proposed location of Piney highway to village St. Pierre be included as part of Piney highway under new supplementary agreement approved by province to-day. It is my understanding that representations have already been made to you asking that this road which is subsidiary to the Piney highway be included as part of Piney highway and on behalf of provincial government I recommend you grant this concession. Mileage six miles cost twelve thousand. Can be done within appropriation provided by agreement.

W. R. Clubb,
Minister of Public Works.

Under date of September 20 we have this letter:

Department of Public Works and Labour,
Minister's office,
Winnipeg.

The Hon. W. A. Gordon,
Minister of Labour,
Ottawa, Ontario.

Dear Mr. Gordon,—

With reference to your letter of September 12, 1935, in which you enclose supplementary agreement between the dominion government and the province authorized by order in council P.C. 2851, I attach herewith certified copy of

our order in council No. 1056/1935 authorizing me to sign this agreement on behalf of the province of Manitoba, and also original copy of agreement duly signed.

Yours very truly,
W. R. Clubb,
Minister of Public Works
and Labour.

Now we come to the order in council passed by the province of Manitoba, to which I direct attention, especially of those who endeavour to draw inferences and to distort the facts, because here is the basis so far as that province is concerned:

No. 1056/35

Copy of a report of a committee of the executive council approved by His Honour the Lieutenant Governor on September 30, 1935.

The Honourable the Minister of Public Works and Labour submits to council a report setting forth—

Whereas the parliament of the Dominion of Canada has enacted legislation which may be cited as "The Relief Act, 1935."

And whereas a letter signed by the Honourable Minister of Labour, W. A. Gordon, Ottawa, addressed to the Honourable W. R. Clubb, Minister of Public Works for the province of Manitoba, has been received advising that His Excellency, the Governor General in Council has authorized the Honourable Minister of Labour by order in council P.C. No. 2851, dated September 10, 1935, to enter into an agreement with the province of Manitoba.

And whereas a serious employment situation exists within the province, which necessitates the government of the province of Manitoba accepting the greatest measure of assistance which the Dominion of Canada will grant; it is therefore deemed advisable that the agreement with the government of the Dominion of Canada, as mentioned in the said letter of the Honourable Minister of Labour, be entered into.

That, Mr. Chairman, is the province of Manitoba speaking. It is not suggested, I hope, that I had anything to do with them.

And whereas a copy of the agreement duly signed by the Honourable Minister of Labour, together with copy of said order in council P.C. No. 2851 is attached hereto and marked "Exhibit A."

And whereas it is deemed advisable that the said agreement be executed and that the terms thereof be ratified and confirmed by the government of the province of Manitoba, and that the Honourable W. R. Clubb, Minister of Public Works and Labour, be authorized to carry out the terms of the agreement on behalf of the province of Manitoba and to proceed with the construction of all or any of the works.

In the recommendation of the Honourable the Minister, the Committee advise—

That the Lieutenant Governor in Council approve, and it is hereby approved, that the agreement hereinbefore referred to, copy of which is hereto attached and marked "Exhibit A," be ratified and confirmed by the government of the province of Manitoba, and that the Honourable W. R. Clubb, Minister of Public Works and Labour, be and is hereby authorized and empowered to execute such agreement on behalf of the government of the province of Manitoba, and to carry out the terms of the agreement and to proceed with the construction of all or any of the works mentioned in the agreement, copy attached.

Certified
(Signed) J. L. Johnston,
Clerk, Executive Council

Winnipeg, Man.
September 18, 1935.

(The Honourable Mr. Bracken in the chair.)

That is the position up to that date. Now we come to the agreement, and I am most anxious that every word of that agreement should be studied, because it is the agreement which the province of Manitoba approved without any suggested variation or amendment in any way, shape or form.

Supplementary agreement re provincial highways and bridges, Manitoba. The Relief Act, A.D. 1935.

Memorandum of agreement entered into this twentieth day of September, A.D. 1935—

The "twentieth" date comes about by reason of the fact that no date was filled in, and on return of the document to Ottawa Mr. Hereford pointed out that no date had been filled in, and so he filled in the twentieth, being the date of the letter enclosing it.

Memorandum of agreement entered into this twentieth day of September, A.D. 1935
between

His Majesty the King in the right of the Dominion of Canada (hereinafter called the "dominion"), represented herein by the Honourable Wesley A. Gordon, Minister of Labour,
of the first part,
and

His Majesty the King in the right of the province of Manitoba, hereinafter called the "province," represented herein by the Honourable W. R. Clubb, Minister of Public Works,
of the second part.

Whereas The Relief Act, 1935, empowers His Excellency the Governor General in Council upon such terms as may be agreed upon to enter into agreements with any of the provinces of Canada respecting relief measures therein and, for that among other purposes of that act, to authorize the payment out of the consolidated revenue fund of Canada of such moneys as may be necessary;

And whereas the province, for the purpose of obtaining financial assistance in the execution of measures for the relief of distress within it has requested His Excellency the Governor General in Council, in addition to the agreements respecting relief measures authorized by orders in council P.C. 1769 dated June 28, 1935, and P.C. 2396 dated August 8, 1935, to enter into this agreement and he, concurring and having approved of its terms and conditions has authorized the Honourable Wesley A. Gordon, Minister of Labour of Canada, to execute the same on behalf of the dominion;

Now therefore it is agreed by and between the parties hereto as follows:

1. The dominion will pay to the province fifty per centum (50%) of the amount expended by the province during the term of this agreement on the construction and/or improvement of the following provincial highways exclusive of the cost of lands and/or damages to lands namely,

(a) A provincial highway, including the construction of necessary bridges and culverts thereon, from a point at or near the town of Russell, easterly to a point on the Brandon-Clear Lake highway to be agreed upon in writing by the parties hereto, a distance of approximately 76 miles, maximum dominion contribution three hundred and eighty thousand dollars ($380,000).

(b) Provincial highway number three, including the construction of a bridge over the Red River at or near the village of Letellier and all other necessary bridges and culverts, from a point at or near the town of Morden, easterly to a junction with the Winnipeg-Piney highway at a point near Piney thence easterly to the village of Sprague, a distance of approximately 115 miles, maximum dominion contribution five hundred and seventy-five thousand dollars ($575,000).

(c) A provincial highway, including the construction of necessary bridges and culverts, from a point at or near the city of St. Boniface south-easterly to the international boundary at a point approximately five (5) miles south of the village of Piney, a distance of approximately ninety (90) miles; maximum dominion contribution two hundred and fifty thousand dollars ($250,000).

It is understood and agreed between the parties hereto that the dominion will not contribute to a cost in excess of an average of ten thousand dollars ($10,000) per mile, in relation to any of the highway projects described in this agreement.

2. The dominion will pay to the province fifty per centum (50 per cent) of the amount expended by the province during the term of this agreement for the construction of the following bridges over the Assiniboine river, exclusive of the cost of lands and/or damages to lands, namely:

(1) At or near the village of Headingly, total estimated cost $30,000; maximum dominion contribution $15,000;

(2) Between the city of Winnipeg, authority P.C. 354, dated February 12, 1936—

I have not the original, but obviously 1936 must be an error, or the document that I have here is not the original.

Mr. HOWE: I have here the original, which I will send across to the right hon. gentleman if he likes.

Mr. BENNETT: Thanks. Here it is:

Between the city of Winnipeg, authority P.C. 354, dated February 12, 1936—

Obviously, Mr. Chairman, we had better stop this now. Here is a document produced with reference to something that occurred between two dates, one, the twentieth day of August, 1935, and the other the fifteenth day of October, 1935. Being unable to get the original, and reading from the copy, I thought the date set out here was a typographical error; but I find now in the original return that it is given as 1936.

Mr. GRAY: It is still signed by the Minister of Labour, the Hon. W. A. Gordon.

Mr. BENNETT: It could not have been signed by the Hon. Mr. Gordon in 1936.

Mr. GRAY: But it is.

Mr. BENNETT: Well, then, this document cannot be accurate.

Mr. GRAY: Is it signed?

Mr. BENNETT: The point is that I cannot proceed further until there is verification of this document. This matter has now become exceedingly serious. Here is what purported to be a return of papers lodged in the department between the twentieth day of August, 1935, and the fifteenth day of October, 1935. Not being able to get the original, and reading from the copy, I thought there was merely a typographical error, and I was willing to assume that. Now, thanks to the Minister of Transport, I have been handed the original, and I find, written in red ink, the following words in this document now produced as the original:

Between the city of Winnipeg, authority P.C. 354, dated February 12, 1936—

That is as plain as anything in the world. I cannot go further. This must be some other return.

Mr. GRAY: It does not change paragraph 11.

Mr. BENNETT: Fraud I have not suggested; but here is a document produced, upon which grave observations were made, which bears a date in February, 1936, purporting to be a paper that was lodged in the department between August and October, 1935. That is what I have in my hand.

Mr. ROGERS: I have not a copy of that before me.

Mr. BENNETT: This is the original; I should like to hand it to the minister.

Mr. ROGERS: It may very well be that the agreement was amended subsequently at the request of the province.

Mr. BENNETT: I have been very patient and very careful not to place any construction upon it but merely to state facts. Obviously, however, I cannot proceed with something which is handed to me as the original, bearing the date February 12, 1936, when the papers—

Mr. ROGERS: But that is not the date of the agreement.

Mr. BENNETT: No, but that is in this document.

Mr. ROGERS: Yes, but—

Mr. BENNETT: I should like the minister to see it. Here is my difficulty now.

Mr. GRAY: There is no red ink in paragraph 11.

Mr. ROGERS: This is a memorandum apparently.

Mr. BENNETT: No, that is the original return; there cannot be any "apparently" about it. That is the original return.

Mr. ROGERS: The explanation is obvious. As my right hon. friend knows, under the agreements the provinces would sometimes request that an amount be transferred from one project to another or that a project be changed, and it appears here that there is a notation in red ink, which suggests clearly to me that this project was altered. Originally it was between Tuxedo and St. James; now it has been altered so that it is between the city of Winnipeg and St. James, and the authority for that, which was subsequent to the time when this government took office, is P.C. 354, dated February 12, 1936.

Mr. BENNETT: But surely the Minister of Labour would be the first to say that when a return has been produced in this house, a return upon which an attack was made upon me, and a return which deals, on the face of it, with papers dated between August 20, 1935 and October 15, 1935, and when in the return there is a document dated February, 1936, it is not a matter of explanation, but a question of the file. That is clear upon the face of it. I was willing to assume good faith at once and I thought it was a typographical error, so I asked two or three times for the original, but could not get it. To-night, however, the Minister of Transport has been good enough to send it over to me, and it is clear that until this document is explained in some way I cannot proceed. I do not know whether the rest of the return is valid. With respect to that private and confidential letter, was it on the file originally or was it put on?

Mr. ROGERS: If the right hon. gentleman will permit me to answer both questions, I shall do so.

Mr. BENNETT: Surely.

Mr. ROGERS: As to the letter, it was certainly on the file and because it was on the file it was included in the return. Second, as to this particular agreement, I am informed that when, at the request of a province, changes are made in the description of projects such changes are entered on the original agreement which is kept on the file and with the authority under which the change has been made. Therefore there is no difficulty as to that.

Mr. BENNETT: But there is a difficulty, because this is the document that has been handed to me. I received a document from the office downstairs where such documents are supposed to be lodged. I was told I could not get the original, but the official said, "You may have this copy." I said, "Have you copies?" He replied, "Mr. Lyons of your office has a copy," and so I did not take one. This is the document, but what has been handed to me as the original bears the date I have indicated. I cannot proceed with a document of that kind because it throws doubt upon the validity of the whole return.

Mr. ROGERS: Surely that is not so. I will hand this back to the right hon. gentleman. The explanation is as I have given it. If he wishes to ignore the red ink, he will have the agreement as it was made originally; if he wishes to take account of the red ink he will find the corrections that were subsequently made, at the request of the province, in the description of the projects.

Mr. BENNETT: But explanations in this house with respect to the validity of a return are not admissible.

Mr. ROGERS: But this is accurate; this is the agreement.

Mr. BENNETT: I should like to have the original back now, if the Minister of Labour will be good enough to let me have it. This is the only time I have been able to get it, thanks to the courtesy of the Minister of Transport.

Mr. GRAY: Read it as it is.

Mr. BENNETT: The document as it stands, reads:

(2) Between the city of Winnipeg, authority P.C. 354, dated February 12, 1936, and St. James, total estimated cost, $150,000; maximum dominion contribution, $75,000.

The word struck out is the word "Tuxedo."

Mr. ROGERS: Yes; it was in the original.

Mr. BENNETT: Well, I am saying that it is the word struck out in the original. The copy furnished me reads:

(2) Between the city of Winnipeg, authority P.C. 354, dated February 12, 1936, and St. James, total estimated cost, $150,000, maximum dominion contribution, $75,000.

Mr. ROGERS: That is a fault not in the return, but in the copy of the return. The original, which my right hon. friend has, has both the projects as defined when the agreement was made, and the projects as corrected subsequently at the request of the province.

Mr. BENNETT: The return brought down is this. It covers the highway between the city of Winnipeg, authority P.C. 354, dated February 12, 1936, and St. James. That is what it is. And what is more, when you come to the fourth paragraph you have exactly the same words:

(3) At or near the city of Portage la Prairie, total estimated cost $80,000; maximum dominion contribution $40,000.

Now I read from the original:

(4) Near the town of Virden (Sproats Bridge) total estimated cost—

The figures are struck through with red ink and undecipherable figures put in their place.

Maximum dominion contribution, $11,100, authority P.C. 384 February 19, 1936.

That is a week later still. Then follow:

(5) And for the construction of a bridge over Swan river at or near Lens, exclusive as aforesaid, total estimated cost $30,000, maximum dominion contribution $15,000.
(6) And for the construction of a bridge over Pine river at or near Camperville, exclusive as aforesaid—total estimated cost—

The figures $12,000 are struck out in red ink and $7,800 substituted.

Authority P.C. 384 of February 19, 1936. Maximum dominion contribution $3,400.

The figures 6,000 struck out.

It is obvious that this return is either accurate or inaccurate. I am bound by the return as it is, and it purports to deal with matters done in 1936 when Mr. Gordon was no longer minister. This document is produced as one signed by him, in response to an order of this house for papers between August and October of 1935. Surely we cannot proceed with that, until there is some verification or explanation attached to the document; for the document, copy of which is produced, is one that has to do in its present form with matters several months later; in fact, one of them is as late as February 19, 1936. Under the circumstances I ask the minister to let the item stand until such time as this document can be verified.

Mr. MACKENZIE KING: Is not the fact simply that the document produced here is the document on the file in the department? The document on file was the original document with some changes that have been made in the customary way where an agreement is altered subsequently on the authority of some order in council. The document shows the alteration, the authority for the alteration and also contains the original wording. It does not affect the point we are discussing.

Mr. BENNETT: It affects the whole matter. Either this is a valid and authentic return, or it is not. Either this is a document signed by Mr. Gordon, or it is not. It is clear that Wesley Gordon did not sign a document dated February, 1936.

Mr. ROGERS: All my right hon. friend need do is ignore the red writing.

Mr. BENNETT: I cannot ignore it because it is part of this return.

Mr. ROGERS: They are both there.

Mr. BENNETT: No; one is struck out, entirely struck out. It is elementary that in a court of law you could not proceed with such a document, and this is the high court of parliament.

Mr. MACKENZIE KING: If they brought the other document, it would not be the original agreement.

Mr. BENNETT: There should have been attached as part of it the order in council that authorized the alteration.

Mr. MACKENZIE KING: It is mentioned.

Mr. BENNETT: But it is not there. This document is not a document that was signed by Wesley Gordon. It is not a copy of a document signed by Wesley Gordon.

Mr. MACKENZIE KING: I think it is.

Mr. BENNETT: It cannot be, because it deals with matters in 1936. And the worst feature is this. It is not sufficient to say that the striking out of words makes it the original agreement. That is not so. Let us at least have some measure of, shall I say, decent accuracy with respect to this matter. Here is a document produced as having been signed by W. A. Gordon. Unfortunately, I departed from a principle which I make it a rule not to do, I took a copy; and I took the trouble to say to the gentleman in charge, because I have frequently seen mistakes made in copies. "Are you sure this is a correct copy?" And he said, "Yes, it has been verified." I think he said some man named Hill was in charge. But I could not get the original; if I had, I would have looked through it and seen this change at once. But this is not the document Wesley Gordon

signed; it is a document that was amended in 1936; that is so obvious that it does not require argument or discussion. It is easy to say, Oh, well, something else was intended; but that was the whole point.

Mr. ROGERS: If my right hon. friend really wants to find the document Mr. Gordon did sign, he will have no difficulty; all he need do is to ignore the red ink.

Mr. BENNETT: What right has the minister to say that if I want to get a document signed by Wesley Gordon in 1935, all I have to do is to strike out certain words. Surely, with his wide knowledge, he knows he cannot add to this document. It is either authentic, or it is not.

Mr. ROGERS: The explanation is perfectly clear. We keep on our file a facsimile of the current agreements between the dominion government and the province in question. The original document is placed on the file; if subsequently there are corrections made at the request of the province and under authority of an order in council, these corrections are entered on the agreement. The order for return asked for the papers on the file. This is a facsimile of the agreement as found on the file. How otherwise could it be included in the return? As I recall, the corrections are not material corrections; they do not touch the expenditures on the important highways in question; they touch rather the smaller amounts involved.

Mr. BENNETT: One is $150,000. Well, Mr. Chairman, it is perfectly obvious that the documents produced here are not the documents that were signed by Mr. Gordon, the then minister. And the Minister of Labour (Mr. Rogers), although he was not in this house at the time, undertakes to say what is the original. I want to know which was the original. Which is the one that is not accurate? Is the rest of the return as inaccurate as this? Is the whole matter inaccurate, or only part? Those are questions which would prevent this document from being produced in a court of law and regarded as the document.

But assuming that I read the red ink, and say that these words are added in red ink—

Mr. BEAUBIEN: The right hon. gentleman can verify the letter by his own files.

Mr. BENNETT: Mr. Chairman, there is no reason why, relying upon the immunity of parliament, the hon. member should make insulting observations of that kind.

Mr. BEAUBIEN: My right hon. friend has tried to insult more hon. members in this house than has any other hon. member who has ever sat in it. There is no hon. member who breaks the rules more than does my right hon. friend.

Mr. BENNETT: I decline to enter into any controversy with the hon. gentleman.

Mr. BEAUBIEN: Take your medicine.

Mr. BENNETT: That is in keeping with the hon. member's usual language. I continue:

(5) And for the construction of a bridge over Swan river at or near Lens, exclusive as aforesaid, total estimated cost $30,000; maximum dominion contribution $15,000.

(6) And for the construction of a bridge over Pine river at or near Camperville, exclusive as aforesaid, total estimated cost $7,800; authority P.C. 384 of Feb. 19, 1936, maximum dominion contribution $3,900.

In paragraph (2) of the document from which I am reading, being the original return, the word "Tuxedo" is struck out and the words "the city of Winnipeg—authority P.C. 354 dated Feby. 12, 1936," are written in in red ink.

In paragraph (4) the figures "18,000" are struck out and the figures "22,200" inserted in red ink, and the words "authority P.C. 384 of Feb. 19, 1936" added in red ink.

In the third line of the same paragraph the figures "9,000" are struck out and "11,100" added in red ink.

In paragraph (6) the figures "12,000" are struck out, and there is added in red ink what appear to be the figures "7,800" and the words "authority P.C. 384 of Feb. 19, 1936," and the figures "6,000" struck out and the figures "3,400" inserted in red ink.

Mr. MACKENZIE KING: It should be $3,900. My right hon. friend said $3,400.

Mr. BENNETT: It looks like a four. The Prime Minister is reading from a copy, and I am reading from this red ink. It is $3,900.

Paragraph 3 reads:

The dominion agrees to loan to the province an amount not in excess of one million three hundred and sixty-five thousand dollars ($1,365,000) to enable the province to pay its share of the proposed expenditures mentioned in paragraphs one (1) and two (2) of this agreement, the terms and conditions of said loan to be settled upon in writing between the Minister of Finance of the Dominion of Canada and the province.

4. Except in such cases and with relation to such projects or parts thereof as the dominion and the province shall except in writing from the operation of this paragraph, the projects mentioned in paragraphs one (1) and two (2) of this agreement shall be executed by tender and contract. The province shall submit to the dominion, in respect of every contract relating to any of the said projects, certified copies of

advertisements for tenders, forms of tenders, descriptions, specifications of works and the formal contracts entered into, and it shall be a condition precedent to the dominion's liability to contribute to the said projects respectively, that the Minister of Labour of Canada or his representative shall have approved in writing the formal contract or contracts for construction which relate thereto.

Bear in mind that this agreement provides that the contract is a contract made by the province, with a contractor, after public tender, and not by the dominion government. But before the contract is entered into there should be a copy of the proposal or tenders furnished to the Minister of Labour here, and he should approve before action is taken. Does that look like the dominion government being able to approve expenditures?

Mr. GRAY: The dominion government submitted this.

Mr. BENNETT: I make it perfectly clear that this is the usual form of tender under the agreements that had been provided, and that the province of Manitoba made this agreement with the dominion without amendment or a suggestion of amendment. Further on in the terms it provides for public tenders, and certified copies furnished to Ottawa, of every tender, and a public advertisement—not a hole and corner one—a public advertisement, and that there should be a submission to the Minister of Labour of these contracts themselves.

Mr. GRAY: A form submitted by the dominion to the province.

Mr. BENNETT: I continue:

5. The province will not make any charge as against the dominion for necessary timber, lumber, rock or gravel where such is taken from the province's crown lands other than for labour expended during the term of this agreement and/or for gravel used from property which has been bought by the province for the purpose of securing said gravel.

6. It is understood and agreed by and between the parties to this agreement, with relation to all work done in the execution of any or all of the projects mentioned in paragraphs one (1) and two (2) of this agreement from and after the tenth day of September, 1935, as follows:

(1) That contracts shall be let only to residents of Canada, including as such residents Canadian firms or corporations established and operating in Canada, prior to January 1, 1935, and no others.

(2) That contracts shall be let subject to the following conditions, which the province will enforce:

Not the dominion.

(a) While employment shall in general be afforded in the locality of the work which is from time to time being done, such employment shall not be confined to any one district, but, where it appears that unemployment is acute in any locality in the province, a reasonable number of unemployed persons shall be employed from such locality.

That was the condition, and the province was to enforce it, not the dominion. It was the Liberal government at Winnipeg. Then, proceeding from there:

(b) No persons other than residents of Canada shall be employed.

(c) No resident of Canada shall, with relation to his employment, be discriminated against by reason of his race, religious views or political affiliations.

There it is written in the record.

Mr. MACKENZIE (Vancouver): And moved by us, in opposition.

Mr. BENNETT: The Minister of National Defence makes it stronger by saying, "we moved it in opposition." And there it is in the contract to be enforced by the province, not the dominion.

(c) No resident of Canada shall, with relation to his employment, be discriminated against by reason of his race, religious views or political affiliations.

(d) Political favouritism and political intimidation shall alike be avoided.

(e) The maximum number of hours of work per day per employee shall be eight.

(f) The rates of wages paid shall be fair and reasonable and shall be fixed by the province.

By the province, not the dominion. And then:

(g) Living conditions of employees shall be reasonably satisfactory. Provisions shall be made for proper housing, feeding, medical attention and mail facilities where same are necessary.

(h) Only goods and materials of Canadian manufacture or production shall be used if available.

(3) That the dominion shall be entitled to name a representative or representatives to act for it with the province concerning the operation of this agreement and the execution of the projects to which it relates. That the dominion may also appoint persons to cooperate with representatives of the provinces in supervising work being done and the employment of workers.

Not at the behest of the dominion, but by the province, the dominion reserving the right to govern the province with respect to these matters. It is so written in the contract, and the Minister of National Defence, says, "We fought in opposition that this be done," and here it is done. Here it is in the document. Then, further:

In the event of any exception being made and day labour being adopted with relation to any of the aforesaid projects, all of the foregoing provisions shall, mutatis mutandis, apply to the employment of said day labour.

"Day labour" employed by the province, by the government at Winnipeg,—by the government in Winnipeg and by the department over which Mr. Clubb presided. Then we come to paragraph 7:

7. The province agrees that it will maintain adequate records of all expenditures, supported by proper documents and vouchers and that such records, documents and vouchers will be segregated from, although reconciled with, the usual records of the province. The province further undertakes to make all or any of said records, documents and vouchers, available to the dominion for audit or examination upon request and to furnish information in relation thereto.

8. Statements of accounts for expenditures made by the province pursuant to the provisions of this agreement shall be submitted by the province to the dominion commissioner of unemployment relief, accompanied by a certificate of the provincial auditor that expenditures have been duly made in accordance with such statements and have been or within a reasonable time will be audited by him; and such statements and certificates shall be in the form prescribed by the dominion commissioner of unemployment relief.

9. The province shall bear its own expenses of administration with relation to any measures undertaken pursuant to this agreement, and no portion of such expenses shall be included in any statement of account rendered by the province to be paid by the dominion.

10. It is agreed that the dominion commissioner of unemployment relief may at any time direct an inspection in connection with any measures executed or being executed pursuant to this agreement and that the province will facilitate, as fully as it can, every such investigation.

11. This agreement shall be effective from and including the tenth day of September, 1935—

The day upon which the order in council was passed; the earliest date at which it could be made after that—

—and shall expire on March 31, 1936—

That is on every agreement made under the authority of that statute. That was the end of the fiscal year. And further:

—but shall not apply to any project on which work has not been commenced by the tenth day of October, 1935.

Why? Everyone knows.

Mr. GRAY: Three weeks before the election.

Mr. BENNETT: Yes. If it had been for political purposes, it would have been right up to the day of the election, or the day of the nomination; instead of which it was made on October 10, 1935. Why?

Mr. MACKENZIE KING: What was the date of the election?

Mr. BENNETT: The 14th, I am told.

[Mr. Bennett.]

Mr. MACKENZIE KING: Just four days out.

An hon. MEMBER: You should remember it.

Mr. BENNETT: I am bound to say I do not remember. That is not one of the things with which I have charged my mind. It was very disastrous though, I understand.

Mr. MACKENZIE KING: He knew the date of the elections.

Mr. BENNETT: He did not see this document; and what is more he was not there.

Mr. MACKENZIE KING: He knew the date of the elections when this was drafted.

Mr. BENNETT: He did not have anything to do with the drafting of it, in any shape or form, nor does it depart from the general principles which governed other agreements made by the former government, as well as by this one. And, as is done with respect to some projects, a date was fixed when the time should expire, because work was not commenced when winter was coming on.

Mr. BEAUBIEN: How did you know on October 10 winter was coming on? You are not a prophet.

Mr. BENNETT: In every case which had to do with these matters there was an effective date placed in the contract.

Mr. ROGERS: Never.

Mr. BENNETT: Never?

Mr. ROGERS: Can my right hon. friend give me one case of an agreement which required that the dominion government would not contribute to the work unless the work began on a given date? I never have known it at any time.

Mr. BENNETT: Well, will the hon. gentleman say he has gone through the contracts?

Mr. ROGERS: The right hon. gentleman said that it was customary. Tell me about it.

Mr. BENNETT: The minister made the statement.

Mr. ROGERS: I ask the right hon. gentleman to tell me.

Mr. BENNETT: The minister made the statement. He interrupted. Has he gone through the contracts?

Mr. ROGERS: I am familiar with the agreements that have operated for a number of years, and I have yet to find one that required that the work should be started at a certain date.

Mr. BENNETT: This does not say the work should be done.

Mr. ROGERS: Started on a certain date.

Mr. GRAY: Four days before the election.

Mr. BENNETT: Any work commenced after October 10 was not to come within that agreement.

Mr. ROGERS: Why should it be October 10?

Mr. BENNETT: Why?

Mr. ROGERS: Yes.

Mr. BENNETT: Because that is the date which the minister fixed with the government of Manitoba.

Mr. GRAY: A strange clause.

Mr. BENNETT: It was fixed by the government of Manitoba.

Mr. ROGERS: The agreement was drafted here.

Mr. BENNETT: Could anything indicate more clearly the unfairness of men when they are influenced by political considerations? Here is the document which was sent by the department to Winnipeg, and it was open to the government at Winnipeg to do anything it pleased them to do. Instead of making any changes, they accepted the document in its entirety. The fact that it was accepted in its entirety by two governments, one being Liberal and the other Conservative, is supposed to indicate that I conspired with somebody to do something.

Mr. ROGERS: The only way by which they could get the money was by signing the agreement in those terms.

Mr. BENNETT: There you have an indication of the smallness of the mind of one individual.

Mr. ROGERS: That was one consideration.

Mr. BENNETT: I knew all we had to do was to give the hon. gentleman a chance. What a pretty sight it is for the country to have the Minister of Labour rising in his place to-night and saying that all that Bracken and Clubb could do was to sign that.

Mr. ROGERS: That is in the agreement.

Mr. BENNETT: Is there anything to show that they had to sign? What is there to warrant the suggestion of the hon. gentleman?

Mr. ROGERS: Because the agreement always goes from here to the province.

Mr. BENNETT: Does it?

Mr. ROGERS: Yes; that is customary.

Mr. BENNETT: As a matter of fact, it may not be. You see, I have some memory with reference to these agreements, not as to the details of any of them, unfortunately, because I have not tried to keep the details in mind. But I have a very clear recollection of this. It is absurd and absolutely incorrect to say that every proposal made by the dominion was accepted by the province. They were the subject matter of negotiation.

Mr. ROGERS: They were drafted here and sent forward finally for approval.

Mr. BENNETT: The negotiation of the agreement took place between the dominion and the province. The date was fixed in the interests of the public exchequer.

Mr. ROGERS: What is the explanation of the October 10 clause?

Mr. BENNETT: It was not wise to commence expenditures when winter was beginning. There is nothing new about that. I continue:

> In witness whereof the Honourable Wesley A. Gordon, Minister of Labour, has hereunto set his hand on behalf of the Dominion of Canada and the Honourable W. R. Clubb, Minister of Public Works has hereunto set his hand on behalf of the province of Manitoba.
>
> Signed on behalf of the Dominion of Canada by the Honourable Wesley A. Gordon, Minister of Labour, in the presence of
>
> W. M. Dickson. W. A. Gordon.
>
> Signed on behalf of the province of Manitoba by Honourable W. R. Clubb, Minister of Public Works, in the presence of
>
> A. MacNamara. W. R. Clubb.

On September 23, 1935, Mr. Hereford writes a letter to Mr. Clubb, as follows:

> Ottawa, September 23, 1935.
>
> Honourable W. R. Clubb,
> Minister of Public Works and Labour,
> Winnipeg, Manitoba.
>
> Dear Mr. Minister,—
>
> In the absence of the deputy minister of labour, I am to acknowledge receipt of yours of September 20 enclosing supplementary agreement between the dominion government and the province authorized by P.C. 2851, also copy of provincial order in council authorizing you to sign said agreement.
>
> As you have omitted to date the agreement, I have dated it September 20, 1935, that being the date of your authority to enter into the agreement, and I shall be obliged if you will note this date on your copy of the agreement.
>
> Yours truly,
>
> Harry Hereford,
> Dominion Commissioner.

That was September 23. On October 1, which it will be observed is a week later, Mr. Clubb writes to the deputy minister as follows:

On September 18, 1935, I wired as follows—

I have just read the telegram. The letter concludes:

Inquiries were made to-day by a deputation from the district in this regard and I promised to write and ask for as early a decision as possible.

Thanking you, I am,

Yours very truly,

W. R. Clubb,
Minister of Public Works.

That is all there is to it. On that state of affairs the present Prime Minister alleges a conspiracy on the part of a former Prime Minister to bribe three constituencies. Not only is it not evidence, but I am going to say more. On the basis of a letter, which so far as I know I did not see—after I came back from England I did not deal much with correspondence as I was not well—that is what is done, but I had nothing to do with these negotiations. I sent to Mr. Dickson a copy of the telegram I got from Mr. Murphy. This whole argument proceeds upon the allegation of motives, not upon facts at all. It is doing something that the rules of this house say should not be done; it attributes motives to hon. members and says that there was a conspiracy. As a matter of fact, I did not intend to pay any attention to it; but the Prime Minister said: "Surely you are not going to let that go." I was not only going to let it go; but it struck me that the decency of Canada, the decency of the Canadian people would resent that sort of argument. Supposing all the suggestions that had been made to ministers in the form of personal letters were made public; would they be responsible?

Mr. BEAUBIEN: This letter was broadcast to every minister of the crown.

Mr. BENNETT: Would they be responsible? Am I responsible for Ralph Webb's letter? Am I to be responsible and charged as a conspirator because Ralph Webb wrote a letter which was marked "personal and confidential"?

Mr. FRASER: Your government acted upon it.

Mr. BENNETT: The government did not act upon it. It acted because of pressure brought by the province of Manitoba. An agreement was entered into, but who was to supervise? Who was to employ the labour? Who imposed the condition that local labour was to be employed? It was the province, not the dominion.

Mr. FRASER: Who originated the idea?

Mr. BENNETT: Since 1931 forty miles of the most important part of the road had been built. This road connected with the United States of America, and it was to have been part of the road system of the Riding Mountain park. The pressure exerted by Mr. Clubb was continuous. The records show that he had pressed for the building of these roads. Now it is said that all that pressure should go for nothing, that what should count is the fact that Ralph Webb wrote a letter and said that we would get three constituencies if money was spent, by the province, not by the dominion. That may be a good argument against Ralph Webb, but any man who would endeavour to make that an argument against me in a court of law in this country would soon know what would happen to him.

Mr. FRASER: Ralph Webb was the director of the Conservative party in Manitoba.

Mr. BENNETT: Supposing he was.

Mr. BEAUBIEN: If any one put up the defence the right hon. gentleman is putting up, he would soon know what would happen to him.

Mr. BENNETT: But we have evidence of cases that do not depend upon inference, cases that are written in the records of the parliament of Canada. When I heard the Prime Minister talking as he was the other evening, I wonder if he thought for a moment of the hon. member for Winnipeg North (Mr. Heaps) and the hon. member for Winnipeg North Centre (Mr. Woodsworth). I wonder if he forgot when those hon. gentlemen were at Laurier House in the trying days of 1926? I have the record under my hand. He was trying to save not one constituency, not two, not three—his whole government remained in office because it was able to get those votes. Here is what the hon. member for Winnipeg North Centre said upon the matter.

Mr. MACKENZIE KING: At Laurier House?

Mr. BENNETT: They were at Laurier House.

Mr. MACKENZIE KING: I will ask the hon. gentlemen to state here if they were present at Laurier House and discussed any matter relating to politics.

Mr. BENNETT: I did not say. Go and ask them.

Mr. MACKENZIE KING: I say immediately that at no time did I discuss either with the hon. member for Winnipeg North Centre (Mr. Woodsworth) or the hon. member for Winnipeg North (Mr. Heaps) at Laurier House any matter referring to the program of politics in this house.

Mr. BENNETT: The hon. gentleman says in his letter that he discussed it with them. I am going to read it presently. I said, "at Laurier House", because that is my understanding of what the hon. member said. But if it was not at Laurier House, it was somewhere else.

Mr. MACKENZIE KING: I never discussed with these gentlemen at Laurier House any matter that related to a political program in this house.

Some hon. MEMBERS: Withdraw!

Mr. BENNETT: Just one moment. I have said I accept at once the right hon. gentleman's word on that point, but I am going to read about the discussion with these hon. gentlemen.

The government of the present Prime Minister did not secure a majority of the votes in the election of 1925. It did not secure a majority of the seats in the election of 1925. It held on to office, though nine ministers were defeated, including the Prime Minister himself, and when the house met on January 7, 1926, the Prime Minister was not in his place. He had been defeated; he had no seat in this house, and the house was led by the right hon. gentleman, the present Minister of Justice (Mr. Lapointe). The question whether or not the then government would remain in office depended entirely upon the attitude of mind of a very few people. In fact, in one division the majority was one; in another the majority was two, and the majorities ran in and out. The present hon. member for Winnipeg North Centre (Mr. Woodsworth) was then in this house, as was also the present hon. member for Winnipeg North (Mr. Heaps). At page 560 of Hansard—

Mr. SLAGHT: Mr. Chairman, I rise to a point of order.

Mr. SPENCE: That is all you ever do.

Mr. SLAGHT: The retort of the hon. member for Parkdale (Mr. Spence) is refreshing.

Some hon. MEMBERS: State the point of order.

Mr. SLAGHT: Mr. Chairman, the point of order is this. As I understand it, we are discussing the estimates of the Department of Labour, and what on earth have they to do with the topic which the right hon. gentleman is at present pursuing?

Mr. ROWE (Dufferin-Simcoe): You do not like it.

Mr. SLAGHT: Yes, I like it, if the hon. gentleman wants to meet me on the hustings or anywhere else to discuss it.

Mr ROWE (Dufferin-Simcoe): I have met you before.

Mr. FRASER: Worse for you, that time.

Mr. SLAGHT: It does seem to me, Mr. Chairman, that it is a woeful waste of time to be discussing this matter on these estimates. There may be a place and time at which the situation the right hon. gentleman has introduced may be discussed, but I submit this is not the time, and that he is entirely out of order.

The CHAIRMAN: On the point of order raised by the hon. member for Parry Sound (Mr. Slaght), I am of the opinion that the point of order is well taken. This debate has gone a very considerable distance and occupied a very long time. I think the discussion of the correspondence on the file which the right hon. gentleman has introduced is perfectly in order, also the discussion of the affairs at Kingston; but when the discussion goes back to 1925 and 1926 and to what happened in this chamber with reference to the elections of 1925 and 1926, I must rule the discussion out of order.

Mr BENNETT: Well, Mr. Chairman, the reason I discussed these matters is this. It is correct and right to refer to facts as showing that inferences drawn are unwarranted; and the statement made by the Prime Minister that I was a conspirator I am going to negative by showing that if I am, I was following his example—only his was much more so. I have the Hudson Bay Railway story. He said: "The length of the mileage depends on the number of members we get."

I am going to proceed by way of illustration. In argument one has the right to use illustrations. If I am charged with being a conspirator in 1935 and can show, by documents in Hansard and letters, that in 1925 and 1926, the right hon. the Prime Minister—well, if I cannot do that I shall have to accept your ruling, Mr. Chairman, but I certainly think I have a right to refer to the matters that were mentioned by the Prime Minister of this country in an endeavour to blacken my character by showing that at least what I did was not anything comparable—

The CHAIRMAN: Order. If the right hon. gentleman will permit me, I call the attention of the committee, in case it has been forgotten, that we are on an item in the estimates of the Department of Labour for the administration of the Employment Offices Coordination Act, and I would ask hon. members to confine their remarks from now on to labour matters under the Department of Labour. I have already ruled on the point of order raised by the hon. member for Parry Sound, and I am still of the opinion that my ruling is correct, and that for the last ten minutes, shall I say, the right hon. leader of the opposition has been out of order.

Mr. BENNETT: I bow to your ruling, Mr. Chairman.

Mr. McIVOR: I think this should be a splendid stopping place, Mr. Chairman, and time to call it quits, because as I see it, as an ordinary member, I do not think the discussion that has been going on is in keeping with the dignity of the House of Commons. We are becoming provincial. I think this would be a splendid stopping place for the discussion.

Mr. ROWE (Dufferin-Simcoe): You have given your ruling, Mr. Chairman, and while the hon. member for Fort William (Mr. McIvor) may think this is a good stopping place for the discussion that has been going on, I would point out that the right hon. leader of the opposition has been charged by the Prime Minister with conspiracy and he was asked to reply. Then, when he started to reply, he was asked to stop.

Mr. GLEN: In my judgment, Mr. Chairman, this is not a proper time for stopping this discussion. I was hoping that the right hon. leader of the opposition would continue his argument in order to strengthen his position in regard to the letter that was written to him by Mr. Ralph Webb. The right hon. gentleman has introduced into this discussion a good many things which were not at issue; but I propose to deal with the real point at issue, and when the hon. member for Fort William (Mr. McIvor) says that this is a good stopping place, I think he might well have said the same thing to-day when the leader of the opposition was attacking the Minister of Labour (Mr. Rogers) as he has been doing for the last three or four days. This whole discussion has developed into a controversy between the right hon. leader of the opposition and the Minister of Labour. As I said before, the right hon. leader of the opposition is about to pass out of public life.

Mr. BENNETT: Is that in order, Mr. Chairman, under your ruling?

Mr. GLEN: I am quoting statements that have appeared in the press.

Mr. BENNETT: The hon. gentleman's remark was very relevant to the item, Mr. Chairman!

The CHAIRMAN: I will ask the hon. member to confine his remarks to the item.

Mr. GLEN: I will confine my remarks not only to the item but to that which has been introduced and allowed to be discussed in this chamber. For that reason I am proceeding to deal with the speech of the right hon. leader of the opposition. I am of course interested in this particular matter because one of these roads passes through my constituency. Let me tell the leader of the opposition that before the election the Conservative candidate, Mr. Peden, who is mentioned in one of the letters as having interviewed the provincial government, stated throughout the whole of the constituency that they were prepared to make these roads but could not do so because of the fact that the provincial government were not willing that this should be done. When it was brought to his attention that the provincial government had already made the offer to build these roads, not at all with a view to the election but for the purposes of relief, then approaches were made to the provincial government; and the letters and correspondence that we now have conclusively bear out what happened. The leader of the opposition says that he—perhaps—did not see this letter. Well, it is an extraordinary fact—

An hon. MEMBER: Oh, no.

Mr. GLEN: —that the letter was written by Mr. Webb and duly received by Mr. Gordon in Ottawa, and then there was a further letter from Mr. Clubb, written on that very day, September 4, that the leader of the opposition addressed his letter to the deputy minister conveying the telegram which was sent by Mr. Murphy. If it happens that the leader of the opposition, the then Prime Minister, would take the position that on the strength of a telegram from the Minister of the Interior he had nothing to do with this project at all except that he was interested from a constituency standpoint, how is it that on receipt of that telegram from the Minister of the Interior the right hon. leader of the opposition passes over the head of Mr. Gordon, his own minister, who had charge of this particular project? One can hardly understand, and I do not think I can believe—

Some hon. MEMBERS: Order.

Mr. GLEN: —that the then Prime Minister did not know the contents of the letter that was written to Mr. Gordon, with a copy, sent to Mr. Gordon, of the original which must have gone to the then Prime Minister, who, fortified by the terms of that letter, authorized or rather instructed the deputy minister that serious consideration must be given to the building of these roads. Immediately the matter is completed and the project is entered into. I wish to call attention to the letter because in answer to the discussion that has taken place, Mr. Webb has made a statement from Toronto in which he corroborates in every way the statement of what he did at the election of 1935. In calling attention to his letter, I must say that I do not believe there will be found on the files of any of the departments a letter so callous and so cynical in its indifference to the people whom he is supposed to represent, as the contents of this letter reveal it to be. In my judgment it is so heinous that I cannot understand how any man can stay in public life after having given expression to it. It is dated August 23. As is usual in letters, the first sentence gives the subject of discussion.

An hon. MEMBER: What year?

Mr. GLEN: August 23, 1935. Usually the first sentence of a letter refers to the matter under discussion. In the first paragraph we find that he had:

. . . just come in from the constituencies of Lisgar, Provencher and St. Boniface particularly, and the situation at the moment is very good there politically, but it needs the necessary impetus to carry on.

That is the subject of the letter. The writer goes on further:

I have already written to the Hon. J. Earl Lawson, the Hon. Dr. R. J. Manion and the Hon. Wesley Gordon and the Hon. T. G. Murphy with regard to the two roads in these three constituencies that are vital factors in this election campaign, and they have the whole story in detail, both verbally and in writing.

In the next paragraph he endeavours to give an argument indicating why these roads should be built. He refers to them as a relief measure, and had he left it at that, the letter would have been entirely in order. In the next paragraph he speaks of the rust in Manitoba and the fact that the people there are likely to suffer and will need federal relief. That paragraph, too, would have been all right. But he comes back to the main theme of his letter, which is this:

. . . whereas if it is not done, they possibly may appeal to the provincial and federal governments for some form of relief, and for which we will get nothing. . . .

The main theme of his letter. Then further on:

As a political measure, it assures us without any question of a doubt these three seats which we badly want to win, and which look very good for us at the present time.

He continues on the same theme throughout the letter, that these two roads have not and will not be built, and it has become such a strong factor politically that a great deal rests on a favourable decision being made. To still further strengthen the argument he says, at the beginning of the next paragraph:

I feel that we should play the game politically, call the provincial government's bluff, who have stated positively to delegates that they are prepared to put up dollar for dollar with the federal government in the building of these two roads as an unemployment relief works measure.

The writer shows that the provincial government had already applied for this and they had been refused by the minister who had charge of it, namely Mr. Gordon, but he goes on further:

If the federal government would advise of participation in these two roads, it would be good politics; it would call the provincial government's bluff; it would kill the propaganda that the Liberals are carrying on at the present time; . . . and in my humble opinion, will not have cost the federal government anything, because by the time the work is organized the election will be over, and winter will be upon us, and perhaps very little work will have been done before the end of the present fiscal year.

Mr. SPENCE: We have had that letter read four times.

Mr. GLEN: The hon. member may have forgotten some of it.

Mr. MITCHELL: I wish we could forget it all.

Mr. GLEN: Some contention was raised with regard to clause 11 in the agreement, that it must be that no contribution should be made unless the works were commenced before the tenth day of October. All right, there was the reason. The reason is that "by the time the work is organized, the election will be over, and winter will be upon us."

Mr. SPENCE: The hon. member has now made his point several times.

Mr. GLEN: So there is no necessity for any money to be spent. Further on in the same letter he says:

The Hon. W. Gordon, the Hon. Dr. R. J. Manion and the Hon. T. G. Murphy know all about these two roads. They have the details, map locations and I believe thoroughly understand the situation.

The contention as contained in this letter is that these three seats must be won.

I assume, therefore, that these three gentlemen would know how these three seats were to be won, and the order in council for the completion of the agreement was passed with their consent. The writer says:

Our candidates are very alive to the situation.

I can assure you they were most certainly alive to the situation, because from every platform in my constituency they pointed out that these roads would be completed only by their government. He finishes as he began:

Politically it means victory for us.

Here is the letter of the leader of the opposition, dated September 4. I call attention to the fact that this letter, addressed to Mr. Dickson, deputy minister of labour, dated September 4, 1935, is written on the same date as the letter which Mr. Clubb sent to the Hon. W. A. Gordon. Therefore the letter from Mr. Clubb could not have been received at that time, the then Prime Minister having written on that day authorizing or at least suggesting that these roads should be completed.

Mr. BENNETT: Mr. Chairman, I cannot permit the hon. gentleman to make that statement without directing attention to the fact that was not the case. It was merely the transmitting to Mr. Dickson of a telegram from Mr. Murphy, and it so states.

Mr. GLEN: Quite. I have already referred to the fact that the Minister of the Interior could have had nothing to do with it—

Mr. BENNETT: He had everything to do with it.

Mr GLEN: —because this came under Mr. Gordon, the then Minister of Labour. The right hon. gentleman sent his letter under date of September 4, 1935, and on that date the letter was addressed from Winnipeg to Mr. Gordon. It also was dated September 4, 1935, the same date, so that the letter could not have been received or seen by the leader of the opposition. It was the same date on which he sent that letter to Mr. Dickson.

I wonder whether the leader of the opposition saw the report of an interview given by Mr. Webb from Toronto, dated June 11, as reported in the Winnipeg Free Press of June 13 of this year.

Mr. BENNETT: I have not seen it, but there is a rule against reading it.

Mr. GLEN: There is a rule against reading it, but many things have been read here and I am entitled to read this.

Mr. BENNETT: See what the Chairman says.

[Mr. Glen.]

The CHAIRMAN: What does the hon. member propose to read?

Mr. GLEN: I am going to read from the Winnipeg Free Press, reporting an interview that took place with Mr. Ralph Webb, dealing with this very matter. This is what he says:

"The road building which takes place before elections is the greatest method that exists for corrupting voters of this country," Col. R. H. Webb, Conservative organizer in Manitoba, said to-day. "It makes the tactics of Al Capone look like child's play in comparison.

"Premier King," he stated, "has seen fit to publicize a personal letter of mine and to ask for an investigation. I would welcome one," Col. Webb declared. "Let's investigate all confidential correspondence of all parties, particularly of Premier King's administration, and let us include all the governments in every province, not only the federal governments."

He takes in a lot of territory.

"My experience in politics, based on a number of years," he asserted, "is, that the best way to get good roads in a province is to have an election every six months."

"If there is one great need in Canada," he continued, "it is the need for good roads. And apparently governments in power and the opposition candidates, knowing that the people want roads, certainly don't hesitate to provide them and the party in power start to build before elections. The reason I say that there should be an election every six months is that the people know that as soon as an election is over the majority of road projects stop too."

All in conformity with the letter which he sent to the leader of the opposition.

"No matter what Premier King has to say," he stated, "one thing stands out. We needed roads in Manitoba and we got them. We beat the King government with their own weapons. My correspondence with Mr. Bennett was confidential. Maybe I was inexperienced in having written but all know politicians. I at least was sincere."

So that he was sincere in writing that letter in which he stated that it was good politics, and that they need not spend good money because winter would be upon them and there would be no need to spend it.

"The provincial administration who had asked for roads had done so in political partisanship with the federal Liberal party and hoped the Conservative government would not go ahead. I deemed it good generalship to fight them with their own weapons.

"In connection with promises that could do with a little investigating," Col. Webb said, "most unemployed remember the poster and advertising campaign of the present administration and the billboards telling them to 'vote for work and wages'." Ask the unemployed if they have work and wages. What about that?

"If we are going to have an investigation," he concluded, "I would welcome it. But let's investigate things from A to Z and make a real cleanup."

On the same page there appears an editorial calling attention to the fact that on September 18, 1935, when the Free Press referred to these roads as political propaganda, Mr. Webb stood on the platform in Winnipeg and denounced the Free Press, declaring that it was an insult to the intelligence of an ignoramus that the Free Press should call the building of these roads "good politics." I think it is well that this matter should be brought to the attention of the committee, and that for many reasons. During the whole of this debate there has been an attack upon the Minister of Labour in connection with matters in Kingston, which, in comparison with what happened in 1935, are as but a particle of sand on the seashore We have been dealing with twenty-five cans of white lead and $4 worth of rubble taken to a garage. The minister in the first instance was charged with connivance, but that charge was withdrawn and no attack was made upon him in that respect. Had the boot been on the other foot; had the leader of the opposition been in possession of such a letter as Mr. Webb's, addressed to a member of the party opposing him, one can imagine how he would have rent the heavens with righteous indignation against the government or members of the government who would allow themselves to be influenced thereby. I suggest that this matter must be brought to the attention of the committee. In my opinion the argument advanced so far by the leader of the opposition is not such as would lead one to believe that there was no knowledge on the part of those ministers of the purpose for which the roads in question were built at that time.

Now that the question of patronage is under consideration, I propose to do all I possibly can to put a stop to the practice. The question is being discussed in the civil service committee; it will come before this house, and there will then be an opportunity for members on both sides to give evidence of the virtue that is in them with respect to the question of patronage. It is a great pity that such things should happen in the country, because it makes the nation a laughing-stock; nevertheless there must be a reply when attacks are made upon ministers who are endeavouring to carry out their duties as the Minister of Labour is doing. I am not very much in favour of the tu quoque argument, but the fact is that this whole discussion has been introduced by the leader of the opposition, and he, alone, is responsible for it.

Mr. POOLE: What is the number of ex-service men employed in the employment bureaux throughout the country who are drawing one hundred per cent pension? I have no objection to their being employed, but there are so many ex-service men who are in receipt of small pensions who would be glad to have work. I understand there are others who are drawing one hundred per cent pensions and getting salaries in the department.

Mr. ROGERS: The officials in the employment service are appointed by the provincial governments. We have no information here as to whether or not they have a service record, but so far as the dominion government officials are concerned there are some who are dealing with handicapped ex-service men. I believe they are war veterans; but if my hon. friend will allow me to get the information for him and send it to him, instead of having the item stand, I shall be glad to do so.

Mr. WOODSWORTH: I wish to bring to the attention of the committee a difficult situation that has arisen in connection with relief. My colleague the hon. member for Winnipeg North, early in the session, on April 28, directed attention to what he described as an attempt in our own city and in other parts of Canada to lower the standard of relief which was being given to families. He also said that there was an arrangement under which the incomes of families were being controlled even after the families had ceased to be on relief.

Mr. ROGERS: Will my hon. friend permit me to interrupt? Actually we are not on the item which deals with grants in aid to the provinces. We are on an item in the main estimates having to do with the Employment Service of Canada. I have no objection to having this matter discussed, but we cannot make progress if we discuss everything.

Mr. WOODSWORTH: As we discussed highways as relief projects, I thought I was in order in discussing another relief matter.

Mr. ROGERS: Well, if the hon. member wishes.

Mr. WOODSWORTH: I shall not take very long. It is a matter dealing with administration. My colleague questioned the government as to why this policy should be pursued. The minister replied, as reported on page 2379 of Hansard for April 28, 1938:

> My answer to my hon. friend is that the dominion government has not in any way brought pressure to bear upon provincial governments with respect to any change in relief scales.

And again:

But there has been no pressure of any kind in respect of relief scales. That is something which, as my hon. friend is no doubt aware, is dealt with entirely by provincial governments in conjunction with the municipalities.

And again:

The only possible connection that might exist between the dominion government and relief scales is a clause in the agreements covering the last quarter of the past fiscal year which stated that the relief allowances should not compete, so to speak, with the prevailing wage in a municipality.

Some of us felt reassured when we heard those definite statements, and took it for granted that the responsibility for details of administration did not lie with the dominion government. I have been so informing the people who wrote to me about the matter. But there has recently come into my hands a letter written on January 26, 1938 by W. R. Clubb, minister of public works and labour of Manitoba, to Mr. Geo. F. Bentley, city clerk, Winnipeg. This letter shows the rigid control of the federal department which had been exercised for some months before the minister made those statements. It reads:

Dear Sir:

As you are aware a few weeks ago the dominion government proposed some very restrictive terms which had to be complied with in the administration of relief contributed to by the dominion.

The views of the municipalities were obtained and representations urging modifications were made to the dominion authorities. The honourable Minister of Labour for the dominion government decided to what extent the requests would be agreed to. Some of the suggestions were adopted, some were not.

A revised agreement has been received, and we are informed that the dominion government requires this agreement carried out effective from January 1, 1938, in order to qualify for dominion contribution towards relief.

In order to obtain the dominion assistance towards relief it is required that we approve of this agreement and return it. It has already been signed by the dominion authorities. A copy of the agreement is attached.

Under the terms of the agreement the province must undertake to see that the municipalities carry out the provisions of the agreement.

Attention is called to section in regard to earnings while off relief. Your municipality has been included as one of the places where this will be carried out. We shall be glad to have your suggestions as to the system which might be evolved for carrying out this arrangement.

Before we can put your January accounts through for payment it will be necessary for you to have a resolution of council forwarded to me, in which it is agreed that your municipality will carry out the terms of the agreement.

Will you kindly arrange to deal with this important matter as promptly as possible.

[Mr. Woodsworth.]

Among the terms of the agreement I find this, in the first part of section 6:

The province agrees to establish and maintain standards of eligibility for material aid in accordance with this agreement. . . .

Section 7 reads:

The province agreed that the maximum value of material aid (which is contributable to pursuant to this agreement) given to any head of a family or other individual, of itself, or together with any additional allowances or material aid made by the province and/or a municipality, shall be less than the normal earnings of an unskilled labourer in the district wherein the recipient resides, as averaged over the year proceeding the granting of aid with account taken of average loss of time; in determining said maximum for heads of families adjustment may be made for normal earnings of dependents of employable age and of proved employability.

I am informed by the city authorities that this in effect has led to a very low standard of relief. For instance this last clause I have just read has cut assistance to some families of ten persons to $70 a month, including clothing. Therefore it would seem as if this agreement, insisted upon by the dominion government, is made a prerequisite to the province receiving grants in aid of relief; and the province in turn is being forced to insist that the provisions should be carried out by the municipal authorities. This has resulted in a lowering of the standards that ordinarily prevail at least in my own city. Paragraph 9 of the agreement reads:

To remove from the minds of recipients of material aid the fear that in accepting such work as is available they may sacrifice the possibility of receiving said aid in the future when further need arises, and to ensure that seasonal workers shall make, out of their earnings, reasonable provision for seasonal employment, the province undertakes to require all cities and towns listed in schedule A to this agreement to provide each person in those jurisdictions who is ceasing to receive material aid during the term hereof, by reason of entering gainful occupation, a statement of the rate of material aid hitherto granted and a reasonable budget of expenditures for the individual or family while the breadwinner is in gainful occupation and to further require them to obtain a properly certified statement of earnings to be filled in and signed by employers of the applicant prior to his or her readmission for material aid benefits.

This means in effect that the standard of living is controlled for the man who has been in receipt of relief, even though he passes off relief. Talk about regimentation! We have heard from the other side of the house some very strong protests against anything that would look like regimentation. But, according to these arrangements, if a family has been on relief, the government pursues them

after they are off relief, insisting that they carry on their budgeting in a certain way. One can understand that if a family has been on relief for a considerable time, a good many household supplies may be short; they may need bedclothes and a score of things that they have not been able to purchase. But the administration follows them up and says, "No you must not purchase this. You have been on relief and you still come under our control."

I submit that is an almost intolerable position. I can understand that the department may be anxious to keep the family from again seeking relief, but I know of no sound principle which should enable the dominion government to step into the city of Winnipeg and tell a family—working on their own—how they are to spend their income. That is going too far. I know it has created a very great deal of dissatisfaction not only among the recipients of relief, but also in the city council itself. Of my own city I can say this, that they have tried their best to meet the abnormal situation by treating the citizens as generously as possible. When they come to a situation of this kind the municipality is unable to act, because of the insistence of the provincial government, and the provincial government cannot act, because of this agreement, which if not lived up to would preclude the receiving of material aid from the federal government. I wish to point out to the minister that an agreement of this kind, with the interpretation of it which has been made by Mr. Clubb, the minister of public works and labour, seems to me to be quite inconsistent with the statement which was made by the minister in this house when the matter was under discussion earlier in the session.

Mr. ROGERS: Perhaps I should deal at once with the question of inconsistency. I remember that when the point was raised for the first time I made the statement referred to a moment ago by the hon. member, namely that relief scales were not controlled by the dominion government. That statement was literally correct. We do not, for instance, set a scale in Alberta, Saskatchewan, Manitoba or any other province. But at the same time we did, under the agreement to which the hon. member refers, covering the last quarter of the last fiscal year, set a maximum which would prevent relief payments from coming into competition with normal earnings of relief recipients.

It is quite possible I may not have made that as clear as I ought to have done when the matter was first brought up; but it did come up on a later occasion, and I believe I cleared it up then. That was during the debate on the unemployment and agricultural assistance measure. Actually both that recommendation, and the one with regard to budgeting, came from the national employment commission, and it was only adopted after conferences between the officials of the dominion Department of Labour and those of the various provincial departments of labour. I will not say that all the provinces were wholly in agreement with those two proposals; but certainly it was the consensus of opinion that the adoption of that maximum, which would prevent relief from being exploited, as it were, as against work, would be a satisfactory procedure. The one as to budgeting was really designed, in a large measure, in the interests of the relief recipient, but was also designed to prevent one who received casual work from going immediately upon the relief rolls, when that casual work ended. The hon. member may say that this is imposing a hardship upon those men. It was not designed to do that. It was, however, intended to prevent what might readily have become a rather serious abuse. I shall read the recommendation from the report of the national employment commission.

—grants in aid to be made under conditions which will include the following:

(c) Observance of the principle of maintenance of incentive to accept employment by relating the maximum aid to actual earnings of unskilled labour in each centre or regional division, while preserving standards of health and decency;

(d) Limitation of shelter allowances to a definite relationship with assessments and total shelter disbursements to a reasonable proportion of total cost of aid granted;

The next requirement is:

(e) Requirement of "Cancellation of Aid" cards to provide running records of earnings permitting of prompt assessment of further need for aid, this in order to facilitate the acceptance of casual employment;

In other words, it was designed not only to help the relief recipient in his budgeting, when he went into employment, but also to make it more readily possible for him to go back on relief, if he were entitled to do so. In other words, there would be there a definite and accurate record as to what he had received while employed.

Mr. HEAPS: It is quite possible—in fact, not only possible but likely—that under the terms of the arrangement between the government and the provinces, many individual families will become compelled to accept a lower scale of relief than they have received in the past. When this question was raised

some time during the month of April the minister never made reference to the agreement then in existence.

Mr. ROGERS: I referred to the agreement a number of times.

Mr. HEAPS: No; at least on the particular occasion when the question was raised, as I read from Hansard—as I did, just a little while ago—there was no reference to the existence of any agreement between the provinces and the federal authority affecting the scale of relief in the municipalities.

Relief has to do with men who usually are earning low wages. In item 7 of the arrangement between the federal authorities and the province there is in effect a statement which says how much must be given to men who are on relief. It states the amount, and states further that the amount to be given on relief shall not be equal to or quite as much as a person would earn if he worked the average amount of time a labourer would work during the course of a year. Let us take the case of an average labourer, a man who may be working for thirty cents an hour, a wage which is common in these days. If he worked fifty hours a week at thirty cents an hour he would earn $15 a week. That would be the salary for a full week, or a salary of approximately $60 a month. If he worked six months in the year, his earnings would be $480. If he happened to be the head of a large family, he could not receive in relief more than he had been earning on an average during the year, or the sum of only about $40 a month during the twelve month period. The father of six or eight children under those circumstances would be compelled to live on $40 a month, and that is where the hardship arises. That is where we say there has been interference on the part of the federal authorities in connection with the amount of relief granted to those who unfortunately have been compelled to become the recipents of public relief.

I believe the federal government ought not to have interfered in the scale of relief, when relief was being given as in the past. I know of very few instances where the amounts given could in any sense of the term be called high. Early in the month of April I placed on Hansard the amounts received in Winnipeg by way of relief. I forget the exact amount, but I know it was a very small one indeed. I believe the minister or the Department of Labour has done a great injustice and a great harm to those men on relief to-day, by putting into the agreement with the provinces certain restrictions the effect of which would be to lower considerably the standard of living of those men whose standard both in the past and at the present time has been extremely low. I am wondering, in view of the hardship which has been pointed out to the minister, if something could not be done to relieve the situation by allowing the municipalities to determine the scale of relief to be given.

Mr. MacNEIL: Is a similar clause inserted in the agreement in force in British Columbia?

Mr. ROGERS: Yes; the clause was in the agreements with all provinces. That is to say, the agreements were identical in that respect.

I may say to the hon. member for Winnipeg North (Mr. Heaps) that there is a provision for taking into account the earnings of any other member of a family on relief. I think my hon. friend has put the case at its worst, rather than at its best. We have received some representations from the provinces with respect to the working out of this particular clause and will give consideration to them when the agreements are again considered.

Mr. MacINNIS: When the minister was reading from the report of the national employment commission he referred to the necessity of having a relief scale sufficient to maintain health and decency. Does the minister believe that any family can maintain health and decency on the present relief scale?

Mr. ROGERS: I am quite right in saying that so far as the relief scales are concerned they are determined by the provinces, subject to that maximum which I have described. I would remind the committee that the maximum is based upon the normal earnings of an unskilled labourer in the particular locality. The working out of the whole matter is left to the provincial government. If, in the opinion of the provincial government, a particular hardship is being worked, undoubtedly representations will be made to us. As I recall it, there has been always a certain amount of flexibility.

Mr. MacINNIS: Does the minister think that a standard of health and decency can be maintained with the normal earnings of an unskilled labourer? Would the minister adopt that scale for himself? If he would not adopt it, why accept it as a standard for others?

Mr. POOLE: Apparently the government now sheds responsibility because of having paid a lump sum. Representations have been made by certain cities asking that the federal government should take over the whole matter of relief. Relief will never be handled in a satisfactory manner until it is centralized.

Some time ago a lady called upon me. She had seven or eight children, and I understand her husband had been an inmate of an asylum. I believe she called on almost every member of the house. She had appealed to the local authorities, but the question of domicile had been raised. She was told that unless she returned to the province of Quebec she would not be able to obtain assistance. That seems to me a most stupid and unfair attitude to take. It should make no difference where a person resides. The fact that he is destitute should be sufficient reason for his receiving assistance. I do not know whether the minister is familiar with the case to which I am referring. This should not happen in the world's richest country.

I should also like to draw the attention of the minister to a matter in connection with the agreement entered into between the province of Alberta and the federal government. I have not the agreement before me, but I understand the effect of it worked out in this way. Certain road work was carried on in one part of the province. There were a number of farmers in that locality who were not classified as destitute because they had equipment and horses. Most of them were actually worse off than if they were destitute, because they had had no crop for some years. Men were brought in from as far away as Calgary, a hundred miles away, to work in this locality. People in the immediate locality could not get employment under this agreement.

Mr. ROGERS: The control of employment lies with the province subject to the proviso that fifty per cent shall be taken from the relief rolls, or from those who are otherwise certified as being in needy circumstances. We have no control over the movement from one district to another, apart from the relief quota.

Mr. POOLE: That is what I am dealing with right now. There were 100 men required on this work, and there were at least that many in that particular district who required work. Men were brought from Calgary to work. I discussed this matter with the provincial minister of public works, but he told me they could not do otherwise because it was on those terms that the money was obtained. To go into this question of relief would require hours. The whole system requires overhauling because it is a disgrace to this country. An investigation was held recently in the city of Ottawa and we saw spread across the pages of some of the local papers the statement that so many people on relief had radios and motor cars. I cannot understand the mentality of a man or woman who would deny the right of a person who has been employed at some time and who has purchased a radio to have some enjoyment from that radio when forced to go on relief. Some people seem to think the minute a man goes on relief he must give up every comfort. If a man should get employment at low wages and work for three months, when he goes back on relief his relief allowance is based on what he earned. In other words, these people are not encouraged to find employment. When they do obtain employment their condition is no better than when they were on relief.

Surely we are not so devoid of ideas in this country that we cannot change this condition. There is plenty of work to do in this country and we should devise a scheme to do it. Is there any logical reason why it should not be done? Unfortunately this whole matter has assumed a certain permanency. It is no longer temporary in character. It has been with us for seven long years. While we may be able to measure the cost of relief in dollars and cents, we shall never be able to measure the mental anguish that has been caused by this stupid policy. This policy has retarded our industrial expansion and is possibly the greatest factor in bringing on our present-day depression. It has increased the mill rate in our municipalities and has made heavier the burden upon the taxpayers. As the right hon. leader of the opposition said in one of his excellent speeches, it is only an insurance against insurrection. Before this session ends, the government should give consideration to the abolition of relief, with the exception of relief to those who are classified as unemployables. Relief should not be necessary in the world's richest country.

I think it is time the Minister of Labour (Mr. Rogers) and the Minister of Finance (Mr. Dunning) got together to issue credit in terms of public need. That would be the best answer to this problem. That would be the one way to get able-bodied men back to work. We are destroying the greatest asset possessed by this dominion. We are shrivelling up the initiative of the men of our country. Unfortunately, in party politics members sit back persistently and say nothing because they fear they may embarrass their party. Hon. members on the other side of the house should be bringing pressure to bear upon the government to do away with relief. It is a disgrace in the terms in which it is carried on at the present time. It is making slaves of men, and it has resulted in a reduction of wages all over the country.

Has the minister any information as to the number of men who have been laid off by the

Canadian Pacific and the Canadian National railways in the last few weeks? I understand that men have been laid off on the plea of economy. If that is true, then we should consider carefully before giving such assistance as was given the summer before last.

I have another question I should like to put to the minister. Does he know the number of blankets purchased under the scheme put into effect a year ago when the government agreed to pay part of the cost of labour for the railways? The cost of these blankets was taken out of the wages of the men, and they did not get their blankets when they were laid off.

Mr. ROGERS: I have no information at the moment. I shall obtain it and give it to my hon. friend under another item.

Mr. POOLE: I think the federal government should get together with the provinces and municipalities and devise a uniform relief scale as the first step necessary to be taken. If we recognize that relief must be continued for two years until we get an unemployment insurance scheme or there is a greater degree of employment in this country, there will be continued suffering on the part of our people until we devise a uniform scale of relief, and this question of domicile should be dealt with as one of the first and major problems. One of the great things about the unemployment insurance scheme in Great Britain is that a man residing, say, in the city of London can move and take up his residence in Manchester and still be a beneficiary under the scheme. But here the limit of a man's activities in search of work is the distance he can walk, and that is one point that should be dealt with. If a man in Halifax happens to go to Vancouver and become destitute, if he can prove it, he should be a beneficiary of relief, and the fact that he has not resided in Vancouver for twelve months is a foolish reason for turning him down.

Mr. HEAPS: I wish to revert to the question of maximum relief and to clause 7 of the agreement between the provinces and the federal government. The minister must be aware of the fact that there have been men partly employed and even men fully employed who have been compelled to become recipients of public relief. I know instances of that kind in recent times, and if clause 7 is to be carried out according to the strict interpretation of its terms, the minister must realize the deplorable position in which cases of that kind must be. A man in that position would not earn more than $40 a month on an average, a totally inadequate sum as a basis of relief, and, under the agreement, cases of that kind could not be dealt with in any special way at all. They would be compelled to be dealt with strictly according to the terms of the agreement; otherwise municipalities and provincial governments would run the risk of having the agreement cancelled and the federal grant stopped. I am wondering if the minister would not merely consider but try to get some understanding with the provinces for the overhauling of this clause of the agreement to give some leeway to both provincial and municipal authorities so that they will not necessarily have to deal with the smaller family in the same way as the larger family seeking relief is dealt with.

Further, when you establish a scale of relief, its maximum tends to become the standard for all those in receipt of relief, and if a family of eight, two adults and six children, are compelled to live on $35 a month, that might readily determine the whole scale of relief to be granted in a particular area. That is something which ought to be seriously considered, and I am wondering whether the minister and his officials would not take into their serious consideration the necessity of revising that clause in the agreement to give the leeway I suggest to both the provinces and the municipalities.

Mr. HANSELL: Are the agreements between the federal government and the provinces of a hard and fast nature, or is there any method of making slight adjustments here and there in the agreement? I have reference particularly to the agreement with Alberta in connection with road work. I recall being at a place where a road gang was at work; they were doing very fine work, and the men were apparently happy to get the work. But the agreement evidently stipulated that a certain number employed on the work must be on relief, and some possibly could be employed who were not on relief. There were openings on this work for men who were on relief. Men and some horses were required to do certain work. This was noised to an adjoining municipality that had been very hard hit and had several families on relief, and it was suggested that they needed horses and one or two men to do this work. The horses happened to arrive when I was there, in charge of a young man from a family that was on relief. The father was an old man, and he did not feel that he could go over with the horses, do the road work himself, sleep in a tent and eat in a cookhouse, so he sent over his son who was living at home, a strong, young chap, but when he arrived he was told that it was impossible

for him to get work because he himself was not on relief. He was told he could not work in his father's place. I recall going to the engineer or some official appointed by the federal authorities, but he could do nothing about the matter. I went to the M.L.A. for the constituency, but he could do nothing about the matter, and what finally happened I do not know to this day. It does seem to me that there should be some method of making adjustments in these agreements, that the agreements themselves should be elastic enough to permit of slight adjustments being made. What are the possibilities along that line?

Mr. ROGERS: I can only say that in the agreement with Alberta covering joint works provision was made that fifty per cent should be taken from the relief rolls or from those who were in necessitous circumstances. There was provision for those who were unemployed but who were not on relief. As a matter of fact, that agreement with Alberta was not carried out in its strict terms. I do not know if that is what my hon. friend has in mind. At all events the administration of it has to be left to the provincial authorities subject to the approval of a dominion representative or a dominion inspector, as the case might be. There is a certain amount of latitude with respect to the employment clause, as I have indicated; but my hon. friend will also realize that much may be said in the direction of making the terms of the agreement strict, in order to prevent the possibility of abuse. If you make the agreement too loose, obviously it is open to abuse.

I might point out, Mr. Chairman, that actually we are dealing with a special item in the supplementary estimates respecting relief agreements with the provincial governments, and not with the item in the main estimates for relief. I do not want to press that point too strongly except that I should like to make some progress.

Mr. PELLETIER: Is it not true that the federal government approves the various projects which the province may undertake?

Mr. ROGERS: Yes.

Mr. PELLETIER: I realize that this discussion might not come under the item before us, but the discussion has been going on for some time, and I should just like to raise this point. The federal government stipulates that a certain percentage of those employed on these projects must be relief recipients or people in necessitous circumstances. Second, the federal government must approve the project. Suppose the federal government approves a project which requires trucks for graveling a highway; how many relief recipients would have trucks? It is not logical to expect them to have trucks, and the result is that when the province makes its claim on the dominion government for payment the dominion government says: You did not employ people on relief. But it knows that it was impossible to engage people on relief because they did not have the necessary equipment. I believe that situation has arisen in several cases in Alberta, particularly in the northern part of the province, and it puts the provincial government entirely at the mercy of the federal government.

The point I should like to bring to the attention of the minister is this, that in the case of agreements of this kind being made with various provinces, I do not see any reason why some of these agreements or at least a standard agreement could not be embodied in the act authorizing the agreements, so that these things could be discussed in parliament. At the present time there is absolutely no way in which one can bring these things to the attention of the minister until the harm has been done. I suggest to him that if he would incorporate in his empowering act some standard agreement which he will put into effect with the provinces, we would then have an opportunity of knowing whether or not the thing was being properly handled from every point of view.

Item agreed to.

Special—To provide for commitments under relief settlement agreements with provincial governments, $200,000.

Mr. ROGERS: Item No. 516 was allowed to stand. I believe the hon. member for Leeds asked for some information regarding the expenditures under the relief settlement agreements of the past year. The amount in the estimates for last year was $400,000, and this year the amount is $200,000, designated as a revote. I find that the amount actually spent last year under the relief settlement agreements was $147,961.67, something under the $200,000 asked for this year.

Mr. PELLETIER: I believe that under this item we can very well discuss the question I took up a moment ago.

Mr. ROGERS: There is a more appropriate item I could mention.

Mr. PELLETIER: "To provide for commitments under relief settlement agreements with provincial governments"?

Mr. ROGERS: That does not cover works, as a matter of fact.

Mr. PELLETIER: Will the minister mention what item is appropriate?

Mr. ROGERS: Yes, I will, certainly.

Mr. BENNETT: Is item No. 517 passed?

Mr. ROGERS: It is the next item.

Mr. BENNETT: I want to ask whether any part of the money voted has been used for the purpose of paving the roads mentioned in the agreement that we have been discussing this evening, and whether or not a new agreement was made for their completion, and, if so, how much was spent under it.

The CHAIRMAN: Shall item No. 516 carry?

Item agreed to.

To provide for commitments and completion of works in connection with federal contributions to provincial and municipal relief projects, $1,075,000.

Mr. BENNETT: Has the minister the agreement here, the new agreement?

Mr. ROGERS: Under the 1937 act?

Mr. BENNETT: No; I am referring to 1936. What was done with respect to these highways that were mentioned to-night? When was the first action taken in connection with them? The papers will show at whose request, but that is not the matter at issue just now.

Mr. ROGERS: Does my right hon. friend mean the highways which were included in the agreement under discussion here this evening?

Mr. BENNETT: Yes. It will be observed that the appropriation terminated in March, 1936. I want to know what was done in 1936 with respect to these highways, and what has been done with respect to them up to date. The papers brought down in sessional paper 107 in answer to a motion by the hon. member for Broadview indicate some of the actions, but I want to see what additional ones there were.

Mr. ROGERS: In the 1936 agreement:

	Manitoba Dominion contribution authorized	Dominion payment
Morden-Piney highway	$161,044 53	$159,142 56
Russell to Brandon—Clear Lake highway	116,739 32	112,797 67
Roblin to Duck Mountain and Benito	$37,305 50	$37,108 76
Dauphin to Fork river and Winnipegosis	27,819 27	27,721 81
Bridges over Assiniboine—Headingly village, Winnipeg and St. James, city of Portage la Prairie, town of Virden (Sproats bridge), Swan River, near Lens, and Pine River near Camperville	10,195 00	9,695 00
Crystal City to international boundary	1,906 46	1,906 46
Total	$355,010 08	$348,372 26

Mr. BENNETT: On what dates?

Mr. ROGERS: During the currency of the agreement, projects under the said agreement which were uncompleted as of March 31, 1936, and extended under agreement dated July 24, 1936.

Mr. BENNETT: That is up to March 31 in which year?

Mr. ROGERS: That would be up to March 31, 1937.

Mr. BENNETT: The expenditures made from October, 1935, to March 31, 1936, on these projects are the ones that I want.

Mr. ROGERS: I misunderstood my right hon. friend. I thought he wished to have the expenditures in subsequent years on these highways.

Mr. BENNETT: No; I want to see what expenditures were made after the present administration came into power up to March 31, 1936, and then up to 1937, because there is a revote of $1,075,000 with respect to the federal share of works to be completed, and I want to see whether in respect of these Manitoba projects we were discussing, the government went on with the work, and what they paid, and when.

Mr. ROGERS: Under the original agreement dated September 20, and up to March 31 of that fiscal year, for the town of Russell to Brandon—Clear Lake highway the amount authorized was $380,000 and the amount spent $8,925.96.

Mr. BENNETT: No; the total amount authorized. That was the estimated cost of construction. So far as that agreement was concerned, it terminated on March 31, 1936.

Mr. ROGERS: I am giving the amount spent in that period.

Mr. BENNETT: There was no estimate of the amount that would be spent in that

time; that was the cost of the project. But that appropriation expired on March 31, 1936.

Mr. ROGERS: Quite, and I am giving the amount actually spent in that period—the two amounts.

Mr. BENNETT: No. One is the estimated cost of the project.

Mr. ROGERS: Well, the dominion actually spent $8,925.96 on the first road which I gave. Also:

	Manitoba Dominion contribution authorized	Dominion payment
Town of Morden to Winnipeg-Piney highway and Sprague village	$575,000 00	$9,037 73
St. Boniface to international boundary and village of Piney	250,000 00	54,542 74
Roblin to Duck Mountain and Benito	55,000 00	17,694 52

Mr. BENNETT: It is not actually the amount authorized.

Mr. ROGERS: I am simply reading from the memo I have here.

Mr. BENNETT: I say that is an inaccurate statement. That was the estimated dominion portion of the expenditure.

Mr. ROGERS: Yes, depending of course on how much work was done.

Mr. BENNETT: Yes, but it was not authorized.

Mr. ROGERS: If the work had been completed—

Mr. BENNETT: It could not have been completed by March 31.

Mr. ROGERS: But we were obligated up to the amount I have mentioned here.

Mr. BENNETT: No. The total amount is not to exceed that much money.

Mr. ROGERS: We were committed up to that amount if it had been spent. Those are the terms of the agreement. It was so reported.

Mr. BENNETT: No. I have read the agreement.

Mr. ROGERS:

	Manitoba Dominion contribution authorized	Dominion payment
Dauphin to Fork river and Winnipegosis	$37,500 00	$10,055 73
Crystal city to international boundary line	20,000 00	20,000 00
Bridge over Assiniboine river—Headingly village	15,000 00	14,972 42
Bridge over Assiniboine river—between Winnipeg and St. James	75,000 00	69,305 29
Bridge over Assiniboine river—city of Portage la Prairie	40,000 00	38,946 34
Bridge over Assiniboine river—town of Virden (Sproats bridge)	11,100 00	10,954 71
Bridge over Assiniboine river—		
Swan River near Lens	15,000 00	12,703 15
Pine River near Camperville	3,900 00	3,602 57
Total	$1,477,500 00	$270,741 16

Mr. BENNETT: The return says, column 2, "total estimated cost." That is the way it is put. The question I wish to ask under this item is this: Were any of the undertakings authorized in the agreement which was brought down not proceeded with? If so, why? That is the red ink modification, and that is what I want to bring out. The record would seem to indicate that they were all proceeded with, except two, and with respect to them there is an order in council of February 12, and one of February 19, 1936, which modified them.

Mr. ROGERS: I will look up the orders in council. According to the two columns I have here, all projects were proceeded with.

Mr. BENNETT: That is so, except that there seems to have been a slight amendment.

Mr. ROGERS: In February.

Mr. BENNETT: I take it that that is what the red ink explanation means—on February 12, 1936, and on February 19, 1936. Therefore all projects were proceeded with except for a slight modification with respect to two or three of them.

Mr. ROGERS: That would be correct.

Mr. BENNETT: When were the projects finally completed, if they were?

Mr. ROGERS: They have not all been completed yet.

Mr. BENNETT: That is what I thought.

Mr. JOHNSTON (Bow River): I have here a letter from the city of Drumheller in regard to which I wrote the minister. I do not believe he has had time to reply. I might mention the subject matter. They say that for several months relief recipients have not been able to obtain clothing from Edmonton because all applications are returned to the relief office there pending dominion instructions. Is that correct?

Mr. ROGERS: We have nothing to do directly with the distribution of clothing in connection with relief.

Mr. JOHNSTON (Bow River): They state they are awaiting instructions from the dominion, and I was asked to ascertain the facts. The complaint is made that these miners who are about to work and who have been on relief for some time are being notified that when they start working the dominion is going to withhold a certain amount for any relief they might receive in the future, less clothing and so on. Is that true?

Mr. ROGERS: I am informed that this is entirely a provincial regulation. The hon. member is right when he says that I have not seen his letter. I shall be glad to secure the information and forward it to him.

Mr. JOHNSTON (Bow River): They state further that the federal government is demanding from the province an eleven per cent reduction in the drought area.

Mr. ROGERS: That does not come under this item at all. As a matter of fact, the Department of Labour has no connection at the present time with administration of relief in the drought area. That is under Agriculture.

Mr. JOHNSTON (Bow River): Under which item?

Mr. ROGERS: It will be in the Department of Agriculture.

Mr. GREEN: When this item was up for consideration before the house adjourned the night before last, I asked the minister what public works were being undertaken in British Columbia in which this government was interested and on which work might be available for the unemployed who are sitting in the Vancouver post office and art gallery. I understood him to say that the two main projects were the Big Bend highway and the new highway from the United States boundary to New Westminster, and he also said that these men, along with certain other classes of unemployed, would be eligible for that work. Last week I understood him to say that summer training in the special forestry camps could be undertaken by the younger men among these unemployed. He said at that time that the forestry camps had not yet been opened, but I notice from the Vancouver press that the first training camps were opened about ten days ago. As for the transients who do not belong to British Columbia, I believe the government's attitude is that they must go back to their own provinces if they wish to get assistance at all. Has any move been made to offer these men work or to offer those who are eligible training in the forestry camps, or has any promise been made that there will be work or training for at least some of them? This is of great importance, and it might help to solve the difficulty if an offer or a promise of that kind were made. Has the government made any move in that direction?

Mr. ROGERS: I answered my hon. friend the other day with regard to the chief works that were in prospect in British Columbia. As he has said, one of these projects was the Big Bend highway, and the other is the new highway to be constructed from the international boundary to New Westminster. There are other works in addition to that—harbour works and public works of various kinds, as well as work which is now under way in connection with the expansion of national defences in that area. Those who are single and unemployed, presently in Vancouver, and who are at the same time resident in British Columbia, would be on the same footing as others who are single and unemployed and resident in that province, so far as employment in these works is concerned. I told my hon. friend that the other day, and I cannot go beyond that at the present time.

Mr. GREEN: But the government has in Vancouver a special representative, a Mr. Humphrey Mitchell, who has been there for weeks. Has any offer been made to these men that they may go on this work, or has any promise been made that within the next week or two they will be able to do so? May I have an answer to that question?

Mr. ROGERS: I believe a statement was issued by the minister of labour of British Columbia with respect to employment on

these projects when they were commenced. So far as federal government work in British Columbia is concerned, the work is conducted of course by the department concerned and is subject to the general clause with respect to preference in employment governing returned soldiers, married men on relief and single unemployed, and any work of that kind will be done subject to that clause.

Mr. GREEN: I have spoken about the seriousness of the situation on two or three occasions, and I hesitate very much to place it before the house again, but I believe that the government and perhaps most members in this house do not realize how serious the situation is. For four weeks to-morrow there have been hundreds of men sitting in the Vancouver post office and art gallery. It is what might be called a sit-down strike.

Mr. GOLDING: We have been told that a dozen times.

Mr. GREEN: And you will be told it again. The government is apparently carrying on a sit-down strike here. The net result is that Vancouver is being subjected to the most adverse kind of publicity possible. It is seriously affecting the tourist business, which means a great deal to the city. It is absolutely unfair to the citizens because they have to support the men, and there are threats of riots, there is always the fear of riots. In short, it is creating in the third city of Canada a spirit of hopelessness and the belief that there will be no action or leadership on the part of the government.

These men were cared for all winter by the dominion and the provincial governments in the regular forestry camps. They were let out, I believe, not all at once; the dismissals were staggered, which was a very good thing. But it was known, we warned the government weeks ago, that many men were losing their work in the logging camps of British Columbia and that it would be impossible to place these men in the logging camps as was done last summer. It was known that their funds would soon run out, that they would all congregate in Vancouver and that there was bound to be trouble. Yet nothing has been done; everyone is "just sitting." That situation is absolutely unfair to the people of Vancouver. Some action should be taken by the government without further delay. There is no excuse for this gap. The men were all out of the camps by the end of April, and yet the public works program does not start until July. There is a responsibility resting directly on this government; and all the more because its own commission, the Purvis commission, found that these men were the charge of the federal government, recommended that all employables should be the charge of the federal government. Yet nothing is done.

Mr. ROGERS: If I might correct my hon. friend, if he will examine the text of the report he will find that is not quite what the commission recommended.

Mr. GREEN: Well, it went about that far. The problem of the transient is the crux of the whole unemployment problem. How this or any federal government can say that transients coming from the prairies or Ontario or Quebec to British Columbia are the charge of the British Columbia government or of the people of Vancouver is beyond me. This unemployment is a national emergency. It is the problem of the national government. We have here another example of the spinelessness of this government; another case of "wait and see," just drifting along. Something should be done by the government about these men in the post office and the art gallery in Vancouver without further delay.

Mr. MacNEIL: The Vancouver rotary club was recently addressed by the secretary of the chamber of commerce of Hongkong. He recited some of the horrors he had witnessed in China. Then he concluded his statement, according to the press reports, by saying he was reluctant to make any appeal for funds in Vancouver, because on entering the post office he had found that Canada had a refugee problem of her own, and he saw people camped on the floor of this public building under conditions which, considering the difference in the standard of living, were worse than those in the refugee camps in China.

The minister has said that if these men disperse, they will have advantages equal to those of other unemployed in other parts of British Columbia and the dominion. I am receiving reliable information that the training courses in forestry and placer mining now being opened are not available to these men; the quota has now been filled. Furthermore, I am reliably advised that these men are now barred from any work that may arise, by reason of their connection with this affair. And that action has been condoned by the representative of the federal Department of Labour in Vancouver. These men are being blacklisted and outlawed. I suggest to the minister that not only has this demonstration on the part of the men revealed a problem which he has not lifted a finger to deal with, but he has actually condoned through his representative a procedure which outlaws these men and is likely to be provocative of serious

disorder. The action of the minister or his representative must be explained. The minister's representative in Vancouver is responsible in large measure for provoking and continuing this extremely embarrassing situation.

Mr. ROGERS: Let me answer that at once. It is certainly not true that the representative of the Department of Labour of this government has had any authority, or to my knowledge has exercised any authority, such as that stated by my hon. friend. I indicated very clearly in my last telegram to Mr. Matts and the unemployed committee that so far as youth training projects or federal public works are concerned, these men on going to their own homes or their province of origin would be upon the same footing as others in a similar position; in other words, that they were not to be disqualified for such employment as is available. I have not altered that, it certainly applies to federal works, and so far as I am aware there has been no restriction as far as joint works are concerned. Of course, on joint works we can control employment only up to fifty per cent.

Mr. MacNEIL: Is there any truth in the statement that the department's representative, Mr. Mitchell I understand, in association with other officials in touch with the problem, has said that these men will not now get any work that is open; that he in conjunction with other officials has determined that.

Mr. ROGERS: If my hon. friend will be good enough to give me the authority for his statement, I shall look into it. I should be glad to receive it privately.

Mr. BENNETT: At relief camp No. 1, Vancouver post office, I am informed in a letter I received that the blankets and old coats and newspapers make such a stench in that building that it is no longer used as a public post office by those who have business to transact; that it is offensive to people to go there. I remember distinctly members of the present government when in opposition made very strong claims about sanitary conditions in relief camps, and we had officers of the Department of National Health take great care with respect to that. This relief camp No. 1 in Vancouver would seem to be in rather bad condition.

Mr. PELLETIER: Are there any sums outstanding owing to Alberta which are being withheld by reason of some dispute as to whether the agreements have been lived up to either by the province or the federal government?

[Mr. MacNeil.]

Mr. ROGERS: There was a matter in dispute between the dominion and Alberta which is now in the course of adjustment. Actually there was an overpayment to Alberta, and refund is being made accordingly.

Mr. PELLETIER: How long have negotiations been going on between the dominion government and Alberta for the payment of that sum?

Mr. ROGERS: For something over a year I should say.

Mr. PELLETIER: What is the condition which allegedly has been violated by Alberta, causing the present government to withhold those sums?

Mr. ROGERS: My hon. friend is not stating the position quite correctly. It is rather a case of Alberta having recognized that they were under obligation to make a refund. The particular clause of the agreement that was not carried out by the province related to the fifty per cent relief quota.

Progress reported.

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

Friday, June 17, 1938

The house met at three o'clock

TARIFF BOARD

INQUIRY AS TO TABLING OF REPORTS ON REFERENCES FROM THE MINISTER OF FINANCE

On the orders of the day:

Mr. J. H. HARRIS (Danforth): I wish to ask a question of the Minister of Finance (Mr. Dunning). I apologize for not sending it to him in advance, but it is a simple one. When will the tariff board reports be tabled, if they are to be tabled; and if so, on what subjects referred to the board? Perhaps the minister would rather not answer to-day, the next sitting will do.

Mr. DUNNING: I shall look into the matter and advise my hon. friend.

PRIVILEGE—MR. McNIVEN

REFERENCES BY MR. BENNETT TO STATEMENTS REPORTED TO HAVE BEEN MADE IN SASKATCHEWAN ELECTION

On the orders of the day:

Mr. D. A. McNIVEN (Regina City): On a question of privilege, Mr. Speaker, on my return to the city early last week I was twitted by a number of hon. members with

regard to certain things I am alleged to have said during the progress of the Saskatchewan election. Although I searched diligently for it, I could not until Wednesday afternoon locate in Hansard what the right hon. leader of the opposition (Mr. Bennett) had charged me with saying. I would have brought it to your attention yesterday, but out of deference to the Minister of Finance (Mr. Dunning) who was presenting his budget I deferred doing so until to-day.

I find on reference to Hansard of June 7 last at page 3619 the following:

Mr. Chevrier: I am sure your government would satisfy the hungry people.

Mr. Bennett: Do not let us talk about hunger. Just think of it! One hon. member, not here, saying that if you be hungry in Saskatchewan do not think of voting for this government. Do not think of voting for this government. If you be hungry think what will happen if you do not vote for the Patterson government. That is what the hon. member for Regina (Mr. McNiven) has been stating to the people of this country, according to the public press.

I want to assure you, Mr. Speaker, and other hon. members, that I never said anything, either directly or indirectly, which by any stretch of imagination could be so construed. What is more, I have diligently searched the Regina press, and I cannot find any reference therein that could be so construed.

Again on June 9, as reported in Hansard on page 3700, I find these statements in an address by the right hon. leader of the opposition:

And we have those who are responsible for providing the relief telling them that if they do not vote Liberal they will be hungry.

As a result of that statement the right hon. Prime Minister (Mr. Mackenzie King) asked the leader of the opposition this question:

Will the right hon. leader of the opposition give the committee the name of a single individual who stated to any one that unless he voted in a certain way he would go hungry?

Mr. Bennett: The hon. member for Regina City is reported in the press to have said that the reason why the electors of Saskatchewan should return Liberal candidates in that province in yesterday's election was that they had obtained more money than they would have obtained if there had not been a Liberal government there and a Liberal government here.

Once again, Mr. Speaker, I deny absolutely that I made any suggestion that any money had been obtained by the people of Saskatchewan, either through the provincial or through the dominion government, other than that which was necessary by reason of the disaster which had befallen that province.

Right Hon. R. B. BENNETT (Leader of the Opposition): I was not in my place when this matter was first raised. Had I known that it was to be raised I should have brought the papers with me to which the references were made. If letters from various citizens of Saskatchewan have any merit I shall be glad, when the appropriate time comes, to read them into the record.

Mr. MACKENZIE (Vancouver): He has denied the whole thing.

Mr. BENNETT: Yes, and I say I shall produce the press reports and letters.

FARMERS' CREDITORS ARRANGEMENT ACT

BOARDS OF REVIEW, TIME LIMIT FOR FILING PROPOSALS, ETC.—NON-CONCURRENCE IN SENATE AMENDMENT

Hon. CHARLES A. DUNNING (Minister of Finance) moved:

That a message be sent to the Senate acquainting their honours that this house disagrees to their amendments to Bill No. 25, an act to amend the Farmers' Creditors Arrangement Act, 1934, for the following reason:

Because the adoption of the said amendments would impose hardship in certain provinces.

And that the clerk do carry the said message to the Senate.

Mr. BENNETT: Does that apply to all the amendments?

Mr. DUNNING: No, I will explain. The amendment to which exception is taken is an amendment to the last section of the bill as it left this house, section 8, an amendment which provided as follows:

On and after a date to be fixed by proclamation of the governor in council, no new proposal shall be made or filed by any farmer or accepted by any official receiver in any province in respect of which the said proclamation is issued.

That was as the bill left this house. But coming back from the senate a new section 9 is added which provides to the following effect:

The said act is further amended by adding to section eleven, as subsection three, the following:

No proposal shall be received in any province later than the thirty-first day of December, 1938, except in the provinces of Saskatchewan and Alberta.

That, Mr. Speaker, is the senate amendment. The effect of it, of course, is to end the operation of the Farmers' Creditors Arrangement Act at the end of this year in all provinces except Saskatchewan and Alberta.

The view of the government is that it is not at all certain at this time that in all the other provinces the Farmers' Creditors

Arrangement Act should go out of business, so far as new applications are concerned, on the 31st of December of this year. The government, and I as Minister of Finance, have received representations from people in some of the other provinces that this would be unduly arbitrary so far as they are concerned, and I think that may be said particularly in respect of Manitoba. The discussion of this motion might serve to reveal the views of representatives of other provinces concerned, as to the desirability of arbitrarily terminating the operation of the Farmers' Creditors Arrangement Act at the end of the year in all provinces except Saskatchewan and Alberta. The view of the government is that we should disagree with the amendment.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I suggest that the motion that has just been placed in your hands should be amended so as to make it clear that this house disagrees with their honours with respect to the amendment they have made to section 11.

Mr. DUNNING: That is, the new subsection.

Mr. BENNETT: Yes. The senate have added as subsection 3 of section 11 the following:

No proposal shall be received in any province later than the thirty-first day of December, 1938, except in the provinces of Saskatchewan and Alberta.

We do not, I understand, disagree with the whole of their amendments, and as the motion of the minister reads, it would be an erroneous statement of the position of this house.

Mr. DUNNING: Yes.

Mr. BENNETT: So far as this particular amendment is concerned, it is a question purely for the government. They have indicated that they propose to deal with it by order in council, and the senate has dealt with it by fixing an arbitrary date in all the provinces but two. It is probable, as the minister has said, that the executive would be better able to exercise the discretion than would this parliament with respect to any particular province, and I would concur in the message to their honours if the motion be amended so as to make it clear that it applies only to section 9 of the bill.

Mr. DUNNING: I shall be glad to amend the resolution accordingly, if the clerk will put it in shape to apply only to the new section 9 that has been added by the senate. I should like, however, an expression of view from hon. members from other provinces who may take exception to this senate amendment.

[Mr. Dunning.]

Mr. THOMAS REID (New Westminster): Mr. Speaker, I am pleased indeed that the Minister of Finance (Mr. Dunning) has indicated that the government intends to oppose the amendment made to this bill by the senate. So far as I know, no representations have been made on behalf of anyone in the province of British Columbia that the operation of the Farmers' Creditors Arrangement Act should cease in that province at the end of this year. I was surprised that the amendment should have been moved by someone who had no interest whatever in British Columbia and had received no representations from that province, when the effect of the amendment is to leave British Columbia outside the operation of the act after the end of this year. The amendment would certainly work a great hardship not only on certain farmers but particularly on the soldier settlers, who we were told this year, would have the opportunity of going before the board under this act with a view to receiving an adjustment. I protest against the senate amendment, and I am glad that the minister has moved non-concurrence.

Mr. W. R. MACDONALD (Brantford City): Mr. Speaker, from statements made in this house and representations made from various parts of Ontario I believe it would meet with the approval of the province of Ontario if the act were discontinued so far as Ontario is concerned. Quite a number of members from Ontario spoke on this bill when it was before the house, and almost all of them, if not all, were in favour of having the act discontinued in respect to Ontario.

It occurred to me that instead of sending the message to the senate in the form suggested it might be possible to change the wording of the bill—I am making not a motion but merely a suggestion—to make it read that no new proposals shall be received in the province of Ontario after the 31st of December, 1938.

Mr. J. A. GLEN (Marquette): Mr. Speaker, I agree with what the Minister of Finance (Mr. Dunning) has said, that this house should refuse to accept the amendment made by the senate. I know there are arguments pro and con respecting the continued operation of this legislation in Manitoba, but there has been no crystallized opinion in that province against the continuance of the act, and now that the question is before the house I submit that Manitoba itself should have the right to say whether the legislation should be dropped so far as that province is concerned. I am quite sure I speak for many in Manitoba when I say that

the Manitoba legislature is the proper authority to cancel the operation of the act, and until that has been done I entirely agree with the Minister of Finance.

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, while I heartily endorse the action taken by the Minister of Finance in rejecting the amendment made by the senate, I would call attention to a phase that has not been mentioned by previous speakers. At page 2710 of Hansard of May 9, when the minister was putting through this bill, I called his attention to the fact that—

—the opportunities of this act were largely relied upon by the Minister of Mines and Resources (Mr. Crerar) when he was putting through the amendment to the Soldier Settlement Act.

We asked him again and again what the soldier settler was going to do without an extension of the dollar for dollar bonus provision that we were asking for, and he replied that they could get relief under the Farmers' Creditors Arrangement Act. I called the attention of the Minister of Finance to that and asked him to give his assurance that he would look into it before he made any decision, at least as regards British Columbia, and he did give that assurance. I may say I heard no suggestion that it should be done away with in British Columbia, and certainly, if it is done away with, one would expect in all good faith that the Minister of Mines and Resources (Mr. Crerar) would introduce amendments to the Soldier Settlement Act giving us an extension on the dollar for dollar bonus.

Mr. H. J. BARBER (Fraser Valley): I understood that for some time the British Columbia government has been opposed to this legislation, and no doubt any information which the other house acted upon came from that source. Without doubt there have been complaints. At the same time I think we agree that this legislation has done a lot of good, in relieving many of the farmers in our province. However it cannot continue very much longer, and the Minister of Finance (Mr. Dunning) has been wise in proceeding as he has, and in providing that it shall be left to the governor in council, who would be in a better position than this house to ascertain at what period the legislation should be withdrawn from British Columbia or any other province.

Mr. T. A. THOMPSON (Lanark): I heartily agree with the hon. member for Brantford City (Mr. Macdonald) that so far as Ontario is concerned we should like to see the act discontinued. I was in the house when this act passed, and we were assured it was to be a temporary measure, to give temporary relief to people who had purchased land in war time, when prices were very high, and had borrowed money at a high rate. They have now had four years to make these adjustments, and I should like to see this act wiped off the statute books. Any statute which interferes with a legitimate contract is dangerous legislation, and this act has interfered with legitimate contracts between borrowers and lenders. The government may have had some justification for entering upon this course four years ago, when farmers were paying high rates of interest and when it was thought desirable to adjust some sales of land which had been made at exorbitant prices. But they have had time to make these adjustments. I think the act has fulfilled its usefulness and should be discontinued.

Hon. H. A. STEWART (Leeds): This gives me an opportunity to repeat what I have said on former occasions in connection with this act. As has been stated by the hon. member for Lanark (Mr. Thompson), it was intended to be a temporary measure. Moreover the act has application only to debts contracted before it was passed, which was in the year 1935; so that any debt contracted by a farmer since 1935 does not come under its provisions. Surely three years is a sufficient time within which debts contracted prior to 1935 could be brought to an adjustment under the provisions of this act. I believe that most of the farmers who can come under the act with respect to debts prior to 1935 have done so; at least they have had their opportunity, and if notice is now published and given to them that the end of 1938 will be the limit of the act, they will have had ample time to come in.

I regard it as in the public interest that the act should be terminated, and I think it ought to be definitely known when it will be terminated. Let us remove the uncertainty about it. I do not care to speak for any province other than my own, but in Ontario the sentiment is overwhelmingly in favour of immediate termination. I had hoped that the minister would end it by the first of July, but of course that cannot be done, under the provisions of this measure, until it passes. I still hope that he will take the very first opportunity to proclaim the termination of the act in its application to the province of Ontario.

Mr. T. F. DONNELLY (Wood Mountain): With reference to what the last two speakers have said, I am glad indeed to know that

the act so far as the province of Saskatchewan is concerned is not to be interfered with, and I thoroughly concur in what the Senate and the House of Commons have agreed upon, namely, to leave the act, so far as Saskatchewan is concerned, still in operation. Certain portions of the province of Saskatchewan, over fifty per cent of its area, have not had a crop for nine years. How is it possible to go in there at the present time and adjust debts? The Farmers' Creditors Arrangement Act in those portions of the province has not even begun to operate. It is impossible to value land which has had no crop for nine years. No one can say what it is worth. Only after we have some crops—and we hope we shall have crops from now on—will it be possible to put the act in operation. So we are glad that the act is to remain operative so far as Saskatchewan is concerned.

Motion as amended agreed to.

NORTHWEST TERRITORIES ACT

AMENDMENT RESPECTING SHIPMENT OR TAKING OUT OF FURS WITHOUT PROPER AUTHORITY—CONCURRENCE IN SENATE AMENDMENTS

Hon. T. A. CRERAR (Minister of Mines and Resources) moved the second reading of and concurrence in amendments made by the senate to Bill No. 110, to amend the Northwest Territories Act.

Right Hon. R. B. BENNETT (Leader of the Opposition): This is really the preparation and submission to this house of an entirely new bill. It cannot in any sense be said to be a mere amendment. It proceeds on an entirely different theory from the legislation submitted to us in Bill No. 110. The bill contemplated the issue by the exchequer court of what is known technically as a writ of assistance. The senate has seen fit to draft a new bill, which provides that the Secretary of State may issue a certificate which has all the effects of a writ of assistance and is issued under the seal of the Secretary of State. After a cursory examination of it but taking some degree of care it would seem to me that from the standpoint of efficiency and effectiveness the senate's suggestion is probably a better one than ours. In every case it was contemplated to attend on the exchequer court and secure a writ of assistance. The Minister of Justice (Mr. Lapointe) knows that a writ of assistance is something which is easily obtained but sometimes may be readily abused, and this gives the government complete control of the situation by the grant of a certificate the form of which is set out in the new statute, which contemplates that the certificate shall be issued only to some person in the public service of Canada and at the instance of His Majesty's Attorney General of Canada. To ask that we concur in the amendments means that we concur in an entirely new bill, with which I am not in disagreement at all, though I think it fair to point out that it is an entire departure from that which we commenced with when we considered Bill No. 110.

Right Hon. ERNEST LAPOINTE (Minister of Justice): The right hon. gentleman is quite right. This is entirely different from what has been proposed in the bill introduced by the Minister of Mines and Resources (Mr. Crerar), and it is also rather a change from what is usually done under similar circumstances. But we have carefully considered the change made by the senate amendment. Neither the officers of the Department of Justice nor those of the Department of the Secretary of State have any objection to the change, radical as it is, and under the circumstances I am quite willing, so far as I am concerned, to accept it, and concur in the amendment.

Mr. BENNETT: It is the substitution of a new bill.

Mr. LAPOINTE (Quebec East): Absolutely.

Motion agreed to; amendments read the second time and concurred in.

PELAGIC SEALING

PROVISION FOR SANCTIONS FOR VIOLATIONS OF NORTH PACIFIC SEALING CONVENTION—CONCURRENCE IN SENATE AMENDMENTS

Hon. J. E. MICHAUD (Minister of Fisheries) moved the second reading of and concurrence in amendments made by the senate to Bill No. 98, respecting the North Pacific Pelagic Sealing convention.

Mr. A. W. NEILL (Comox-Alberni): There are quite a number of amendments, but for the most part they consist in the striking out of certain sections of the bill, which brought in certain sections of the Customs and Fisheries Protection Act, bringing pelagic sealing under those sections. The senate has struck out those sections and substituted a sort of summary of them, and I should like to call attention to what is now proposed. I know that they have only followed the wording of the Customs and Fisheries Protection Act,

but the fact that something is old does not necessarily mean that it is right, and if we never did correct anything on the ground that it was long established we would not make much progress. At page 456 of Votes and Proceedings the proposed amendment to subsection 2, of section 1 reads:

If the master or person in command of any such ship, vessel or boat does not, upon any examination under oath by any officer or person under the authority of this act touching the cargo, equipment and voyage of such ship, vessel or boat—

That is, any boat that has been boarded by the officials.

—truly answer all questions put to him in such examination, he shall incur a fine of $400.

I would point out first of all that the men concerned, who will be accused in these cases, will almost inevitably be Indians, because the bill is dealing with Indians who shoot or kill seals illegally. If they took ten seals in one day, which would be phenomenal, the total value would not exceed thirty or forty dollars; and for an offence involving the illegal shooting of forty dollars' worth of seals, these Indians will be liable to a fine of $400—that is, if they do not truly answer all questions under oath. Now, there is a criminal code in Canada and that code provides a certain penalty for perjury. That offence is dealt with by itself in the code and it is severe, and I cannot see why it is necessary to introduce into this act a part of the criminal code, setting it up independently of the code and putting it into operation.

Next it is proposed to insert the following as a new subsection (3) of section 11:

(3) Every person opposing any officer or person in the execution of his duty under this act or aiding or abetting any other person in such opposition is guilty of an indictable offence and liable to a fine of $800 and to two years' imprisonment.

Section 4 of the bill as we passed it provided that under the circumstances here indicated the person contravening the regulation should be guilty of an offence against the act; and in section 11, as the bill passed this house, it was provided that every person guilty of an offence against the act or of a contravention of any regulation should be liable to a fine not exceeding $500 or to imprisonment for a term not exceeding six months; and that was upon summary conviction. It seems to me that what we provided in the bill originally was quite sufficient considering the essentially small value of the goods involved; but the other legislative body has taken the matter out of the category of summary convictions and made it an indictable offence, imposing the enormous penalty of $800 and two years' imprisonment. That, I submit, is unjust. It is unfair to impose such a heavy penalty for an offence involving so small a matter as thirty dollars' worth of skins. Surely the provision in the bill as we passed it, making the offence subject to summary conviction, was the most workable one in these outlying places. Now, however, it is proposed to make the offence indictable, and the penalty as severe as I have indicated. I submit that the Minister of Justice (Mr. Lapointe) might consider the wisdom of objecting to that amendment on the ground that it is unnecessarily severe.

Right Hon. R. B. BENNETT (Leader of the Opposition): There is only one section to which I should like to direct the attention of the Minister of Justice (Mr. Lapointe) and that is the new section 13 which provides that the statutory limitations shall be three years. I submit that, having regard to the character of this legislation, twelve months would be ample time within which to institute proceedings. When we are dealing with a floating population, to have these matters stand over for as long as three years is sometimes, in my opinion, to do nothing but encourage what I once heard a learned judge describe as a species of blackmail, and I think three years may be a little long.

Mr. LAPOINTE (Quebec East): Is that a provision added by the senate?

Mr. BENNETT: Yes. It reads:

All actions for the recovery or enforcement of penalties or forfeitures imposed by this act shall be commenced within three years after the offence committed.

I submit that one year is ample, but I merely express that view to the minister. So far as the other sections are concerned, there is no doubt that what the senate has done is to endeavour to make this a code within itself, by adding thereto, instead of leaving to inference, the provisions of a statute, namely, that dealing with violations of the customs act; and notwithstanding what my hon. friend from Comox-Alberni (Mr. Neill) has said, I always think it is desirable to have within the four corners of a statute itself all provisions that have to do with the institution of proceedings and the recovery of penalties rather than leave them open to uncertainty and doubt. I am inclined to think

that the amendments made by the senate are an improvement in the legislation, but owing to the discussion that took place when the matter was before this chamber, and the indication by the minister that he wanted the matter treated in the way in which it was, we made the provisions of the Customs and Fisheries Protection Act applicable without specifically indicating, as the senate has now done, the sections in question.

I am at variance with the hon. member for Comox-Alberni as to the severity of the penalty in connection with interference with officers in the discharge of their duties. I suppose the hon. gentleman would expect me to differ from him anyway, but it is one of the general principles of our jurisprudence that we cannot afford too great protection to those into whose hands we entrust the enforcement of laws in view of the fact that very often they risk their lives in carrying them out. I have a consistent record of endeavouring to ensure that, and therefore I must be at variance with my hon. friend and favour the amendments made by the senate.

Mr. MICHAUD: The leader of the opposition (Mr. Bennett) is right in stating that what the senate did in this bill was to include the provisions that were there before only by inference. Section 3 of the bill as it left this house read:

> Section five and all of the following sections, except sections ten and twenty-nine, of the Customs and Fisheries Protection Act, chapter forty-three of the Revised Statutes of Canada, 1927, shall be deemed to apply, in so far as applicable, for all the purposes of this act, and shall have effect as if enacted herein.

The provisions of section 3 of the Customs and Fisheries Protection Act, and other sections referred to herein, have been included and have been made specifically part of this act. I believe this tends to make for greater clarity in administration, and especially is it better in view of the fact that the act is to be distributed in other countries.

Mr. BENNETT: That is the point.

Mr. MICHAUD: Regarding the undue severity of the penalty, may I say that the senate committee has not informed us of its reasons for maintaining them as they were; but inasmuch as there is no actual change from what was enacted in this chamber, we have been disposed to approve of and to accept the suggestions of the senate.

Motion agreed to; amendments read the second time and concurred in.

[Mr. Bennett.]

NATIONAL HOUSING ACT

MEASURE TO ASSIST THE CONSTRUCTION OF HOUSES—PROVISIONS WITH RESPECT TO LOW RENTAL HOUSES AND MUNICIPAL TAXES

The house resumed from Monday, June 13, consideration in committee of Bill No. 145, to assist the construction of houses—Mr. Dunning—Mr. Sanderson in the chair.

The CHAIRMAN: As I recollect it, we were considering section 4, subsection 2 (b).

On section 4—Advances.

Mr. BENNETT: Section 4 was permitted to stand for the purpose of enabling the minister to deal with paragraph (b) of subsection 2 of section 4.

Hon. CHARLES A. DUNNING (Minister of Finance): I do not believe we had finished consideration of the section. The section had not been passed.

Mr. BENNETT: No.

The CHAIRMAN: Paragraph (a) was passed and paragraph (b) was permitted to stand.

Mr. DUNNING: I gave some consideration to the suggestion made by the leader of the opposition that the 70 per cent minimum ought to be lowered—

Mr. BENNETT: No; take it out altogether.

Mr. DUNNING: Anyway, the effect would be the same. To take it out altogether would mean that no matter what percentage a prospective home owner might have, in the form of equity, the loan would nevertheless be eligible to come under part I of the National Housing Act. Of course, as I said the other day, the purpose behind the measure is more that of helping the man with a small equity to obtain his objective of owning his own home than that of merely reducing interest rates to those who have substantial equities. I am anxious that the amount of money put into this scheme by the dominion should go as far as possible towards that line of development.

Mr. BENNETT: But in my judgment paragraph (c), which mentions 25 per cent, covers that point. It states that the sum total of the two should not exceed 25 per cent.

Mr. DUNNING: The proportion advanced by the dominion, according to paragraph (c), is not to exceed 25 per cent of the total of the whole loan.

Mr. BENNETT: No. It states:

The advance made by the minister shall not exceed 25 per centum of the total advance made jointly by the minister and the lending institution.

Mr. DUNNING: It shall not exceed more than 25 per cent of the whole amount loaned. Frankly it is my view that lending institutions would tend to put on pressure for dominion housing loans in which the prospective borrower had considerable equity, and they would tend therefore to be reluctant to act for the benefit of those with the smaller equity. That is really what I fear, put in a nutshell. If the act does what we hope it will do, it will be much more effective as it applies to persons with smaller equities. That is the class it is designed to help.

Mr. BENNETT: All right. I find it difficult to follow the theory that we should provide not less than 70 per cent. However if the minister has made up his mind that that is the action to be taken, it would merely be wasting time to talk further about it.

Mr. DUNNING: I will say that since we last considered the bill my mind has been pretty full of other matters, and I have had opportunity on only one occasion to discuss with my officials the point raised by the right hon. gentleman. It may have greater importance than I now attach to it as a result of experience thus far gained under the Dominion Housing Act. I suggest that we let paragraph (b) stand, so that I may give detailed consideration to it, because I realize it has to do with a vital feature of the legislation.

Mr. BENNETT: Yes, it has.

Paragraph (b) stands.

Paragraphs (c) and (d) agreed to.

On section 4, subsection 2, paragraph (e).

Mr. DUPUIS: I did not know this bill would be discussed this afternoon. It had been my intention to go into the matter with the Minister of Finance, because some people fear that it would affect certain parts of the civil law of the province of Quebec. For instance, paragraph (e) reads as follows:

The loan shall be for such period and upon such terms as to payment of principal, interest and taxes by monthly instalments as the minister shall determine—

And so on. I believe there are other parts of the measure to the same effect. May I point out that according to the laws of the province of Quebec as contained in the civil code and other municipal legislation, municipal taxes, school taxes and church assessments are privileged, and are paid before a first mortgage or any other imposition. In view of the wording of the section I wonder if the people in the province of Quebec are not justified in the fear that when the act says the money loaned by either the minister or a lending corporation shall be secured by a first mortgage, such mortgage will be privileged over church assessments, and municipal and school taxes. I should like to ask that some clarification of this and other sections be made, so as to allay the fears of people in my native province.

Mr. DUNNING: Paragraph (e) is worded in exactly the same way as the corresponding section of the Dominion Housing Act under which we have been operating for more than two years. I may point out at once that there is no intention, nor would it be valid if there was, to set the mortgage ahead of taxes. That could not be. The subsection merely intends, and has been so administered in the past, to enable the mortgage agreement to be dealt with by means of monthly payments. In some provinces, and in some connections, it is desirable to have the arrangement for monthly repayment of the loan also include a monthly contribution to be applied on the taxes, and so far as I can learn we have had no trouble in any province in working out that phase of it.

Mr. BENNETT: It is purely a matter of contract.

Mr. DUNNING: It is purely a matter of contract between the lender and the individual borrower, and in no case do we pretend to set this mortgage ahead of the statutory charges created by provincial legislation. I can assure my hon. friend of that without question.

Mr. DUPUIS: I thank the minister for the explanation, though some may criticize it as not being sufficient. An explanation by a minister of the crown is not enforceable as the law itself, of course, but I perused the act when I received complaints about it from those interested in church assessments. They were told that the levies made for the building of churches, for instance, would come after the first mortgage, as indicated in this act. So far as I am concerned I feel sure that the federal government in the past, no matter which party was in power, never tried to override provincial legislation, but in this case some interested parties whose opinions I respect were afraid that what is mentioned here and in similar sections might be so construed as to permit such preference.

Personally I am ready to interpret the law as drafted in the light of the explanation of the minister.

Mr. BENNETT: I realize what the hon. member has in mind. He is thinking of the decisions of the privy council that a debt due the crown has priority over other debts; and because the mortgage is given to the crown, his majesty in the right of the dominion, and the lending company, someone has been raising with the friends of the hon. gentleman the question of the priority of the crown. That question could arise only under circumstances which the minister hopes never will prevail. I may say to the hon. gentleman that the question of priority never should arise, but apparently some of his friends have construed this as giving priority to the crown as against taxes assessed for church purposes under a provincial statute. That is quite clearly what he has in mind, but I do not think this section intends in any way to deal with that. It merely makes provision for the terms of repayment. Does the minister think it advisable to cling to the monthly payment, or might there not be a discretion with respect to quarterly payments?

Mr. DUNNING: There is a discretion now.

Mr. BENNETT: Is it clear that there is? I understand from something I heard, which I questioned, that some of the loans did not provide for monthly payments. Probably that is erroneous, a misunderstanding. It was under the farm loan act that provision was made for quarterly or half-yearly payments; this act in terms provided for monthly payments. I was wondering whether it might not be desirable to provide also for quarterly payments. I do agree with the minister that in connection with this type of loan monthly payments are much to be preferred.

Mr. DUNNING: One of the most satisfactory experiences of the past two years has been the manner in which the monthly payment method has come to be accepted by the interested parties. Even the lending institutions, which, as my right hon. friend knows, were strong objectors to the monthly payment system, are now practically unanimous converts to it, particularly in the low cost housing field.

Mr. BENNETT: That is what it was done for originally.

Mr. DUNNING: Yes. The fact that the monthly payments, similar to rent, month by month are building up the equity of the owner in his own home is a good thing in practice, and I feel inclined to stick to it as a result of the experience we have had. If we once provide an alternative I am afraid there will be a constant leaning away from the sound principle, particularly in the case of wage earners, of repaying this money monthly in the same manner as they now pay rent. They have become accustomed to that in these thousands of cases, and I have not heard a complaint from any source regarding it for a number of months now.

On the other point mentioned by my hon. friend from Chambly-Rouville (Mr. Dupuis), my legal advice is that this section does not at all touch the point of setting the mortgage in these cases ahead of taxes.

Mr. DUPUIS: If the minister will allow me, it reads, "principal, interest and taxes." It does not say which has priority.

Mr. DUNNING: No.

Mr. BENNETT: That question could arise only on liquidation.

Mr. DUNNING: It could arise only on complete liquidation, of course. I would hesitate to put into the law anything providing that the crown in any sense yields in advance any rights it may ultimately have.

Mr. BENNETT: It is not necessary here.

Mr. DUNNING: It is not necessary to do so. It is necessary to give recognition in practice, as we do, to provincially-levied taxes that are within their constitutional field, and I understand that in Quebec the taxes for church assistance are just the same as any other taxes and have the same priority. Many loans have been made under this provision in the province of Quebec without any difficulty, and I am fairly sure that the apprehensions of those who communicated with my hon. friend are quite unfounded in that regard.

Mr. BENNETT: I want to make just one further observation. The minister was not in the house at the time, but when the provision for monthly payments was inserted in the previous bill the minister of finance of that time gave practically the same reasons that are now given as to why we concluded that monthly payments were the proper form of repayment. But conditions have improved a bit, and I wondered whether or not provision might be made for quarterly payments. Since the minister says that complaints in that regard have entirely disappeared, however, perhaps the proper course to pursue is to say

that the experience has been such that there is no reason why there should be a change, so we will leave it at that.

I am satisfied that my hon. friend from Chambly-Rouville has in mind that what has been said as to the priority of the crown with respect to its debts must have some relation to this section, but clearly that is not so in any shape or form. That would come about only in the event of there being a sale of the property; then the question of priority might arise, but not otherwise. Is the minister quite sure that all the loans made have provided for monthly payments?

Mr. DUNNING: Yes, absolutely; and we are in the fortunate position of having no losses to date. Those who studied the matter very closely from the standpoint of lending institutions attach a great deal of the credit for that condition to the working out of the monthly payment plan.

Mr. BENNETT: Some of the big loan companies in England which provided for monthly payments make the very same observation; they attribute their freedom from losses to the monthly payment plan.

Paragraph agreed to.

Section 4, subsection 2, paragraph (f).

Mr. BENNETT: Is that fixed by the terms of the contract? I see that it is in the old act. Should not the losses be borne in proportion to the advances made?

Mr. DUNNING: The old provision is that in the event of a loss being sustained in connection with a loan from whatever cause arising, the amount of the loss shall be allocated as follows—

Mr. BENNETT: That is the contract?

Mr. DUNNING: Yes. It reads:

(a) If at the time the loss occurs the amount owing under the mortgage or hypothec for principal, interest, taxes, costs and other charges properly due on the mortgage account, is more than the amount advanced by the company two-thirds of the loss will be borne by His Majesty the King, represented as aforesaid, and one-third by the company;

(b) If at the time the loss occurs the amount so owing under the mortgage or hypothec is less than the amount advanced by the company two-thirds of the loss will be borne by the company and one-third by His Majesty the King, represented as aforesaid.

Mr. BENNETT: Then the state of the loan is the test?

Mr. DUNNING: The state of the loan is the test, and it is a standard form of agreement. Then follows paragraph (c), which deals with what happens in the event of sale of the mortgaged premises.

Mr. DUPUIS: Paragraph (f) reads as follows:

(f) except as provided by paragraph (g) of this subsection, any loss sustained in respect of any loan shall be borne by his majesty and the lending institution or local authority. . . .

If we go back to section 2, part I, the explanatory note (f) reads:

"Local authority" means any province, municipality . . .

Mr. DUNNING: Having authority to undertake a housing scheme.

Mr. DUPUIS: Yes. I do not see anything in the act which prohibits such action, but would the bill forbid the municipality or any local authority or lending company to sell such houses at any time after they are built, provided that certain conditions proposed by the minister have been complied with? I am interested to know that, having regard to the experience I had in municipal affairs some years ago. The committee will recall that we had federal legislation under which similar associations or companies built houses in municipalities and small towns and even in cities, and it was found to be a complete failure, a complete loss to the municipality. I have in mind municipalities which lost large amounts of money, over a million dollars. I do not want to compare municipalities with governments, but sometimes we find from experience that they are worse than the government as to their capacity to administer something that private individuals could administer. With a municipality administering houses in that way, the residents of the municipality generally believe that they are not bound to pay the rent, not bound to make repairs or pay for them. Sometimes they go further than that; they do not take care of the property at all, and the municipality generally speaking is in a very bad situation. So that unless there is some measure which forces the municipality to impose its city regulations upon the tenants, I do not believe it is a good thing. That is my personal view. That is why I am in some cases in favour of selling these properties to individuals. I believe it is a good policy to give facilities to municipalities to build these low cost houses, but at the same time I believe it would be good policy to facilitate the selling of these houses to reliable persons in the municipality.

Mr. DUNNING: In this part of the act the municipality comes into the situation only if it decides to assume itself the position of a lending institution. That is, the local authority becomes the lender, and as the lender it enters into an agreement with the minister in the same manner as any private lending institution would do. Then of course the local authority becomes just the same as any other lender having to put in a great deal of its own money. No local authority has yet availed itself of that privilege, and I gave some consideration in the redrafting of the bill to the question whether it would be desirable to leave in connection with part I the right to a municipality to become itself the lending institution. I thought, having regard to all the possibilities which might arise, that it was desirable to leave it in such a position. It has never occurred yet, but I can conceive of its occurring in places where the municipality exists for one industry, and the industry might desire that the municipality should become for that municipality only a lender under the terms of part I. We do not bar that, but of course if a municipality does become a lender under the terms of part I, it must comply with all the provisions which the minister must exact from private lending institutions.

Mr. DUPUIS: I am sorry, in this discussion I was quite ahead of the clauses. What I said should apply to part III.

Paragraph agreed to.

On section 4, subsection 2, paragraph (g).

Mr. BENNETT: I find it a little difficult to understand that we would incur a liability "not exceeding $600 per habitable room" in the case of a multiple family dwelling. Under the statute "multiple family dwelling" is to be defined by order in council. That leaves a very uncertain situation to be dealt with. We can pay losses not exceeding $4,000 in the case of a single family dwelling and $600 a room for multiple family dwellings; and what is a family dwelling and a multiple family dwelling is to be settled by the governor in council under regulations, if I remember aright, provided for in section 8.

Mr. DUNNING: Yes, defined for the purpose of this part.

Mr. BENNETT: I should like a little explanation as to how these figures are arrived at. We are providing for losses; it is not a question of values. That would mean that the property they were contemplating building would be worth somewhere between $6,000 and $7,500, because it would be very bad business to contemplate a loss of as much as $4,000 in the other type of case. That is the only clause about which I have any difficulty. I quite understand the crown undertaking to assist, but we are going to assist up to a $4,000 loss.

Mr. DUNNING: No—loan, not loss.

Mr. BENNETT: Loss in respect of loan.

Mr. DUNNING: It is not loss; it is loans up to $4,000. That is where I could not follow my right hon. friend.

Mr. BENNETT: That is what I first thought, but look at it:

—the minister shall pay losses sustained by the said lending institution . . . in respect of loans, not exceeding four thousand dollars. . . .

Mr. DUNNING: It is a question of the meaning. The meaning we intend to apply is that $4,000 is the limit of the loan. It is a question of draftsmanship.

Mr. McCANN: Take out the comma after "loans."

Mr. DUNNING: I do not pretend to be a master draftsman. The legal authorities went into this very carefully. Leaving out the intervening part between "losses" in the first line on page 4 down to the word "minister" in line 7, it would read:

The minister shall pay losses . . . up to certain amounts specified in a schedule of amounts fixed by the minister, graduated downwards in accordance with the size of the loan and graduated upwards in accordance with the percentage which the loan bears to the lending value.

It is a complicated thing to try to set out, I admit.

Mr. MASSEY: If the minister will accept a suggestion, why not say in line 3, "such loans not exceeding four thousand dollars."

Mr. BENNETT: That would be in accordance with the general meaning of the section.

Mr. DUNNING: It is the loans that are not to exceed four thousand dollars.

Mr. MASSEY: Yes, "such loans not exceeding four thousand dollars."

Mr. DUNNING: Or we could take the comma out.

Mr. BENNETT: Or put the word "such" in.

Mr. STIRLING: If you take the comma out, you do not need "such."

Mr. BENNETT: The senate added "such" in half a dozen cases the other day.

Mr. DUNNING: Let us say, "losses on loans which do not exceed four thousand dollars."

Mr. BENNETT: Quite, there is no doubt about that.

Mr DUNNING: Then, Mr. Chairman, we will put in the words after the word "loans," in line 3 of page 4 of the bill, "which do," and delete "ing" from "exceeding," so that it will read, "loans which do not exceed."

Mr. STIRLING: And again in the next line.

Mr. DUNNING: And delete the words "not exceeding" in line 4.

Mr. BENNETT: Should not "and" be "or," so that it would read "which do not exceed four thousand dollars in the case of a single family dwelling or six hundred dollars per habitable room in the case of a multiple family dwelling."

Mr. DUNNING: Yes. I would ask the chairman to substitute "or" for "and" in line 4. Now, Mr. Chairman, if you would be good enough to read what you have.

The CHAIRMAN: It will read:

The minister shall pay losses sustained by the said lending institution or local authority in respect of loans which do not exceed four thousand dollars in the case of a single family dwelling or six hundred dollars per habitable room in the case of a multiple family dwelling.

Mr DUNNING: Right.

Amendment agreed to.

Mr. HEAPS: In connection with the granting of these loans by private lending institutions I have one particular case that I think it desirable to bring before the committee. The following letter is from Montreal, dated June 13, 1938:

Two years ago I secured a loan under the Dominion Housing Act through the Sun Life Assurance Company, and built a house. My loan was granted in June and I went ahead and gave a contract and proceeded with the work. But when the document called the "deed of loan" was handed to me for my signature in August, I discovered in clause 26 that if I should not be able to pay or if I defaulted one monthly instalment, thirty days after it was due the lender (the Sun Life) becomes, ipso facto, the absolute owner of the property. This I consider very unfair. If I should meet with an accident or be sick, or for any other reason fail to make one monthly payment then I lose all the money I have put into the property, which in this case amounts to $4,300, the loan being $5,700. I took this matter up with the Deputy Minister of Finance at the time. He agreed that it was unfair but did not see what he could do about it.

In a case of this kind, where a man in fairly good circumstances has an equity of almost fifty per cent in the building, and through some misfortune is unable to make his payments for two or three months, if the owner of another part of the equity then forecloses it is most unfair that the borrower should not have ample opportunity of redeeming his property. I was wondering if, through regulation by the federal authorities, the owner of such a large equity in the property could be given reasonable opportunity of retaining at least his own equity in it.

Mr. DUNNING: That raises a most difficult question. We do not dot every "i" and cross every "t" in the contract as between the mortgagee and the mortgagor. The terms are, of course, made subject to the existing provincial laws in relation to mortgages. I have not in mind the clause to which my hon. friend refers, but I can assure him that although such a clause might be in the contract, no mortgagee such as one of our great life insurance companies desires to foreclose on property. They may have the power to do so under such a particular clause, but their method of doing business is certainly not to do so. I shall be very glad, however, to look into the case if my hon. friend will supply me with particulars. It is a delicate matter for the federal authority to attempt to prescribe mortgage conditions. Because of our interest contractually we shall have certain rights under this statute with respect to approval of the mortgage terms, but we cannot go very far, in exercising that right, from what the laws of the province provide with respect to it.

Mr. HEAPS: I can understand that in certain circumstances the mortgage companies might exercise very strict control. Where a person has a small equity in a property there may be some reason from the company's standpoint for strict supervision. But where a man has normally a fifty per cent equity—

Mr. DUNNING: That is why I should like to look into it.

Mr. HEAPS: I should be quite content to give the minister the details of the case so that he may look into it, in the hope that, when the regulations are made effective, in such a case the man who has the equity in the property will be given what I consider a reasonable protection.

Mr. DUNNING: My hon. friend can, of course, see the difficulty. In drafting a contract to operate under this new law, in which the owner can put in as low as a ten per cent equity—that is how small his equity

can be—obviously the rights of the mortgagee must be pretty strong with respect to default in the monthly payments, because the equity is so very small in relation to the amount advanced jointly by the lending institution and the government. But where there is a fifty per cent equity, I can see that the same provisions might not be necessary. I shall be glad to have it looked into.

Mr. BENNETT: If the hon. member will look into it, I think he will see that this provision is not applicable in any province other than Quebec. The old principle, "once a mortgage always a mortgage" is the foundation of our whole system of jurisprudence with respect to the foreclosure of the equity of redemption. But that does not apply to the province of Quebec. In our western country we used to provide that the mortgagor should, in the event of default, attorn to the mortgagee and become a tenant at a rental equivalent to the payment which was to be made. That still obtains, I think, in some provinces, although I believe some had it taken out. The one rule that the supreme court in two or three cases, notably that of Williams v. Box, which came from Manitoba, laid down, was "once a mortgage always a mortgage," and no contractual agreement or terms of any understanding between the parties could foreclose that equity of redemption on the question of its being subject to redemption on the part of the mortgagor at any time while the mortgagee held title to it. But in the province of Quebec the situation is entirely different. I believe the hon. member will find on investigation that, while that reads as a very drastic provision, in practice it will be impossible for the company to secure title to the property without taking appropriate proceedings to that end, and the mere declaration in the contract that failure to make or default in making the payments called for has the effect of vesting the property in the mortgagee is not to be taken as severely as it reads.

Mr. GRAY: It must be bound by provincial law.

Mr. BENNETT: That, I think, is why that provision appears in the contract to which reference has been made.

Paragraph as amended agreed to.

On section 4, subsection 2, paragraph (h).

Mr. BENNETT: This provision is subject to great abuse, I would point out to the minister, and probably will be abused. The small amount of twenty dollars is to be provided for the purpose of assisting the lending institutions, in addition to travelling expenses, I doubt whether it is wise to make a statement of that sort in a public statute. It is a very great encouragement of something which is not the purpose of the statute itself, especially that part of it which says:

> . . . shall not exceed twenty dollars for any one loan together with an allowance fixed by the minister for necessary travelling expenses based upon the distance from the nearest place from which the loan can be arranged and supervised by said lending institution.

That is one of the things which has caused more trouble in this country than anything else in connection with loans, the question of that—

Mr. DUNNING: —expense.

Mr. BENNETT: Yes. That is a short word to cover it. I think the minister knows exactly what I refer to.

Mr. DUNNING: Yes.

Mr. BENNETT: It has been a serious drain upon private borrowers and private lenders, especially with respect to certain types of companies. To the borrower's amazement, when the loan is settled he finds that the costs of making the inspection and of travelling are out of all proportion to what he expected they would be. The allowance was too much. I doubt the wisdom of including this provision in the statute. The minister has concluded it is desirable to do so, but I think it would be better to say, even though it does permit of possible difficulties, that the minister may assess and name a sum in excess of twenty dollars which would include everything, not exceeding fifty dollars in any one case, or something of that sort. It is very desirable that the country should in these remote communities be able to make some contribution, but the number of miles an automobile can cover on such an inspection tour and the quantity of gasoline that may be consumed are almost beyond one's imagination. I suggest to the minister the desirability of considering it from that angle.

Mr. DUNNING: I must admit that this question of expenses has given me a great deal of concern, because I am certain that if we are to make the benefits of this measure available to communities remote from what may be called lending centres we must provide some way to assist in the expense of making the loan. During the last little while, by regulation under the old act, a contribution of ten dollars per loan has been offered with respect to certain remote districts, and the lending institutions have told me just

what the leader of the opposition has been now saying with respect to that sort of thing. I wanted to advise parliament through this section that it was our intention to endeavour to work out contracts with lenders covering a whole community, let us say, the Gaspé peninsula, a place like Mont Laurier, Prince Rupert, Chapleau, and a number of others of which my deputy reminds me, and which are subjects of correspondence, where we cannot possibly get lenders to undertake the expense involved in carrying out the normal operations of inspection of the security which is offered while the house is being built. Of course the intention would be not to allow a mileage on one house in Mont Laurier or one house in Gaspé, but rather to work out an arrangement under which a lending institution undertaking to make so many loans in a remote area would be given a mileage allowance for automobile travel during the inspection of these loans. I admit at once that there will be quite a large executive responsibility in endeavouring to keep this property under control, but I honestly see no other way of making the facilities of the measure available to many communities in which it is needed and in which it would do very considerable good.

Mr. BENNETT: I suppose the minister has read what took place in another place in connection with the Farmers' Creditors Arrangement Act—the debate in the senate?

Mr. DUNNING: Yes. I read it, and I have heard it too.

Mr. BENNETT: The minister then, realizes why I am making the observation I do in respect to this section.

Mr. BARBER: I noticed that the official at present in British Columbia, while in Vancouver, met representatives of a community located some forty miles from that city, and gave them to understand that it would be necessary to have six contracts before they could undertake the work in that particular section. The committee returned with that understanding, that a particular lending institution required six contracts before they would undertake anything in that district.

Mr. DUNNING: That would be a typical case of a lending institution applying conditions to a district. With reference to the visit of Mr. Nicolls to British Columbia, he has been there for some time and since he went out these new conditions which we are considering have been evolved. He is not fully familiar with the form which they have now taken, and they might conceivably now affect the lending institution to which my hon. friend refers so far as that point is concerned. I do not regard it as unreasonable, however, for a lending institution to insist on a reasonable number of loans.

Mr. BENNETT: And one loan would not carry the load.

Mr. DUNNING: It is a matter of economy of operation, and I believe that this provision will enable us to do some constructive work along that line.

Mr. McNIVEN: Is it proposed to pay the twenty dollars only on condition that the loan is made?

Mr. DUNNING: Yes. It is a loan.

Paragraph (h) agreed to.

Section agreed to.

On section 5—Loans by lending institutions.

Mr. BENNETT: Only the words underlined are new.

Mr. HEAPS: This is a very important section of the bill and one which I hope will be made use of to a very large extent. I know that there are very many people who are anxious to take advantage of this provision to build small homes valued at between $2,500 and $3,000. At the present time there is a shortage throughout the country of that type of home for small families. One thing I was afraid of a year or two ago when we passed the housing act. During the course of the discussion then I spoke of the fear I had that the men engaged in selling the commodities necessary for the building of houses would increase their prices when there was a demand for their materials, and I believe it was so. After the passing of the act, when construction became a little brisker than usual, the cost of material went up in many instances, and I am afraid that unless there is some kind of check kept by those responsible for the administration of the present bill when it goes into effect we may again have an increase in the prices of the various commodities that go into the construction of houses. In that event the equity which a person may have of ten or fifteen per cent would be wiped out automatically by the increased cost of materials.

I wonder if the minister has in mind any means of preventing such an increase in the cost of commodities. We want to encourage people to put up decent homes at the prices contemplated in this particular section of the bill. I know the task is a very difficult one and it means that the minister may have to regulate, to some extent perhaps unofficially, the cost of building material. But in the

announcement he made in the budget he has already given a considerable concession to the building industry in wiping out the sales tax amounting to eight per cent. I am wondering whether he has in mind now, in view of the statement he made when introducing the bill, that it was a challenge to the building industry, some means whereby the cost of building material will be kept from rising.

Mr. DUNNING: My hon. friend knows how difficult that question is. Section 3 of this bill gives the minister power to make an investigation with respect to factors entering into the cost of construction and as to the feasibility of securing economies and increased efficiency. That provision is there to enable the minister to have machinery whereby he can investigate causes which might operate in increasing costs of material. My hon. friend must recognize of course, as we all do, that there are legitimate reasons for some increases in the prices of commodities, and there are, of course, price increases which we might regard as illegitimate. The minister is given authority under that section to find what the facts are in connection with such a situation, and then, of course, he will have available the machinery of law as it now exists, dependent upon what the cause was found to be. That is as far as I can go in answer to my hon. friend. I have spoken very plainly, both publicly in this house and privately to the construction industry, pointing out that there is one way for this whole program to be killed or to be deprived of its effectiveness, and that is for those engaged in it, no matter who they may be, capital or labour, to regard it as an opportunity for increasing the prices of the commodities they have to sell, irrespective of what those commodities may be. I believe that, and I can only assure my hon. friend that, regarding it as seriously as I do, everything that can be done to prevent anything of the sort he suggests will be done. I do not think I can be more specific than I have been in that regard.

Section agreed to.

Section 6 agreed to.

On section 7—Limit of time.

Mr. BENNETT: This section really permits the governor in council to repeal the act. It is a rather serious matter from that angle.

Mr. DUNNING: Not to repeal the act, if my right hon. friend will read it carefully.

Mr. BENNETT: That is the effect of it.

Mr. DUNNING: No.

[Mr. Heaps.]

Mr. BENNETT: Well, the governor in council may fix and determine a date on and after which no loans under this part may be made.

Mr. DUNNING: Yes; I see the point.

Mr. BENNETT: Surely that operates as a repeal of the act for that purpose. I think I can understand why the minister desires to have that power, but on the other hand I think he will agree that if ever the conditions become so serious as to warrant any such action being taken, the action will not be taken. That is, there will be no applications for loans. The officials would say that that is the very time that they would apply; I would say it is the very time they would not. But it is an extraordinary power.

Mr. DUNNING: Yes.

Mr. BENNETT: It appears in all these statutes in one form or another. The effect is to declare that we are going to grant $20,000,000, less what has already been loaned—because that is what section 6 means. It provides for advances and the payment of losses, and so on, of $20,000,000, less the advances made under the authority of the Dominion Housing Act, 1935. Under that act, about how many millions have been advanced?

Mr. DUNNING: Our advances amounted to $4,500,000 and total loans to $17,500,000.

Mr. BENNETT: So far as we are concerned, four and a half millions.

Mr. DUNNING: Yes.

Mr. BENNETT: And the amount still available would be some fifteen and a half millions?

Mr. DUNNING: Yes.

Mr. BENNETT: Or, if the same ratio were maintained, it would contemplate possible loans amounting to some $70,000,000. Four times seventeen would be sixty-eight and four times four and a half would be eighteen millions, so that roughly speaking, it contemplates seventy or seventy-five millions. This power to bring about the repeal of the statute with respect to loans has also a further difficulty, in that as the section now reads once it is done there is no power vested in the governor in council to renew it. That is the end of it.

Mr. DUNNING: The intention is to wait for parliament.

Mr. BENNETT: Yes, I thought so. I think that is an extraordinary power, but I can understand why it is being sought.

Mr. DUNNING: Reverting to the question asked by the hon. member for Winnipeg North (Mr. Heaps) and speaking to the observations of the leader of the opposition (Mr. Bennett) I would call attention to the power involved in the section. It is an extraordinary power. I shall not discuss the reasons I know the leader of the opposition has in his mind which might make necessary the termination of the act. But it is important for the government to be able to say, in the event of inflated prices, "Gentlemen, we have power to stop making loans under this act, or to stop making loans of more than a certain amount per house." That is contained in section 7, and is one of the reasons why the government believes the house might be well advised to grant this power to the governor in council.

Mr. HEAPS: I think it is a very necessary power to have. I believe that at the present time there is price regulation on many of the commodities which go into house building. I think the prices of lumber and plumbing fixtures are regulated, and the prices of some of the other commodities which go into house building are pretty well monopolistic in character. The power the minister is assuming under the bill is a very desirable one, and may even act as a deterrent on many corporations which otherwise might increase the price of commodities if an opportunity presented itself.

Mr. MASSEY: Is there any limitation in the number of homes one person may build under this part of the bill? A person may wish to build a house for himself and houses for several of his children.

Mr. DUNNING: There is no limitation.

Mr. MASSEY: In other words the loan is relative to each house, and not to the individual?

Mr. DUNNING: Yes.

Mr. HEAPS: Could a speculator obtain loans for several houses?

Mr. DUNNING: Yes, under this part he could, if he could arrange with the lending institution.

Mr. HEAPS: Any person who wishes to take a chance on building a home for resale may do so under this section of the bill?

Mr. DUNNING: Yes.

Mr. MASSEY: If he wishes to rent the house?

Mr. DUNNING: Oh, no.

Mr. MASSEY: That comes under part II of the bill.

Mr. DUNNING: Yes.

Mr. BENNETT: He does not come within the definitions contained in section 2.

Section agreed to.

On section 8, subsection 1—Regulations.

Mr. DUNNING: In connection with subsection 2 I have considered the suggestions by my right hon. friend with respect to publication in the Canada Gazette.

Mr. BENNETT: The minister sees the reason for the suggestion? The section has the effect of law, therefore I think we should publish the whole in order that it may be available to those who desire to know about it. I am glad the minister has taken that action in respect to it.

Mr. MASSEY: In regard to houses that are to be built in accordance with the plans in the possession of the department and available to the would-be home owner, will the estimated cost of the house be taken from the plan, or from the location of the house? A house may be valued at $2,500 in Toronto but may not have the same value at some other point. The value might be lower.

Mr. DUNNING: The location will be the factor.

Mr. MASSEY: Not the plan itself.

Mr. DUNNING: The calculation of the cost must be made by applying to the specifications the costs prevalent in the district in which the house is being built.

Mr. MASSEY: In other words, contractors will tender for the house.

Subsection agreed to.

On section 8, subsection 2.

Mr. BENNETT: What did the minister do with the amendment to subsection 2?

Mr. DUNNING: There was no amendment.

Mr. BENNETT: But this is not sufficient. I thought the minister was moving an amendment.

Mr. DUNNING: No.

Mr. BENNETT: Subsection 2 reads:

(2) All orders and regulations made hereunder shall have the same force and effect as if they had been included in this part and all such orders and regulations as are of general application, or abstracts thereof, shall be published in the Canada Gazette.

Mr. DUNNING: Yes.

Mr. BENNETT: There are two limitations there. I think everything should be published.

Mr. DUNNING: It would make a tremendous volume.

Mr. BENNETT: That does not matter. If it were in this statute it would have to be made public, and as it has the force of a statute it therefore should be available in its entirety. The minister sees the point.

Mr. DUNNING: Yes, I do; but if my right hon. friend will permit me to develop the difficulty, I should like to do so. I have used the word "abstracts." In the first instance the governor in council may by order or regulation determine the manner in which the cost of construction of a house shall be estimated, and by whom and in what manner the appraisal of the value of a house shall be made. That will be for the minister, and will in effect be a specification. And then we have paragraph 2 which states that the governor in council may prescribe sound standards of construction. Gazetting would be tremendously expensive.

Mr. BENNETT: Remember, this is law, as though passed by this parliament.

Mr. DUNNING: Yes, and it was so under the old act. There was no suggestion under the old act that specifications and standards should be published in the Gazette. That would be going entirely too far.

Mr. BENNETT: It was not a provision in the old act.

Mr. DUNNING: No, general regulatory powers were given; and under those general regulatory powers all these things had to be done. Here we are setting them out in detail.

Mr. BENNETT: And you are going much farther. You say:

> All orders and regulations made hereunder shall have the same force and effect as if they had been included in this part—

That is, as though passed as a statute by this parliament.

Mr. DUNNING: Under the old act it is stated:

> The governor in council may make regulations for the purpose of determining what shall be included in the cost of construction and by whom and in what manner the appraisal of the value of a house shall be made, to require any department of the government of Canada to furnish to the minister advice and assistance upon his request, and otherwise for the efficient enforcement and operation of this act and for carrying out the provisions thereof according to their true intent and meaning.

[Mr. Dunning.]

Of course my right hon. friend would not contend that the regulations made under that general power did not have the effect and force of law. Of course they did.

Mr. BENNETT: They stood in an entirely different position as a matter of law; but that is a technical matter which need not be discussed.

Mr. DUNNING: I am anxious to meet my right hon. friend, but on the other hand I am anxious to avoid the necessity of publishing whole books in the Gazette especially to meet the interests of only a few individuals.

Mr. BENNETT: Of only a few individuals? I hope the minister realizes what we are doing is dealing with the exercise of executive power by a government, which is equivalent to the exercise of legislative power by parliament. That is a thing to keep in mind.

Mr. DUNNING: I do not recognize that.

Mr. BENNETT: We are substituting for the parliament of Canada the executive of government.

Mr. DUNNING: I do not think that is so.

Mr. BENNETT: And therefore everything done by that executive is legislative, not administrative—and this is legislative and not administrative; and therefore every person in this country has a right to know what the laws of the country are. I want to make clear to the minister that this is not an effort to clog the Gazette.

Mr. DUNNING: I understand that.

Mr. BENNETT: It is an effort to make clear the distinction in the mind of every hon. member, and in the minds of people outside the house, between legislative power and administrative power. When this parliament clothes the executive with administrative power it is not a matter of importance to publish all the details, because they become known as acts of the government. When they exercise legislative powers, then that legislative act should by some means be known to the people.

Mr. DUNNING: I agree.

Mr. BENNETT: That is the story. I have tried so often to make the distinction clear. Sometimes I feel I have succeeded and at other times realize I have failed. But the distinction is clear. Both administrative and legislative powers spring from a grant of power by parliament to the executive. So long as the executive exercises its legislative

power within the four corners of the jurisdiction conferred by parliament, it is intra vires. The moment it steps over the line it is invalid and ultra vires. Administratively that question does not arise at all.

Mr. DUNNING: Yes.

Mr. BENNETT: I have endeavoured to make it clear.

Mr. DUNNING: Will my right hon. friend let me say a word so as to put the matter simply before the committee. He regards the act set out in section 8 as being legislative in character.

Mr. BENNETT: Some of them.

Mr. DUNNING: I regard them as administrative in character. Take the first one—

Mr. BENNETT: I did not say they were all legislative.

Mr. DUNNING: Take paragraphs (i) and (ii) of subsection 1, which have to do with the manner of construction and the prescribing of sound standards. Is there any good purpose to be served by publishing these in the Gazette? Are these specifications legislation, or are they an administrative effect of legislation? I take it that undoubtedly these would be considered administrative. With respect to paragraph (iii), which has to do with prescribing the information to be given by an applicant for a loan under this part, surely that is clearly administrative. We would not think of setting out in an act of parliament the information which should be given by an applicant.

Mr. BENNETT: Unfortunately we always used to do that very thing.

Mr. DUNNING: The next paragraph says:

(iv) determine the manner in which losses incurred in connection with loans made under this part shall be established.

That is an administrative matter. We have determined the principles which are to govern; we have surrounded the governor in council with controls in that regard, and within that limit we say there must be regulation. That, I take it, is an administrative act. When we come to the next paragraph I admit that it may be legislative:

(v) define, for the purposes of this part, the expressions "habitable room," "multiple family dwelling," and "single family dwelling."

I admit at once that here we come into the legislative field, and the only reason I am asking for power to define what these terms mean is because I find it quite impossible to come into this house to-day and define them with sufficient particularity to suit the conditions in all parts of Canada. The matter will have to be very carefully worked out. The sole difference between my right hon. friend and myself is not, as he puts it, that legislative powers extended to the governor in council should be made public in the Gazette. I agree entirely with that. The point of disagreement is that I do not regard any of the powers here extended, save the one I mentioned, as legislative powers at all, but look upon them purely as powers of administration.

Mr. BENNETT: Clearly there is an acute difference between the hon. gentleman and myself with respect to what is legislative and what is administrative. When we talk about the losses of this country in connection with this measure, surely that is not administrative. There is a principle laid down, which of course is legislation.

Mr. DUNNING: And it is in the bill.

Mr. BENNETT: Part of it is in the bill, but the clause provides:

(iv) determine the manner in which losses incurred in connection with loans made under this part shall be established;

I am not going to do more than to say this, and then I shall have concluded all I have to say, and shall be satisfied. This, with other legislation dealing with this subject matter, goes further than most legislation has gone in this country in conferring upon the governor in council—and you will note that I am saying nothing about the Prime Minister's fear of the governor in council in other days—power, authority and jurisdiction to an extent that is not usual. I have suggested that whenever the exercise of that power is legislative in character, it should be published in order that "he that runs may read," so that "wayfaring men, though fools, shall not err therein." That is the position. If the minister, with his knowledge of legislation, thinks subsection 2 is ample for that purpose, I have done my part in directing attention to the point. I feel that subsection 2 is not ample, in some respects, and I feel it my duty to direct attention to the fact that it is a negation of the theory propounded by the present government as to the powers to be exercised by the governor in council. I am glad that the minister at least has kept before him the distinction between what he conceives to be the exercise of legislative power and the exercise of administrative power. The book to which reference has been made so often, by the lord chief justice of England, was directed against the exercise of legislative power by the executive. It was not directed against the administrative power; for everyone knows that you cannot have laws

if you undertake to set out in a statute all the details of administration. You must clothe with power the officials charged with responsibility, and the governor in council must name the persons to discharge that responsibility. But when you get into the legislative field you are dealing with another matter altogether, because this parliament is asked to confer upon a committee of parliament, namely the cabinet, power to legislate, which of course is the negation of Magna Charta itself, as one of my hon. friends from Toronto would say. It is the negation of it; but at the same time, if the minister thinks this is ample for his purpose, I have served mine by making the distinction abundantly clear.

When an executive exercises legislative power pursuant to authority given by parliament, this has been regarded as the beginning of autocracy, and it was the anathemas thundered against the late government by the present Prime Minister with respect to matters less important from a legislative standpoint that brought about so much discussion in this chamber. The smiling face of the Minister of National Defence is always there to remind me of the fact that at all times, in dealing with these matters, he would be ready to join in that well known psalm "I the sinner am," or probably, with respect to a matter of this kind, "I the chief sinner am."

Mr. STEVENS: I should like to direct the attention of the minister to one feature which I think should be considered. I found that a great many people who desired to take advantage of the act as it existed previously found great difficulty in ascertaining what they had to do, the nature of the thing and so on. In fact, many told me that they had endeavoured to find out from institutions such as insurance companies and so forth, which were more or less agents for the handling or administration of the act, and that those institutions were so vague in their knowledge of the matter that these people had just given up hope of getting any accurate information. This clause has to do with the terms, conditions and so on that will govern, and what the applicants must do or must know in order to determine whether they desire a loan or can comply with the terms. I think there is a danger, and I should like to point out one or two clauses and then indicate where that danger may be. Paragraph (ii) of subsection 1 provides for the prescribing of sound standards of construction. In the United States they have a bureau of standards, which publishes certain standards regarding cement, electrical equipment and the various branches of construction. These standards are established, fixed and definite, and are accepted and conformed to by the building industry. We have no such standards here.

Mr. BENNETT: They are, generally, part of the specifications.

Mr. STEVENS: Yes; but we have no such standards established here, although the national research council did have the matter in hand, I know, and did hope to establish such standards. I know there are certain standards set up within the industry itself, and the national research council had some part in that, but here we must have uniform standards for all, because you may prescribe standards in one part of the country and, if the governor in council chose to change that order in council a month later, you might have another standard. That is where the fine distinction comes in between legislation and administration. I think we should surround this legislation with the utmost safeguard, so there will be the least possible tendency to change it, and so that it may be made as perfect as possible before it is promulgated.

Mr. DUNNING: Will my hon. friend let me deal with that point before he goes on to the next one? He has put his finger upon one great difficulty I found in attempting to administer the old housing act, particularly with respect to providing standard specifications. They were too difficult. First, there could not be a standard specification for the whole of Canada; that became obvious very early in the work we were doing. Second, there was that absence of real standards to which the hon. member refers. Towards the end of last year I directed the attention of the national research council to this problem, and as a result the national research council, I think, in January, summoned a meeting of all the elements which might be conceivably be concerned with it. I was present at the meeting, and the ground work was there laid for studies which would lead to accepted standards along basic lines such as those which my hon. friend has suggested. Of course it will not be a quick matter, and the grave problem of diverse climatic and other conditions in various parts of Canada does not make it easier; but I agree that we must attain something of the results which have been attained—although they are not by any means universally acclaimed in the United States—by the bureau of standards of that country in relation to the building industry there. For the present, however, we had to evolve specifications under the Dominion Housing Act; we had to do the best we

could with the material at hand; we had to make the best decisions we could, in consultation with the construction industry, architects and others, for the various parts of Canada. And that has been done in our standard specifications as they now exist. I may tell my hon. friend what I believe he will be rather pleased to hear, namely, that in the correspondence I receive the attacks made on the specifications are always that they are too stiff; that a little lighter construction here and cheaper there would do as well. It is the usual contest between the technical men and the practical men as to what can be done. I try to avoid getting on either side, but to find the best from both, and we are making progress in that regard as a result of contacts which the housing division maintains with the construction industry.

With respect to people knowing about the law, it early became apparent from our experience with the act that generally speaking, people in those areas in which lending institutions were not prepared to lend, would not know much about it. It was for that reason that we evolved in pamphlet form publicity material descriptive of the whole scheme, of which pamphlets many thousands of copies have been distributed; they are going out all the time in response to requests which my hon. friend will appreciate come constantly to the department. But that has not overcome the difficulty of lending in the more remote districts. That we hope to overcome by other provisions.

Mr. STEVENS: Once the department arrives at a conclusion in regard to these various matters, it strikes me it would be wise—although I do not think the minister will agree with this—to publish it in the Gazette.

Mr. DUNNING: I should like to publish it in something which is more widely read.

Mr. STEVENS: But this occurs to me: Most lawyers, for instance, and institutions like insurance brokers' offices in the towns and cities, get the Gazette. Usually in a smaller town there is one person who carries on a general financial brokerage business. Once these matters were published in the Gazette and were in the hands of that type of citizen, particularly in the smaller communities, and also in the cities, the person desiring to borrow usually goes to such an agency for information, and it strikes me that if these were so published, there would be available what might be called an authoritative document which would convey the necessary information.

Then as to paragraph (iv), "to determine the manner in which losses incurred in connection with loans made under this part shall be established;" with all due deference to the minister's observations of a few moments ago, it seems to me that should be very definitely set forth in the most authentic way, and published in some official organ such as the Gazette.

Mr. DUNNING: Oh, that would be, of course, under subsection 2 of section 8.

Mr. STEVENS: I am reading paragraph (iv).

Mr. DUNNING: What is described in paragraph (iv) would be published in the Gazette; that is the intention. It would be of general application and therefore would be published.

Mr. STEVENS: I understood the minister to say that down to paragraph (iv) inclusive would not be published.

Mr. DUNNING: Oh, no. As a matter of fact, I would endeavour to publish abstracts under paragraphs (i), (ii) and (iii) for the purpose just indicated by my hon. friend. But to publish in the Gazette the set of specifications applicable to British Columbia, or the prairies, and another set applicable to another part, seems to me wasteful. We might in the Gazette give notice that such specifications had been approved, and where they could be secured. But the regulations covering the establishment of losses would, of course, under subsection 2 have to be published in the Gazette and made available to everyone.

Mr. STIRLING: The minister referred just now to publications which had been prepared and had already gone out with regard to the previous act. Those, I take it, will all go by the board now?

Mr. DUNNING: Well, much of them will still be useful.

Mr. STIRLING: But they will have to be modified.

Mr. DUNNING: Revised.

Mr. STIRLING: Have such revised publications already been prepared and, if so, will they be made available promptly so that they may be in the hands of members of the house and others who desire to make use of the provisions of the new measure?

Mr. DUNNING: Instructions have already been given to proceed with the preparation, subject only to this, that they must not be finally settled until this measure passes parliament.

Mr. STIRLING: But they could be very rapidly finished.

Mr. DUNNING: The basic work is going on now. We shall have to wait until we see what our brethren in another place do before we finally decide. But as quickly as possible descriptive matter is being prepared.

Mr. STIRLING: Certainly the sending out would have to await the royal assent.

Mr. DUNNING: Even the printing.

Mr. STIRLING: Will the minister see that hon. members of the house are furnished with copies of all of them?

Mr. DUNNING: We can do that.

Mr. BENNETT: That seems to me to be an admirable idea. They have to be printed anyway.

Mr. DUNNING: Literature is always sent in any case, but I shall make a special note to see that hon. members get this material.

Mr. McNIVEN: Strict adherence to these regulations has been a difficulty in the past. If they are to be rigidly adhered to and made uniform throughout Canada, this is going to limit lending in various parts of the dominion. For instance, certain municipalities have a building department, building by-laws and fixed specifications. Where these specifications do not agree with those of the department, there is conflict.

Mr. DUNNING: That is the trouble.

Mr. McNIVEN: For example, in Regina they require for a house a nine inch cement wall. The department's specifications require a ten inch cement wall. It is argued that the extra inch does not cost any more. They have not succeeded in proving it to me, but the department does take that point of view. Contractors and home builders say it increases the cost of construction.

Mr. BENNETT: Of course it does.

Mr. McNIVEN: Another point, which I admit is debatable, is that the department's regulations absolutely prohibit the use of second-hand material. I can understand this in relation to lumber, but there are many houses for which second-hand material, such as siding, in good condition could be used at a substantial saving of cost, and second-hand bricks can be used for the cellar walls or the inside of a chimney, but this is absolutely prohibited by the regulations.

Mr. BENNETT: After the United States act came in, they tried to rush second-hand plumbing material into this country, because they had so much of it they did not know what to do with it.

Mr McNIVEN: In eastern Canada, with its snowfall, the eastern regulations direct that the ceiling joists be 2-inch by 6-inch or 2-inch by 8-inch lumber, and those directions have been adopted by the department. In the west, where our snowfall is not as heavy or as wet as it is in other parts of Canada, good building regulations permit the joists to be constructed of 2-inch by 4-inch lumber. Again, it is suggested that these regulations do not increase the cost, but actually they do increase it.

There is another difficulty. I do not know whether we have experienced it in western Canada or not, but I am informed that in Ontario the hydro-electric commission designates the type of wiring and the type of electrical fixtures that may be put in.

Mr. BENNETT: Before they will supply the current.

Mr. McNIVEN: Yes, and that is done in Saskatchewan by the power commission. I have had considerable correspondence from wholesale firms in Toronto stating that materials approved by the American Fire Underwriters Association will not be approved by the Ontario Hydro-Electric Commission for use in construction in this province.

Mr. BENNETT: They have had trouble over radios on that account.

Mr. McNIVEN: I am not familiar with that, but I am told that plugs and switches, approved by the Ontario Hydro-Electric Power Commission are available at a cost of twenty cents each, while similar articles, approved by the American Fire Underwriters Association can be purchased in quantities in the United States, brought in here duty paid, and sold for seven cents each, but the Ontario Hydro-Electric Commission will not approve this imported equipment.

Mr. DUNNING: We cannot do anything about that.

Mr. STEVENS: Oh, yes.

Mr. McNIVEN: I give these as illustrations of how the rigidity of the regulations may restrict the application of the act and in some degree defeat the intention the minister has in putting this legislation through. I hope that a strictly uniform specification will not be laid down applicable to the whole of Canada, but that variations will be permitted in accordance with good building practice in different parts of this country.

Mr. DUNNING: If my hon. friend could have had the privilege of sitting in, as I had, with all the different interests, municipal and otherwise, in the national research council office, I am sure he would agree that it is one of the most difficult tasks possible to secure the kind of agreement which would bring together the different interests even in those areas where conditions are reasonably identical. The disputations waged hot and violent as to what was proper even in the same area; they are still going on, and I am not criticizing those who are taking part in them, but I do doubt the possibility of us getting anywhere in this committee in attempting to define the specifications.

I should like to correct the hon. member for Regina (Mr. McNiven) in one particular, when he said that no second-hand material may be used. I have our specifications in my hand, and they provide that the face brick shall be new bricks, in good shape and condition, but that the backing bricks may be second-hand stock if they are hard burned and complete. My hon. friend did not suggest second-hand brick for the front, did he?

Mr. McNIVEN: No.

Mr. DUNNING: So he was in error in saying that no second-hand material was permitted. I doubt if I can discuss with any degree of assistance to the committee what should and should not be permitted in the way of second-hand materials.

Mr. BENNETT: Second-hand plumbing should not be permitted. After the housing act came into force, the Americans tried to flood our market with second-hand plumbing.

Mr. STEVENS: Electrical equipment is also a red hot and very difficult subject.

Mr. DUNNING: Yes. Hydro is supreme in Ontario.

Mr. STEVENS: But that is not the only difficulty. We tried some years ago to establish through the research council a standard for Canada; we came into conflict with hydro, and a compromise was arrived at. But the point in the matter referred to by the hon. member for Regina is that the underwriters association in fixing rates for fire insurance had adopted, and I think they still do to a large extent, the United States standards fixed in Chicago by the underwriters bureau of standards, or whatever they call it. The result is that some equipment of British or Canadian manufacture is not approved by the Chicago laboratories. That applies to switches and many other articles. There has been a conflict of opinion and of interest. I think it would be very difficult in the specifications under this bill to deal with a subject of that kind, but unquestionably it is desirable that there should be established an official standard for Canada by federal authority under the national research council. My opinion is that the dispute is quite capable of being ironed out between Ontario and the national research council. As a matter of fact, I know that four years ago there was an understanding and a compromise arrived at.

Mr. DUNNING: Which satisfied neither party.

Mr. STEVENS: That is quite true, but I still believe the matter could be ironed out. The main difficulty was with the fire underwriters association and their demanding a certificate under the Chicago laboratory standards.

Mr. DUNNING: We have that in mind.

Subsection agreed to.

Section 8 agreed to.

Sections 9 and 10 agreed to.

On section 11—Coming into force of part I.

Mr. MASSEY: When does the minister think there is a possibility of this measure coming into force?

Mr. DUNNING: I left it in this way instead of having it come into force on assent, because it was desirable to get into touch with the lending institutions at present under contract under the old housing act, and to work out the new types of contract which this part I will involve. We expect to commence that work on Monday. We got a little ahead of the game in assuming that parliament would enact this legislation, but we wanted to be well ahead with preparations, and we thought it advisable to leave the coming into force subject to proclamation. In the meantime the existing contracts continue and loans are being made under the old act.

Mr. MASSEY: Has the consent of the provincial legislatures to be obtained in order that part I may become effective?

Mr. DUNNING: No consent of the province is required for anything in part I.

Mr. MASSEY: In other words, as soon as this measure is proclaimed as being in force, it is automatically in force without any reference to provincial legislatures whatsoever.

Mr. DUNNING: Yes.

Section agreed to.

On section 12—Cost of construction of houses built under a low-rental housing project.

Paragraphs (a) to (f) inclusive agreed to.

On section 12, paragraph (g)—"Local housing authority."

Mr. MASSEY: Perhaps we went a little rapidly for a moment. Paragraph (e) reads:

"house" includes any single house or dwelling, duplex or apartment house, providing housing accommodation built in accordance with a low-rental housing project.

Does that include garages in connection with a large block of flats or something of that sort?

Mr. DUNNING: As will be seen later, it may include incidental commercial space in connection with an apartment development, and that would, of course, include a garage.

Mr. MASSEY: Many of these apartment developments, as the minister quite properly calls them, have rather large service buildings, such as a heating unit, which is placed in the centre of a large block, perhaps in a U-shape or L-shape, and a garage for the use of the tenants, and in some instances the cost of these outbuildings may be twenty per cent of the cost of the whole building. That could be included as a "house."

Mr. DUNNING: Of course one must remember that this part of the bill is for low-rental housing for people who cannot afford to pay an economic rent for a house.

Mr. MASSEY: True.

Mr. DUNNING: The reason for making provision for incidental commercial space is in order to enable the project to attain that objective. I rather doubt whether we should approve garages for people who cannot afford to pay an economic rent. When the state is subsidizing the rent that people are paying, I doubt very much if we should make provision for a garage also. My hon. friend might consider that point.

Mr. MASSEY: I was thinking more particularly of buildings in connection with an apartment house, where flats are let at a low rent, it may be to a single individual who wishes to live very modestly, and who owns a car. He is prepared to move into that apartment house and rent a flat. I am thinking of similar projects elsewhere.

Mr. DUNNING: I do not think one need worry about garages in connection with the kind of people we desire to have come into this scheme.

Mr. MASSEY: The minister and I are thinking of two different things. My mind goes to projects I have seen in other countries, where there are small flats which contain, perhaps, two rooms let at a very low rental, but which are exceedingly comfortable and are used by people of fair means.

Mr. DUNNING: But they are not state-subsidized in the manner we are contemplating here.

Mr. MASSEY: Some are. Some Swedish ones are. The "H.S.B.," which has built more houses than any other company in Europe, is state-subsidized, at least guaranteed by the state, and all its blocks of flats have outbuildings of one sort or another, which are part of the block. Then, if there are to be stores and properties of that kind—

Mr. DUNNING: "Incidental commercial space."

Mr. MASSEY: That is what the minister means by "commercial space"? That comes within part II of the bill?

Mr. TAYLOR (Nanaimo): What brought the minister to the idea of an income five times the rental? Is the rental of the average workman in Canada not about fourteen per cent rather than twenty per cent? Did the minister fix the price arbitrarily?

Mr. DUNNING: It was a question of finding a fair means of measurement, and after taking into account all the bases of economic rent elsewhere, the experience which has developed elsewhere in regard to the schemes, and such information as is available to us in that regard from our own bureau of statistics, we reached the conclusion that five times is about right. If you take a particular case and apply it to a family as one knows a family, I think it will be apparent that the standard is about as close as we can come to accurate measurement relative to the decision we shall have to make as to when it is appropriate for the state to subsidize. That really is the point: At what point is it appropriate for the state to subsidize? We say in this part that in principle it is appropriate for the state to subsidize only when the economic rent is more than one-fifth of the family income.

Mr. NEILL: Would the minister explain—I have been out of the house, and perhaps the question has been asked already—whether it will be possible to have this low-rental system in force in places where there is what one might call a settlement of anything up to five or six hundred people, not incorporated?

Mr. DUNNING: It would be very difficult to assume that such a community could comply with the essential economic conditions demanded; that is, to provide a scheme large enough to enable the resultant economies, both in construction and in management of the project after it is completed, to make possible a low-rental project in a small village, for instance, or in an unincorporated area. I can hardly conceive of that being possible.

Mr. REID: There are districts I know of in British Columbia—I have one in particular in mind, the one I live in—that are developing to a very considerable extent. This particular one is just outside the limits of New Westminster. It is a rural municipality. There are also in the municipality three health resorts, which are also developing; people are going there and putting up houses, living there the whole year round. I think such settlements should be considered. I was going to mention that under paragraph (k). I would ask the minister to consider the matter further.

Mr. DUNNING: It would be possible, of course, under the "limited-dividend housing corporation" as defined in paragraph (f), provided you could persuade the limited-dividend corporation to undertake what was inherent in the size of the project and the distribution of it. But I should like hon. members again to remember that part II is intended to provide low-rental housing for people who in the nature of things are not in circumstances which would warrant them in becoming home owners, that is, people of very low income; and it is presumed that the state therefore will help, that the province will help in certain eventualities. If the municipality is the authority set up, the province must help by way of its guarantee and the municipality must help by way of maximum tax provision. What we have in mind as developing under this scheme principally is large-scale projects of flats. We hope that in the area surrounding Montreal something of that sort will occur through the operation of the limited-dividend corporation. In one or two other places it may very well develop by action of the municipality. But it will be for the purpose of dealing with the poorest people, the people of the lowest incomes, because it definitely involves the principle of state subsidies for those people who are unable to pay economic rents. We must keep that in mind as the basis of the whole scheme. To imagine that under part II we can go out into summer resorts and places like that and do such things seems to me questionable, although certainly they will be eligible if they can comply with the conditions. There is no doubt at all that to get down to the rental standards contemplated by part II it will be necessary to have large-scale projects, a very considerable number of units, and the most economic construction.

Mr. NEILL: I quite agree with the minister that the scheme will have to be on a substantial scale if low prices are to be obtained. Still, the bill does provide presumably for the scheme to be applied generally, and one might conceive of a settlement with one thousand inhabitants not incorporated, where there might be need for ten small tenements or small, low-rental houses. As far as I can judge from the bill, it does not seem possible to apply it to such settlements because it is provided that the municipality must give certain guarantees in connection with taxation, and there does not appear to be any provision for anything of that sort in an unorganized territory under provincial jurisdiction. I do not think it is possible to meet such a situation.

Mr. DUNNING: There is a unique situation in British Columbia. To whom could the limited dividend corporation give an option in such a case, in British Columbia?

Mr. BENNETT: Only to the provincial government.

Mr. NEILL: And then the provincial government would be responsible.

Mr. ESLING: Would the minister consider the possibility of the purpose of this bill being facilitated by the persuasive measures with industrial concerns? No matter what inducements are offered, there are many communities that feel they are being discriminated against, and yet it would not be sound business for any financial institution to engage in operations in such places. It seems to me, however, that where there are substantial industries which are not in the red—they must have reserves if their businesses are to be carried on on a proper basis—they might be persuaded to undertake construction of houses for their employees, which would do away with a lot of red tape and obligations and responsibilities. In such a case the firm would build a house and deduct from the employee's pay cheque each month such a sum of money as might be agreed upon so that he could carry on for the rest of the month.

Perhaps I might be forgiven for citing the operations that are going on at Trail. That company's first thought is the convenience of the employees, because they are convinced

that this is the first step towards efficiency, and for that purpose they have let a contract for the construction of 240 houses. They have selected a desirable location midway between Trail and Rossland, and these 240 houses are now under construction. Each will have concrete basement, a furnace, four rooms and a modern bathroom on the first floor, and the second floor will be so arranged that it can be finished by the employee himself at his own convenience. The construction of these houses is substantial, and the cost is at the very minimum, far lower than the employee himself could build a house by his own contract. These houses are for the use of employees only and are sold only to employees. The employee can pick out his location and purchase his house at the minimum cost. The cost will range between $2,200 and $2,300. An employee is permitted in the first place to rent at such a figure as covers the rent and five per cent interest and amortization; at the end of the year, if he thinks he would like to own the house, the rent he has paid for that year will apply on the purchase, and he will carry on his payments, which are deducted from his cheque each month. There are few complications and very little of the intricacy inevitable in small communities.

As regards advertising in the Gazette, in my opinion anyone who wants to hide information instead of giving it to the public should choose the Gazette. I had occasion to inquire as to the circulation of the Gazette last year, and I was informed that they were distributing 1,053 copies throughout the dominion. Many of these copies go to members and very few to lawyers. I should like to know, therefore, what particular use there is in advertising in the Gazette.

Mr. BENNETT: It is not a matter of advertising; these are statutes of Canada.

Mr. ESLING: A little while ago we were discussing the question of information and the way in which the public might learn what was going on and what the regulations were. If we approach the matter properly, when the minister has completed all such information as he chooses to give the public, the best medium, it seems to me, would be the local newspapers, and inquiries could be made at a central point. It would be of advantage and would save a great deal of trouble, time and expense, if some of the larger industries would take up these low-rental housing projects on the same principle as I have indicated.

Mr. DUNNING: There is nothing to prevent a corporation, such as the type of corporation to which my hon. friend has referred, from operating under part I of this act, as in fact some of them have operated under the old housing act. I believe it is generally known—I am not giving away anybody's secret—that in the town of Comeau Bay there was a housing development so arranged by one of the lending institutions, and guaranteed by the industrial corporation developing the property. A similar development is possible elsewhere. In the case most familiar to my hon. friend, the industrial concern has preferred to develop its own housing scheme, under its own control, instead of having anything to do with a lending institution. But it is competent for any such corporation to make arrangements with lending institutions under part I.

With respect to part II, which deals with low-rental housing, there would be nothing to prevent any industrial corporation from becoming itself a limited dividend corporation under the terms of that part for the purpose of supplying low rental houses to its own employees, provided it is prepared to accept the responsibilities imposed upon it by that part. While part II does impose provincial government responsibility where the authority is municipal, no provincial government responsibility is involved where the housing authority is a limited dividend corporation, so that it is possible, even in provinces where the provincial government cannot see their way clear to comply with the conditions with respect to municipalities undertaking low rental housing schemes under part II, that in such provinces there may be, as I am reasonably sure there will be, instances where the limited dividend corporation method can be followed.

Mr. MASSEY: In order to be consistent, paragraph (g) will have to be amended. If we turn back to paragraph (f) of section 2, part I, we find that we made the paragraph to read in this way:

(f) "local authority" means any province, municipality, society, association, corporation or commission—

And so on. I believe the words "or commission" should be added in paragraph (g).

Mr. DUNNING: Yes. I wonder if it should be done. The committee will understand that this is a different case.

Mr. MASSEY: But both refer to the local housing authorities.

Mr. DUNNING: Yes, it might be by way of commission. I believe the words "or commission" should be added after the word "corporation" in paragraph (g).

Mr. ROGERS: I move:

That in paragraph (g) the word "or" be deleted where it occurs between the words "association" and "corporation," and that after the word "corporation" be added the words "or commission."

Amendment agreed to.

Mr. NEILL: Would the minister look into this aspect of the matter so as to make this part of the bill apply to unorganized territories? It seems to be clear that a limited dividend housing corporation must give an option to the municipality concerned. If there is no municipality, who will take its place?

Mr. DUNNING: We shall deal with that when we get to the conditions. I would rather amend the conditions than amend the definition.

Mr. McNIVEN: In view of the possibility of municipalities becoming local housing authorities, I was glad indeed to hear the minister and the hon. member for Kootenay West enlarge upon the possibility of corporations undertaking building schemes for their own employees. The experience of the Consolidated Mining & Smelting Company in connection with workers' houses in Trail, British Columbia, is beyond the experimental stage, and has proven a boon to their employees. The experience of the Imperial Oil Company and other corporations in Regina along similar lines has proven most beneficial to employees and I suggest might well be undertaken by other industrial corporations in various parts of Canada.

A difficulty I foresee in a municipality becoming a local housing authority is found in a provision in the law of the western provinces, and one which, I believe, is found in the law of Ontario, that a municipality borrowing money for any municipal purpose whatsoever can do so only by by-law submitted to the burgesses, and carried by a two-thirds majority. That means that the class which it is intended this measure shall benefit would be excluded from voting on the by-law. Only a property owner would have a right to express himself.

Mr. DUNNING: Unless provincial legislation is changed.

Mr. McNIVEN: For this building season in any event it would be necessary under the present law to submit a by-law to the burgesses. In some centres at least the burgesses are vitally interested in raising rather than lowering property rentals. It is anticipated there would be some difficulty in attaining the necessary assent under the existing law.

Mr. McIVOR: Perhaps I have been acting prematurely, but because of the shortage of houses in Fort William I have written a company in that city, enclosing a copy of the bill, and asking them to go into the housing business. If I have acted ahead of time, it can be corrected.

Paragraph as amended agreed to.

Paragraphs (h) to (k) inclusive agreed to.

Section agreed to.

Sections 13 and 14 agreed to.

On section 15, paragraph (a)—Conditions of contract.

Mr. MASSEY: I should like to ask a general question on the sections we have covered so rapidly. When the minister introduced the resolution he discussed briefly the possibility of a municipality purchasing land outside its own then boundaries. It was indicated that the taxes they would receive as a result of the purchase of that land would be in addition to the taxes they had heretofore received. There was a question as to the possibility of the municipality foregoing taxes on land for the first three years. I understand that under this arrangement 100 per cent of the taxes are to be paid for the first year, 50 per cent for the second, and 25 per cent for the third.

Mr. DUNNING: No; the hon. member is talking about part III of the bill, which has no relation to this part at all.

Mr. MASSEY: Yes. I thought we were coming to that, and I was endeavouring to anticipate discussion of the matter. As we were going so fast, I thought I would draw it to attention now so that some of us could catch up to the committee.

Mr. BENNETT: I am wondering if the provision in paragraph (a) is a wise one. Should not the municipality be the certifying authority? The paragraph refers to "other designated official." It seems to me it must be the municipality itself.

Mr. DUNNING: If we are to attain our objective, there must be some certification.

Mr. BENNETT: One authority is set up by law; it is the municipality itself.

Mr. DUNNING:

Unless the head of the department of welfare or other designated official of the municipality concerned. . . .

Mr. BENNETT: Exactly. Why should it not be the municipality? It seems to me that would be logical.

Mr. DUNNING: "Department of welfare" was a general term. In the case of a limited dividend corporation operating a housing unit would it be well to leave the statute in such condition that the vote of a municipal council could decide whether a particular family had or had not an income which would bar them from the benefits of the measure?

Mr. BENNETT: But it seems to be a matter of fact. It is a question of fact, not a question of votes. I am afraid my hon. friend hears so much dealing with them that he forgets it is a question of fact.

Mr. DUNNING: It is a question of fact, but a kind of question of fact with which the relief administration have the greatest difficulty, because incomes of the type of people being dealt with are very often at least partly of a more or less casual character.

Mr. BENNETT: I agree.

Mr. DUNNING: The object of having one official designated was to relieve the limited dividend housing corporation of being placed in the position of having people certified by a vote of a municipal council to be eligible, with all the difficulties that would involve.

Mr. BENNETT: If it involves that, this statute must be a complete failure. Nobody ever thought you were going to have votes about this, because it is a matter of fact.

Mr. DUNNING: It is, and should be. So are relief questions turning upon exactly the same point, the income of the family.

Mr. BENNETT: In this case, if the rent is $15, the man must have an income of $75 a month.

Mr. DUNNING: He must not have more than that.

Mr. BENNETT: It must be $75.

Mr. DUNNING: No.

Mr. BENNETT: It must not exceed that. It must be up to $75; I will put it that way in order to make it clear. This statute means that a man must have an income not exceeding $75 a month in order to be eligible under this part. I do not believe anyone thinks for a moment that you are going to require a vote of the municipal council in order to determine whether or not that man has an income not in excess of $75 a month. That is not what I had in mind. There must be some designated official. Here you have provided for a department of welfare or some designated official of the municipality. In many municipalities I do not think there is an official who has charge of such a department; that is the point.

Mr. DUNNING: That is the reason for the alternative.

Mr. BENNETT: It should be definitely an official of the municipality; then let the municipality and the government determine which official it shall be. It may be that it will be the department of public welfare, the department of public relations or something else. We should not tie them down to that; let it be an official of the municipality, and the arrangement can be made between the two governing bodies. I think the minister caught my point at first, but certainly he does not have it now. I say the moment you undertake to designate one you impinge upon the value of the words which provide that it shall be any designated official. Leave the whole matter open; let it provide that there shall be a designated official of the municipality concerned, and you will get over your difficulty.

Mr. MALLETTE: Does it not mean an official designated by the municipality?

Mr. DUNNING: Quite, and agreed to by us.

Mr. BENNETT: You have signified one authority, the department of public welfare. Some of the municipalities do not have any such department. I think you should make your term broad enough to cover everything, and say, "unless a designated official of the municipality concerned certifies that there is not a demand for such unit."

Mr. DUNNING: That is a very important certification that is given. This official, or somebody, must say there is not a sufficient demand from families with low incomes, and therefore these dwellings may be rented to families with higher incomes.

Mr. BENNETT: That is the very thing we want to do away with.

Mr. DUNNING: Quite so, and that is why we should have some say in connection with the designated officials.

Mr. BENNETT: Quite. The paragraph provides that the annual rental shall not be more than one-fifth of the estimated total income of the family, unless a designated official of the municipality concerned certifies that there is not a demand for such housing

accommodation. I hope that will be changed to provide that this official must be agreed upon by the government and the municipality, because the moment you talk about a department of public welfare you are going to get into trouble, because some municipalities do not have such departments. Very often these are in charge of—

Mr. McNIVEN: Committees.

Mr. BENNETT: That is it exactly.

Mr. McNIVEN: The department of welfare in most instances is in charge of a committee.

Mr. DUNNING: I have no objection to having it read "a designated official of the municipality concerned," which leaves it subject to agreement as to who should be designated.

Mr. BENNETT: Exactly.

Mr. DUNNING: I have no objection to striking out the words "the head of the department of welfare or other" and inserting the word "a" to make it read "a designated official of the municipality concerned."

Mr. ROGERS: I so move.

Mr. BENNETT: I quite get the point the minister has in mind, but it does seem desirable to put it in such general terms as will cover all cases. If you do it otherwise you will have conflict at once, because sometimes the heads of these departments change frequently. One man may take the chair for a week or a month, and then the next man will take it.

Mr. DUNNING: If we say "a designated official," we see to it in the agreement that an official is designated, because this is one of the ways in which the scheme could be abused if we did not have the proper safeguard.

Mr. TAYLOR (Nanaimo): That does not necessarily imply acceptance by the minister.

Mr. DUNNING: Quite. The ruling section is "each contract with a local housing authority shall provide," and under that we shall be agreeing to the designation.

Amendment agreed to.

Paragraph as amended agreed to.

On section 15 paragraph (b):

Mr. McNIVEN: Is it intended that the cost of insuring these properties should be included?

Mr. DUNNING: That cost comes under management expenses.

Mr. MASSEY: If the total income of a family were say $25 a week, and then one of the younger boys got a job at $10 a week, what would that do to the rent?

Mr. DUNNING: It would not do anything to the rent.

Mr. MASSEY: It would not do anything?

Mr. DUNNING: No.

Mr. MASSEY: It would put the family out; that is all.

Mr. DUNNING: It is a question of the terms of the lease as to how frequently a review of the family income will be required. It does not do anything to the rent, but it does put them out if their income is above the maximum specified. That would be a matter to be worked out, as to whether the leases should be annual or semi-annual, as the case may be. I am sure nothing would please my hon. friend better than to find that numbers of families were compelled to move out of these low-rental projects because they had become too prosperous to qualify for occupancy.

Mr. BENNETT: Where can they go?

Mr. DUNNING: If a family becomes too prosperous to qualify under part II, they should be sufficiently prosperous to qualify under part I and build their own houses.

Mr. BENNETT: But it will take time, and there should be some real balance with respect to it.

Mr. DUNNING: Certainly it will have to be arranged that they will not be put out on a week's notice or anything like that.

Mr. MASSEY: There is a great uncertainty here. Suppose you have a man and his wife with a boy of fourteen and a girl of twelve, with both the children in school. A year or so later the boy leaves school and gets a job; three years later the girls does the same thing. That means the family must move out.

Mr. DUNNING: That is why we made provision with respect to the terms of leasing and did not make any provision with regard to ejection. Perhaps we can leave it at this point for the present.

Paragraph stands.

Section stands.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS

Bill No. 155, for the relief of Stella Maud Lash Dawes.—Mr. Lawson.

Bill No. 156, for the relief of Elizabeth Dubnitsky, otherwise known as Elizabeth Dubney.—Mr. Lennard.

Bill No. 157, for the relief of Harry Roth.—Mr. Jacobs.

CRIMINAL CODE

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

The house resumed from Tuesday, May 17, consideration of the motion of Mr. Woodsworth for the second reading of Bill No. 4, to amend the criminal code.

Mr. PAUL MARTIN (Essex East): Mr. Speaker, I believe this bill is of sufficient importance to deserve a more extended discussion than possibly the temper of the house at this moment will permit. No one who has taken part in this debate has as yet expressed any disagreement with the principle involved. Certainly the slightest knowledge of the character of the present economy of the world must suggest that workers should have the right to organize in the same measure as employers. Keeping in mind the experience of older countries, particularly the United Kingdom where the labour movement grew up at first under a cloud of suppression and later under the shadow of respectability, one would hope to have the progress of trade unions generally in this country proceed along similar lines.

Before expressing my view on the merits of the bill and in order that I may not appear to be giving expression to something merely for the purposes of the moment, I should like to quote from a speech I made in a radio series along with the hon. member for St. Lawrence-St. George (Mr. Cahan) and others dealing with this general problem. I do this in order that the hon. gentleman who is sponsoring this bill may not suggest that I am supporting the principle of the bill to-night after having taken a contrary stand at an earlier date. I stated my views long before this bill was introduced in this chamber. I am quoting my own words not because they are of special significance, but because they indicate clearly my own views before the bill was introduced. I said:

It is not enough for a man to be able to think freely. This would be indeed a one-sided liberty, which would not be freedom at all. A man must be free to associate with his fellowmen for joint action in realms where there is a community of interest. The difficulty arises, not so much with the denial of this right of association, as with the measure of control which the state is entitled to use over voluntary associations; and this raises one of the most difficult problems of political science.

And further:

Liberty must reside within the context of this restrictive basis, but this restriction itself must be defined.

I ask the hon. member who is sponsoring this bill to follow particularly what I am going to read. Perhaps very few members will subscribe to it, but it represents my view and indicates how I thought then and still think about these matters. I quote:

A government is not justified in suppressing an association, the mere beliefs of which are subversive of the existing order. The occasion for governmental interference must be when the association has moved to action unmistakably in an attempt to bring about an overthrow of the estalished order.

I can go the whole way with the hon. gentleman in the expression of a belief in the principle of freedom of association as applied to workers and to all other groups within the state. I think it would be unfortunate if the hon. member were to suggest that because of the observations of the Minister of Justice (Mr. Lapointe) and the Minister of Labour (Mr. Rogers), the government had expressed a view contrary to the principle of this bill. The Minister of Labour indicated clearly that he believed in the principle of the bill. He did not object to it except on one ground that must be obvious to all. He said that the law officers of the crown having determined that this was not within the constitutional powers of this government, it would be a matter almost of political immorality if we passed something so clearly outside our authority. The Minister of Labour made a statement a year ago, to which he referred in his remarks during this debate. I think that statement bears repetition to-night. The Minister of Labour was speaking on behalf of the government, and his statement indicates the temper of the administration with respect to this whole matter. He said:

It is necessary to state in the clearest terms that the right of association is a civil right, long established by law and usage. It was affirmed with special reference to Canada by an order in council of July 11, 1918 (P.C. 1743). It

was proclaimed explicitly in the Treaty of Versailles at the close of the world war. To deny the right of workmen to combine in any lawful organization they desire for the promotion of their common welfare is an open invitation to extremists to preach the futility of collective bargaining as an alternative to direct action. The right of association for legitimate purposes should be respected in the national interest and labour should not be denied the means of organizing for collective bargaining. The right of employers to organize for all lawful purposes is not questioned in any quarter. Employers are not entitled in the same breath to protest against governmental regulation of industry and to deny to labour its right to resort to legitimate measures of self-help through voluntary association.

That is a very strong declaration. I think it was the hon. member for Kootenay East (Mr Stevens) who stated that the order in council passed shortly after the war was merely a pious declaration. I suppose the same thing could be said with regard to this statement. The reason they may have merely the effect of pious declarations is that the matter concerned does not come within the constitutional powers of this parliament.

Mr. BENNETT: Have we not the right to make anything we please a crime?

Mr. MARTIN: I think the right hon. gentleman is right. As he knows much better than I, we have the right to make a crime of matters that are essentially criminal in character.

Mr. WOODSWORTH: Who made the decision?

Mr. MARTIN: The courts have decided. The judicial committee has decided.

Mr. STEVENS: Not that.

Mr. MARTIN: That in respect of matters which come within the exclusive jurisdiction of the provinces we cannot in the assumption of criminal jurisdiction deal with matters that come under section 92 of the British North America Act.

Mr. BENNETT: We cannot use that as a device to occupy the field.

Mr. MARTIN: At the moment this assumption of authority is being exercised by the provinces. In Nova Scotia we have the Nova Scotia Trade Unions Act, 1937. In British Columbia we have the Industrial Conciliation and Arbitration Act. In Manitoba we have the Strikes and Lock-outs Prevention Act, 1937. In Quebec we have the Fair Wages Act, and we have acts that were recently passed in Saskatchewan and New Brunswick. I quite agree that in some respects these acts lack the necessary teeth to deal with the problem. I would say that, certainly with regard to at least three provincial acts, but that does not, one way or the other, affect the problem.

I submit, and I put this to the hon. member for Winnipeg North Centre (Mr Woodsworth), that the law officers of the crown having decided that this matter comes under the caption of property and civil rights it would not be justifiable for this or any other government or any parliament to act contrary to that advice There may be methods of determining whether or not that advice is correct, but in so far as the measure now stands before the house there is, I submit, no other course open to us.

In addition, I would suggest this, that in respect of the servants of the dominion or in respect of labour in those parts of Canada not coming within the organized provinces we have the power to enact legislation covering them, and having in mind that legislative competence I would, speaking for myself, agree to the application of this bill to them. I do not want the hon. gentleman to misconstrue what I have been saying, and I am sure he will not. While to some this bill may seem extravagant in its extent, it is nevertheless a bill which in our day deserves support in principle. I believe that if it were constitutionally possible it should be made a crime, as my hon. friend suggests, in the case of an attempt to prevent the proper organization by labour to obtain its legitimate rights. Representing as I do a constituency where labour is to be found in great numbers, I appreciate that point more perhaps than anyone else. I was going to make a personal reference, but I leave that out.

I suggest to the hon. member for Winnipeg North Centre that even if we had the power of passing this bill—and assuming the power I would agree that we should pass it—that is not in the long run going to be the effective way of protecting the rights of workers through organizations and the like. The Minister of Justice referred to the tradition in England. I wish we had the same tradition in this country, and then the events that took place in this province in the course of the last year would not have been possible. I agree with all that. I agree that it was wise for the hon. gentleman to bring forward this method of trying to have this house assert in no uncertain manner its views, and because of that I am taking part in this discussion, but I suggest to him, as one who knows the

tradition in the common law countries, as one who knows conditions in respect of the handling of this matter in other places, that the effective way has never been the use of coercion, and that method will never be a guarantee in itself.

Reference was made in this house in the admirable statement by the hon. member for Vancouver East (Mr. MacInnis) to the position in Sweden. Of course, there you have altogether a different problem, just as in the United States you have under the Wagner Act an altogether different situation, in so far as the question of jurisdiction is concerned.

If any hon. member suggests, and I think it has been suggested in this debate, that the Minister of Justice takes his stand because he happens to come from a province where there seem to be restrictions which, speaking for myself, I certainly do not countenance, I submit that the Minister of Justice long before this measure was introduced into this house did give expression to the proper method of bringing about the realization of the rights of labour. That expression of his could be given in England because it is so often thought that French-Canadians themselves do not appreciate the full import of the words "liberty" and "freedom" and all that they mean. Let me quote from a speech made by the Minister of Justice, speaking at a communist gathering in Montreal, where he was opposed to the use of force as a means of coercing the communists, and what he said there might equally in reverse order be applied to this whole problem. He said:

> (Translation) If we would secure for ourselves political as well as economic security, if we wish to repulse successfully the onsets of the enemies of order, we must depend less on the criminal code, on the police force and the gaols, and more on personal dignity, on individual efforts and on cooperation, which make up the substance and the soul of a free people. Guns and hand grenades are of no avail against those who preach violence, be the reasons good or bad. With an enlightened mind, we must accept necessary changes and unavoidable reforms, if we would take from the enemies of order the weapons provided them because of certain errors and abuses.

Mr. POOLE: I should like to direct a question, if I may, to the hon. member for Essex East (Mr. Martin). It seems that his objection was that we did not have the power in this parliament to deal with the matter. I wonder why the hon. gentleman differentiates between the subject now under discussion and unemployment insurance, speaking of which some days ago he said, in substance, that if we did not have the power to put it into effect we should assume the power.

Mr. MARTIN: Quite.

Mr. POOLE: Then why should we not assume the power in this case when it is for the protection of labour?

Mr. MARTIN: The cases, if the hon. gentleman will permit me, are not at all analogous. What I said with regard to unemployment insurance was based on the assumption that we have the right of amending the constitution without going through all the stages that the hon. gentleman contemplates. But with respect to the matter before us, property and civil rights, under which certainly the doctrine of contract must come, are specifically given by the British North America Act to the provinces. That is the difficulty. It is unfortunate that our dual jurisdiction should in respect of great national problems such as this always be in the way. I have said in this house that unemployment is a national problem, and I think this problem should properly be dealt with as a national one, but unfortunately I was not born in 1867 and had nothing to do with framing the British North America Act.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I confess I was not able to follow the right hon. Minister of Justice (Mr. Lapointe) in the observations he made a few days ago based upon the report made by his officials that this proposed act now in the form of a bill is ultra vires of this parliament in its entirety.

I followed the speech made by the hon. member for Essex East (Mr. Martin) this evening, and I could not help thinking of one of his illustrations. He said that he had a few weeks ago declared that man's belief was one thing but that unless he expressed it in overt acts he saw no reason to complain. He reversed the process in the speech we listened to this evening, and while his apology for the administration was admirable, the only way in which I think there can be an expression of an overt act would be by voting for the measure; for there can be added to it without any difficulty a provision that it shall not come into force until proclaimed, and in the meantime it could be referred to the courts to determine its validity.

I think the right hon. Minister of Justice will agree with me that in two paragraphs of this bill we are not dealing with property and civil rights at all, that what we are dealing

with is intimidation and conspiracy. In the paragraph to which I refer, paragraph (b), we are dealing with the offence of intimidation. We are dealing with an offence against the body politic on the part of those who may be in a position to enforce their views by threats, intimidation or otherwise, preventing that which arises out of property and civil rights, namely a contract being made effective. No one would question the right of the provinces to control matters of property and civil rights. No one has questioned the right of the provinces to deal with matters of contract. But it does not follow that because that is so, this parliament in the exercise of its jurisdiction over criminal law may not express itself in the strongest possible terms as to those who interfere with freedom of contract and the making of it. It is with respect to this that my difficulty arises.

This legislation in the last two paragraphs deals only with matters in which by force, by intimidation, by threats—the character of the threats and the extent of the intimidation are not the issue—an effort is made on the part of one person to prevent another person from exercising a civil right. The civil right is, as indicated by the last speaker, the right to belong to a union or to an association, the right to do as a man pleases with respect to the matter of collective bargaining. If the other person said, "You shall not exercise that civil right," and stops there, well and good; but if by intimidation, by threats, by the power and authority and force of his position he says "'Thou shalt not' exercise your civil rights," that is a matter of criminal law; that establishes our right to exercise our jurisdiction with respect to it, which we are doing every day. All one needs to do is to read the criminal code and note its provisions with respect to mischief and matters of that kind, with which I shall not trouble the house to-night. That does not conflict at all with the right of the provinces to deal as they please with matters of contract, of property, of civil rights. But where a man says, "' Thou shalt not' use your property or exercise your civil rights," and he uses towards you intimidation or force or threats to see that you do not exercise your rights, that is an offence; that is within the criminal law, and solely within the jurisdiction of this parliament. It is that offence at which this bill strikes.

I am now dealing with the two paragraphs at the end of the bill. Look at the next paragraph. Is it or is it not a criminal offence if a man "conspires, combines, agrees or arranges with any other employer or his agent" to do any of these things? Is it wrong, as a matter of law, to conspire to do an illegal act? Well, the criminal law is clear on that point. There may be a conspiracy which is a combination to do a lawful thing. Against that the law does not strike. But when there is an agreement between parties to do an unlawful thing the criminal law interposes. And what have you here? You have here intimidation, threats to deprive a person of what the hon. member for Essex East so well described as the exercise of a civil right —freedom of association, freedom of speech. I was reading a book the other day, The Voice of England with respect to Freedom. Starting away back a thousand years ago, and along down through all the centuries, the voice of England has been the voice of freedom. Here we have a combination or association which is permitted by law, and we see, in the last paragraph to which I am directing attention, that if you combine and agree to do an unlawful act, namely prevent a man from belonging to an association or trade union, you are liable to the criminal law of the country. Have we not jurisdiction there?

There remains one other matter, and that is the first paragraph. You can read that in a sense which is consonant with the views expressed by the minister, but I do not so read it. The first paragraph deals with refusal to employ or the dismissal from employment of any person for the reason that he has exercised his freedom of choice by belonging to a union which is formed for the purpose of advancing in a lawful manner the interest of the workmen. If it is a penalty for a breach of contract, then of course I have no difficulty in agreeing with the minister. But it is not a penalty for a breach of contract, because that is covered by a provincial statute; that penalty sounds in damages, as many acts provide. This bill goes further. It does not, as I read it, contemplate the question of contract or property and civil rights in that sense at all. It merely says that if a man refuses to employ another, or dismisses him from his employment because he has exercised his freedom of choice by associating himself with a particular trade union, that is such a deprivation of a civil right, the great right of freedom or association, as to incur the penalties of the criminal law, and not a pecuniary result sounding in damages. That, I think, is the distinction between the provincial statutes and this bill. Of course I agree with what has been said by the hon. member for Essex East, reflecting in that respect the mind and almost the speech of the Minister of Justice. We should not

openly pass laws which, in the opinion of those responsible for their promulgation, are ineffective and invalid. On the other hand, if we have what I conceive to be the strongest reason in the world for believing a statute to be valid, we should place it on the statute books and ask that it be referred to the court so that its validity may be determined. That is the method prescribed by law for that purpose. I am sure the minister will remember the very strong words used by the late Edward Blake as to the desirability of that course being followed in dealing with a matter of this kind.

I believe the bill to be valid. I believe it to be within the legislative jurisdiction of this parliament. I believe it makes it an adequate and proper offence for a person to interfere with any man exercising his freedom of choice and his right of association, provided always that it is exercised—in the language of the bill itself—"in a lawful manner." By those words we should, I feel, all be bound—"in a lawful manner," consonant with the laws of the country, with its institutions, with everything they imply. I support the bill.

Mr. THOMAS REID (New Westminster): I rise to endeavour, if I can, to correct an impression which I believe was left during the time that the Minister of Labour (Mr. Rogers) spoke, and again to-night when the hon. member for Essex East (Mr. Martin) spoke in connection with the measure at present before the house. I judge from the remarks of the two hon. gentlemen who spoke on this matter, and particularly from what was said by the Minister of Labour, referring to the old country in comparison with Canada, that Great Britain is one country to be followed because in regard to labour legislation they have not placed a great deal of it on the statute books. The Minister of Labour suggested that we in Canada would perhaps do well if we followed the same line as Great Britain. Well, as one who in early youth came from there, and had belonged and still belongs to a trade union, I can tell the Minister of Labour this: The reason there is little on the statute books of Great Britain with regard to labour or trade union legislation is that for many long years labour and the working people had no representation in the British House of Commons. In the early days of the fight for trades unions, members of the House of Commons comprised in large measure land owners, steel mill owners and coal mine owners. The history of the trade union movement in Great Britain is one which I think should be told to the world. The fight put up in the early days by the working people of the old land for trade union legislation was a very tragic one indeed; it was one of bloodshed, starvation, intimidation, trial, and in many instances, flight from their homes to other lands. I believe that other countries have benefited to some extent in consequence of what the workers did.

I am all for the principle of this bill, and I intend to vote for it, though it may not be within the purview of the dominion government; and I do so not only because I represent a considerable section of labour in the constituency of New Westminster, but also because I have vivid recollections of the early days of that struggle for trade unionism when this very principle was being advocated in the old land. We in this country have a good deal of reason to be grateful for the fight that was made in those early days in Great Britain, and I should like to see this legislation put into effect in every province in Canada. We are, or should be, heading in that direction. We may not reach the goal immediately, but we shall utimately come to the point where all the provinces will give absolute freedom to labour to organize.

Mr. DANIEL McIVOR (Fort William): Mr. Speaker, I had not intended to speak on this bill, and I have no notes—perhaps you will say, "Thank goodness"—so I shall have to think on my feet. This is not a government bill; but I know something of the tasks of the toiler; I know something of his struggle. When I came out of university in my first year the only job I could get was wheeling bricks at fifteen cents an hour, and the third day after I had been at that job my hands were in such a state that I could not hold on to a baseball as well as I did to-night. I know something of the struggles of the labourers in Winnipeg in those early days. They comprised English, Scotch, Irish, Icelandic and Swedish, and I was one of them. I cast my lot in with them. I can say that they were as fine a group of men as ever struck this great Canada of ours and there are hundreds of them to-day who are not wheeling bricks. Of course, I admit that I did not have to stay at that very long because the contractor, who was going into big business just then, thought I might assist him in his office work and take charge of the labourers.

When I hear that some members of this house hold their breath when a preacher comes around, I can tell them that I have heard language which would put them to shame, because I have heard men who could swear even scientifically. I was an officer of the first labour union in the city of Winnipeg, and we wondered why it was that we should

have to work for fifteen cents an hour when bricklayers were getting forty-five cents. Some of us were green, of course, but none of us were yellow. As I think of those men and the struggle they had to make for their rights, I can recall how they used to sober up a little and keep their cheques in order that they might be able to pay their board and keep their wives and families in difficult times. In those days I formed habits and trains of thought which I have not changed. I take second place to no man in this house in my interest in the toiler, and I will take no part in anything that will cast reflection on the honest toiler. I may tell the house parenthetically that if we had more employers of labour like an hon. minister who comes from some place near Fort William, it would be better for the country, because when the depression came he did not say to his office hands and his workers, "I have no more contracts; take a rest for a while". What he did tell his office hands and his workers was this, "Employ yourselves as best you can; your cheques will come just the same". No wonder I stand behind the Minister of Transport (Mr. Howe). When he did not have to, he treated the honest toiler in a generous way. Yes, Mr. Speaker, I know something of the struggles of the working man, and I know why the hon. member for Winnipeg North Centre (Mr. Woodsworth) has brought in this bill. Some of our employers of labour do not know how to treat the honest toiler; they do not give him fair play: I have known employers who would organize themselves into an association and then refuse to let their workers organize.

I belong to a party in this house as progressive as any in the dominion, and when we get a free fling, as, thank goodness, we get it in caucus, though I must not tell tales out of school, I can tell you it is the finest thing I have ever struck. We are not muzzled, and you will never hear the crack of the whip, as some people think. But, like other hon. members, I feel that I am free to vote just as I please, and I am going to vote for this bill if somebody does not talk it out. Having said that, therefore, I shall now sit down, thanking you, Mr. Speaker, and the house.

Mr. VINCENT DUPUIS (Chambly-Rouville): Coming from the province of Quebec, where our first magistrate is so scrupulous about provincial autonomy, I think it right to do my share in seeing that this House of Commons does not override his very important point with regard to rights in that province. As everyone knows, Hon. Mr. Duplessis in some circumstances is protesting against some federal legislation, because he is convinced that we are overriding the autonomy of the province of Quebec. And in some other cases he claimed otherwise. I shall not enter into the question of the constitutionality of this bill because that was covered pretty well by previous speakers, the distinguished Minister of Justice (Mr. Lapointe), the hon. member for Essex East (Mr. Martin), and on the other side, the right hon. leader of the opposition (Mr. Bennett) and the hon. member for Winnipeg North Centre (Mr. Woodsworth) who is sponsoring the bill. But as far as I can compare this legislation with some legislation which has been overruled and found ultra vires, I do not see any difference at all. We must admit that we are in such a situation to-day that we have to accept the constitution passed in 1867, and we have to deal with it according to the interpretation given by the highest court of this country, the privy council. If that is true, what is the use of this house spending time, and what is more important, spending money, to pass legislation which after great expense for fees may be declared ultra vires of this parliament. And, mind you, I am a lawyer; I am speaking against my own interest; it might be that the hon. member for Winnipeg North Centre would be inclined to choose me as his attorney in that case. But I try to take a higher view than my personal interests, and consider the interest of this country first. I believe it is our duty as legislators to prevent this bill from becoming law, because we know beforehand that the result would be its submission to the supreme court and then to the privy council. And I for one do not want that.

If we compare this bill with legislation which has been enacted in the province of Quebec lately, Bills Nos. 19 and 20, I think the present administration of Quebec have dealt with this matter and the purpose aimed at by this bill now before us. I am firmly convinced that the legislation which has been passed by the Quebec legislature is entirely wrong, if I compare it with the alleged request of the labour men in that province. Nevertheless I believe the premier of Quebec is right in claiming that in the situation in which we find ourselves to-day, due to the British North America Act, the right to legislate in such matters belongs to the province. I am sure the premier of Quebec is wrong when he refuses to consent to this parliament dealing with this social legislation. I am convinced that so long as some provinces refuse to this parliament the right to legislate in social matters, the result will be against the interest of our provinces. I know perfectly well, and hon. members will agree, that if we

are left in that unfavourable situation as regards social legislation—take, for instance, the question of unemployment insurance, if one province decides to pass a law to establish unemployment insurance and other provinces refuse to do it—the consequence is clear. The people engaged in such industries which fall under that law will move from the province which refuses to pass the law into some province which has passed the law. On the other hand capitalists who have invested money in such industries will leave the province which has passed the law and go to a province which has refused to pass the law. It is easy to see that so long as the provinces refuse to agree to transfer their right and allow the federal parliament in common understanding for the best interests of the citizens of this country to enact this social legislation, no good result will be attained.

So far as the principle of Bill No. 4 is concerned, I might be ready to agree with it. Of those in this house who are in favour of justice, who want to see the citizens of this free country have their share of sunshine, who are against oppression, the hon. member for Chambly-Rouville is one. But the duty to see that there is a sure right for employees to enjoy free association, and that employers should not do anything to molest or prevent their employees from associating for their common good, is the duty of the province. What is the use of our passing such legislation as this when we know perfectly well it is ultra vires? As to this, however, I am ready to respect the views of those who differ with me, who have at their head the right hon. leader of the opposition. But, as I say, we are in a free country, and I think the majority of those who know something about law in Canada will admit that it is useless for this parliament to pass such legislation. I do not see why the hon. member for Winnipeg North Centre brought in the legislation, since I am sure he has studied the judgments of the supreme court and the privy council in regard to similar legislation. He knows perfectly well—

Mr. WOODSWORTH: I object to a statement of that kind. I object to the hon. member virtually saying that I brought in this bill knowing it was ultra vires. I object to being charged with anything of that kind.

Mr. DUPUIS: I know perfectly well that there was no improper motive in the mind of the hon. member; I admit that readily, so he need not protest. I know he is sincere, but I have seen many sincere people who have made mistakes. I am told that the road to hell is supposed to be paved with good intentions.

[Mr. Dupuis.]

We cannot agree with the hon. member though we appreciate his sincerity. It may take a great deal of good will to admit all these things, but it is absolutely the custom of the House of Commons to believe in the sincerity of those who compose this assembly of legislators. But if, on the one hand, we are ready to admit the sincerity and good intentions of members of this house, I am sure, on the other, the hon. member for Winnipeg North Centre will also admit that we on this side are sincere in endeavouring to prevent this bill from becoming law, and that our only endeavour is to see that the citizens of this country do not have to pay any more taxes than they are paying at the moment. If this bill could be considered constitutional; if it had a chance to be put into operation all over this country, you would not hear me speaking now, except to help the bill pass as soon as possible. That, however, is not the case. If this bill becomes law, it will be contested; it will be brought before the tribunals of this country and before the privy council, and it will be declared ultra vires.

We do not want that. I have seen a good deal of legislation since I have been in the House of Commons. For nearly ten years now I have followed the discussions in this house, and in that time I have had the pleasure of listening to many good speakers. Just to show that on this side of the house we are sufficiently broad-minded to admit the truth even though it may please our opponents, I may confess that if there is one thing in the world I like it is to hear speakers like the right hon. leader of the opposition and many of his followers, because they are parliamentarians of long experience. Sometimes they are a little sophistic, but we are glad to listen to them. This we admit frankly, and that is not only so with reference to hon. members opposite. I hope I may not be taxed with possessing too much pride if I say that at times I have noticed good speakers and good legislation on my side of the chamber. Nevertheless, admitting all these things, it is my duty to protest against this legislation, for the reasons I have given. You have only to read this bill, Mr. Speaker, with your knowledge of the jurisdiction of this parliament, to conclude that it is entirely ultra vires. We are not only legislators in this house; I believe we are also—

An hon. MEMBER: Statesmen.

Mr. DUPUIS: No; I would not claim to be a statesman, though I hope to be some day. I think everyone will agree that in addition to being legislators we are the highest tribunal

in this country. Why should we pass legislation like this, which will be disputed and brought before the courts, when it is possible for us as legislators and judges to decide on its legality right away and declare it ultra vires? I believe that when I conclude, Mr. Speaker, you will rise and make a declaration to that effect. That will satisfy me, and particularly will it please the premier of Quebec, who is so scrupulous about the autonomy of that province.

Mr. WOODSWORTH: Mr. Speaker—

Mr. SPEAKER: I would direct the attention of hon. members of the house to the fact that if the hon. member speaks now, he will close the debate.

Some hon. MEMBERS: Nine o'clock.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

Marketing services—Live stock and poultry—further amount required, $7,040.

Mr. LEADER: The hon. member for Kootenay East (Mr. Stevens) had quite a lot to say when this item was last before the committee. I cannot vouch for the accuracy of his statements, but because of his experience as a member of this house and as a minister having charge of the very department to which he referred, I think his words should receive some attention from the committee. He stated that some of the packing institutions have been making monkeys out of the officers of the department. I have sometimes thought the members of parliament have been treated in almost the same way. Since I entered this house I have come to the conclusion that members have not a great deal to say about the legislation and regulations that are passed. Those matters are mostly settled in the departments. This is irksome to me. I have always prided myself on being able to take my own part. When I was elected to this house I figured I could do more than my share in the house. I considered what I was fitted for, and I decided that perhaps I could so something for the live stock industry of this country.

Let me say that I have received nothing but the utmost courtesy from the officials of the Department of Agriculture. Any time I wanted information I always got it if it was within their power to give it to me. I believe enough evidence has been presented in the last few years to warrant the minister in asking for an investigation into the live stock industry. My conclusion is that we should have a better system than we have at the present time. I am not suggesting the appointment of a roving, meandering royal commission, but I contend that at the very first of the session next year—it is too late to do anything this year—a select committee should be appointed to deal with this matter. In the meantime hon. members can obtain all the information possible in order that they will be able to deal intelligently and expeditiously with this question. We have had too many royal commissions. Nine times out of ten, when a royal commission is appointed, it is appointed to evade responsibility. I come from a farming district and farming is the only business with which I am conversant. I feel I should have some responsibiilty in investigating a question of this kind. I could make a number of suggestions, but I shall be satisfied with making just one. We might very well consider the selling of live stock by means of auctions as they do in the old country. I believe that is worth considering as a new method of marketing our cattle in the stock-yards.

Hon. J. G. GARDINER (Minister of Agriculture): I quite appreciate what the hon. member for Portage la Prairie (Mr. Leader) has had to say with regard to the necessity of an inquiry being made into the methods of handling live stock in Canada. However, I may say that it is the intention of the department as at present organized to carry on that kind of investigation continuously. I agree with much of what the hon. member has said with regard to meandering investigations being more or less a means of shifting responsibility on certain occasions. It was for that reason that in reorganizing the department we set up a marketing branch which would be continuously in contact with all the activities of the stock-yards and marketing in general. I am hopeful that with the completion of the reorganization we shall be able, in the year that is ahead of us, to carry on an investigation that will be effective at all times throughout the year.

I think we can accomplish more by that method than by the appointment of a committee. However, I have no objection to a committee being appointed. It could be appointed whether or not I objected, because that is the right of the house. If a committee is appointed, the department will be

ready to cooperate in every way possible. However, I repeat that this work can be done more effectively by the officials who are continuously in touch with the activities of the stock-yards and the packing plants. I think I can say to the hon. member that such an investigation will be carried on continuously throughout the year.

Mr. LEADER: I do not believe the live stock men of this country will be satisfied with the form of investigation to which the minister has referred. I know there are serious objections to the methods being used at the present time, and there is an increasing demand that some investigation should be made into these matters. The department of agriculture of Manitoba conducted an investigation into these matters this winter. I do not know the results of their findings, but they must have discovered something. We could use that. In the meantime, we could use this United States trade agreement. All this evidence would be available for this committee next year. I am firmly convinced that this is the proper way to carry on the investigation, and there is no doubt that an investigation is needed. I know there are hon. members coming from rural constituencies who are just aching to take a more prominent part in the work of parliament.

Mr. McDONALD (Souris): For some time I have thought there was something radically wrong with the marketing of live stock. When I was discussing this matter with a farmer he told me that the main trouble to-day is the fact that there are no drovers going up and down the country making competitive bids for live stock. The reason for that is that there is no competition at the big markets such as Toronto and Winnipeg. In the old days the drovers used to run up and down the country and try to buy direct from the farmer, and when the farmer did not get what he thought was the right price he did not have to sell; but to-day he has to send his cattle to Toronto or Winnipeg and sell them on a commission basis, and as was suggested by the hon. member for Kootenay East he has simply to take what is left, which is sometimes extremely little. I have known cases where there was nothing left. Certainly the farmer cannot continue to market his products on that basis and make money.

It is quite true that advice is being given by men who are watching the operations of the big markets and trying to advise the farmer. Over the radio on certain days you will hear these men advising the farmers to ship a certain kind of stock to market. I have known farmers who listened to that advice and then went to the best drover they knew and told him to come to their farm and pick up the stock needed for that kind of market, but they found, after they had shipped their cattle, it was the same old story.

When cattle are disposed of, the meat is sold. It is different from selling grain. There is no sample market. The farmer has to take just what he can get for his cattle. I profess I do not know how to cure the situation; I know it would be difficult, because all the small abattoirs have gone out of business. The law of supply and demand is working fairly well at the present time, but we have known times in the last seven or eight years when the farmer got hardly anything for his products, and that is not good for any business. I feel sure that the minister would be well advised to look into the marketing of live stock, and if something can be done I hope it will be done.

Mr. BENNETT: Might I suggest to the minister that he refer this matter to the tariff board? I have listened to a great many speeches and read considerable evidence on this matter, and I confess that I have been somewhat bewildered by the views which have been expressed pro and con. It is a matter of vital importance to the farmers of this country. I find, on investigation, there is jurisdiction for the tariff board to deal with this question, and I therefore suggest that the minister ask the tariff board, which is there for the purpose of dealing with matters of this kind, to ascertain the exact facts and make a report which will enable us to understand the situation, if there be any further doubt about it. It is contended that the operations of one firm have brought about certain results. Whether or not that is so is a question of fact. That can be ascertained by the tariff board, which has the powers of inquiry and investigation, and I suggest that if the government would refer the question to the tariff board it might be exceedingly useful. But if we undertake, as the hon. member for Portage la Prairie (Mr. Leader) suggests, to deal with the matter by a committee of this house, we shall inevitably have certain difficulties which I can foresee. There will always be difficulties in dealing with it by some body other than a body of a judicial nature. The body is there; the jurisdiction is there; the tariff board is there. If the minister would take the appropriate steps to have the facts ascertained by

the board, I think it might be useful alike to himself, to the government, to the great farming body of this country that is so vitally interested, and to the packers themselves.

Mr. GARDINER: Mr. Chairman, I shall be pleased to take into consideration the suggestion made by the right hon. leader of the opposition. I should like to have an opportunity of looking into the possibilities of whether that type of inquiry would serve a useful purpose. At the same time I should like to emphasize what I said a moment ago, that with the reorganization of the department as we have it now there will be facilities to make a much more careful inquiry into the whole matter, and not only an inquiry, because I think there is much more required to be done. Regulation and direction are necessary in connection with the whole matter.

There is the view that methods of marketing is partly responsible for some of the criticisms. The system of marketing is passing through a transitional stage on account of the fact that the trucking of live stock has become quite general throughout Canada; indeed, in all countries it is becoming a general practice, and whenever there is such a decided change in the methods of transporting any product as there has been in respect to live stock we are bound to require new regulations and to have new conditions set up for the marketing of that particular product. I think there can be no group of men in Canada better qualified to report on a matter of that kind than the inspectors who have been dealing with it over a long term of years. They must be experts in connection with the business itself; otherwise they are not competent to fill the positions they hold.

Mr. BENNETT: But is it not a fact that their long association has created a certain attitude of mind?

Mr. GARDINER: I have not found that. The men are new to me. It is only two and a half years since I first became associated with them, and I have found them very fair in their treatment of the whole matter and that they have much the same view as those who are making the complaints. The methods that might be followed are not yet sufficiently apparent because of the newness of the present methods of handling live stock, and those studying the matter have not yet crystallized fully the changes that might be made into regulations to meet the new situation.

Mr. BENNETT: To what extent is it different from what has hitherto prevailed?

Mr. GARDINER: A man comes in with a truckload of live stock; he goes to the stock-yard, looks around and sees what is happening there. He makes up his mind whether the price is satisfactory to him, and, if not, he drives over and sells his stock to the packing plant. It was not so simple when the live stock all came in by trainload and the cars were unloaded at the stock-yards. The packer then had to go to the stock-yards and look for his live stock in any considerable volume. But to-day perhaps more than fifty per cent of the stock are being taken directly to the packing plant without going to the stock-yard at all. New regulations will have to be evolved. The two major factors involved are the commission men in the stock-yards and the large packers operating their own plants.

Mr. BENNETT: It is alleged that the packers operate together and have a common price.

Mr. GARDINER: On the other hand, it is alleged that the truckers themselves are at the moment one of the most disturbing factors in the whole trade. These things have all to be worked out and methods of marketing adjusted to the new conditions. Again I say I think it requires more than just a board sitting for a few weeks to inquire into the matter. It requires men who have been closely associated with the inspection of the yards and of the packing plants, watching what is going on day by day, and finally working out plans to deal with the situation as it develops.

Mr. BENNETT: How are you going to deal with the contention that there is no competition, which I gather is one of the main difficulties?

Mr. GARDINER: There is considerable competition. There were some figures quoted two days ago with regard to the activities of certain companies which would lead one to believe that perhaps one company handles the greater part of the business. The percentages of bacon exports contributed by the various packers for the period January 1 to April 30, 1938, are as follow:

	Per cent
Canada Packers	29·05
Swift	22·04
Burns	13·83
Thirteen other concerns	35·08

I would judge that, when they are as near as that in the proportions they supply to the export trade, there is some competition in

purchasing as among those companies. That represents sixteen different companies. The three larger ones, of course, handle the greater proportion, but all the others are in competition with them in buying hogs. There probably would be more competition if there were a hundred concerns, but I do not know that this country could support so many.

Mr. STEVENS: Would the minister give similar figures for the two preceding years?

Mr. GARDINER: I have not them here. I am informed though, that this is fairly representative of that period of time.

Mr. DOUGLAS (Weyburn): That covers export figures only?

Mr. GARDINER: Yes.

Mr. BENNETT: There has been a variation in percentages, but they have been one, two and three, in that order, for some time.

Mr. GARDINER: I would judge so.

Mr. BENNETT: To my certain knowledge that is so as regards those three.

Item agreed to.

Special—To provide for feed and fodder relief in the dried-out areas and to provide for direct relief in the dried-out areas for the months of April, May and June, 1938, $2,000,000.

Mr. PERLEY: In the latter end of March—I believe it was on March 31—we were discussing items Nos. 469 and 470, which amounted to over $20,000,000. The minister was anxious to get them through before the end of the fiscal year. A number of questions were asked, because details were wanted, and the minister promised that on some further item in the estimates, on a later occasion, he would supply those details. I do not propose to ask the minister for a great many particulars to-night. I am not objecting at all to the amount of this vote, because I believe it is required to finish up the relief work and to carry on certain projects with respect to rehabilitation. I refer as well to items Nos. 479 and 480. I think we should have certain details. There has been some criticism with respect to the way in which relief has been carried out generally. I want to state again distinctly to-night that I am not in favour of the way in which it has been administered. I believe it should have been handled by a commission, non-political, non-partisan and independent, specially set up for the purpose. The system which was adopted lends itself to certain criticism. Unquestionably there have been abuses, and various complaints have been made. We have a great deal of evidence of misconduct on the part of the inspectors and officials administering this relief.

When we were discussing this item, I think it was on May 25, the leader of the opposition asked for a number of details with respect to the importation of grains.

Mr. GARDINER: I have the answers for all those.

Mr. PERLEY: I am just referring to the fact that we were quite in order in asking the other night for that information. While I was out west during the recent provincial campaign, I was approached by certain parties. They gave me evidence, which I believe is quite authentic, that some of the inspectors misconducted themselves in the way in which they inspected grain and in the way in which they secured feed and fodder. I have here a list, provided by the minister, of the number of inspectors, their fields of operation, their salaries and their expense accounts. When that return was brought down I had letters written to me by several parties complaining of the action of those inspectors. I have under my hand what I consider is authentic and reliable information to the effect that a certain inspector, G. Andrews, of Craven, Saskatchewan, was sent to Manitoba and to Minnesota, and it is alleged that his brother went down also to Manitoba, that a young farmer in that district went down with a baler, and that they worked together. It is alleged that one of the Andrews secured straw from the farmers, straw which was a gift, and that it was baled and sold to the government. The Andrews brothers conduct, I understand, a garage business in the town of Craven. They may have some land. As I say, it is alleged that they secured this straw and sold it to the government. It is alleged also that one of the Andrews brothers got five cars, free freight, and sold the greater part.

I would not expect the minister to have at hand to-night all the information with respect to this one inspector, who, I may say, is one of many against whom charges have been made. What I suggest is that the minister should have an investigation made into the operations and the conduct of some of these inspectors; that this investigation should be made by a commission or in some way which will enable the evidence to be taken under oath, and that if there has been misconduct of that kind, which may be described as fraud and graft, the minister in order to protect himself should investigate it. I should like to know the amount of straw and hay inspected by G. Andrews, whether either Tom Andrews or G. Andrews sold straw to the government, the amounts, the prices, where the straw was purchased, and other details.

I would also ask if all the feed and fodder which were secured prior to the item covered by the vote we are now considering—we go back to items Nos. 469 and 470—have been paid for. A little later, when we receive this information, we may ask for a few more details. There is a great deal of information for which we should have asked had we been considering these estimates back in March; but three months have passed; the greater part of this material has been distributed, and, appreciating that three months afterwards is rather late, I do not propose to hold up the vote for any length of time.

Mr. GARDINER: I have the information which was asked for by the leader of the opposition and which has been referred to by the hon. member for Qu'Appelle:

1. What quantity of hay and fodder did we import into Canada from the United States?
Answer: Approximately 111,000 tons.

2. What price per ton did we pay for it?
Answer: Some 4,300 tons were purchased at a laid down cost which did not exceed $16 per ton; the balance was purchased at prices ranging from $8.50 per ton to $5.50 per ton, depending on grade and source of supply.

3. What number of bushels of oats and other grains did we import from the United States?
Answer: 936,000 bushels of oats.

4. What number of bushels of wheat did we import from the United States?
Answer: None.

5. What were the prices paid per bushel for oats and wheat?
Answer: Oats were purchased from 46 cents to 47½ cents per bushel of 34 pounds, Canadian measure. This price included duty of 9 cents per bushel, excise tax of 3 per cent and freight to the Canadian boundary. No wheat was purchased.

6. What was the cost of transport from the United States to Canada paid on feed and fodder?
Answer: Fodder, $817,531.84 from point of origin; grain, $51,074.61 from boundary.

7. What customs duty was paid on grains imported from the United States?
Answer: 9 cents per bushel on oats.

8. What amount of all hay and grain remains unpaid for?
Answer: Fodder, $44,894.12; grain, $109,342.80.

9. How much was paid to each of the railway companies, Canadian Pacific and Canadian National?
Answer: Canadian Pacific, $1,950,454.10; Canadian National, $867,615.53.

10. From what source were feed and fodder obtained for the months April, May and June?
Answer: There was no winter feeding program in effect during that time.

It might be well to read this note:

Re No. 10—seeding supplies of grain and fodder came from the same source as the winter feed requirements.

That is, much of the feed was purchased during the winter months and was charged eventually by the government to the seed account, and the payments were arranged through the bank loans that were covered by guarantee here.

11. How many applications were made by farmers to ship their stock to winter feeding grounds and how many permits were granted?
Answer: There were a total of 2,193 applications received and 2,083 approved. There were 1,359 freight certificates issued covering the movement of 1,828 carloads of stock.

Those are the answers to the questions which were asked the other day. With regard to the matter of Andrews, who was one of the inspectors, George Andrews was the inspector, and Tom Andrews is alleged to have been purchasing feed in Manitoba to be sold in Saskatchewan. I can only say that complaints were made with regard to the activities of one Andrews. These complaints were made by a certain dealer in the town of Assiniboia, who had been purchasing feed, both hay and straw, from Manitoba for distribution in Saskatchewan, and he did purchase some feed from Andrews. He complained to the department, thinking that the individual from whom he purchased the feed was the same man who was inspector for the department. I had the matter investigated, and I found that it was the brother who was selling feed from Manitoba and who was operating from the town of Manitou in that province. But George Andrews was acting as inspector for the government in the state of Minnesota in connection with supplies to be shipped in to be given to farmers in the drought area of Saskatchewan. As far as I could ascertain there was no relationship between the two brothers so far as any activities associated with this government were concerned. I am not certain that the two brothers were not working together prior to the time one was appointed by the government to carry on certain inspection work in the state of Minnesota, but the inspector had no connection whatever with the activities of his brother with respect to either feed or fodder sold in Saskatchewan.

As regards costs of inspection, we had in our employ thirty-six men whose duty it was to grade hay. These were employed at $125 a month, and the total cost to the government in the way of salaries has been $22,828.98 to March 31. The cost of keeping these men in the field has been $44,251.14. That makes a total cost of hay grading of $67,080.12. These men have graded 398,737 tons of fodder, which works out at seventeen cents a ton for grading hay. That is the actual cost. I may say that there were some criticisms in connection with

the activities of these inspectors. I heard some of them during the time I was in Saskatchewan, but I did not hear any criticisms that could be taken very seriously. One criticism for example, which was made on a number of occasions, and made without full knowledge, was that one of these inspectors was attending gatherings of a concern with which she was associated—this happened to be a lady inspector. She was visiting the homes of people on relief and was paid $125 a month, and the criticism was that she was attending the functions of a certain lodge of which she happens to be the president, the president for this whole continent, which indicates a type of woman who in all probability would do this kind of work properly. I wish to say to hon. members who were making that criticism in the Saskatchewan election, that every time this lady was away from her duties she had leave of absence and was away without pay. The criticism is, therefore, not in accordance with the facts. It is possible that the return brought down in the house may have lent itself to that type of criticism, because the answer is that R. E. Gleiser of Estevan, Saskatchewan, received $125 monthly, her expense account being $1,425.58, and that the length of time she had been employed had been twelve months. That is to say, the period over which her employment extended was twelve months, but she had leave of absence occasionally, whenever she was away from her duties, and she was away without pay.

Mr. PERLEY: What amount of straw was purchased from Tom Andrews? The minister states that Andrews was gathering straw, or that straw was given to the government; that the government paid for the baling and that the baled straw was shipped.

Mr. GARDINER: The fodder into which investigation was made was not supplied to the government at all. The fodder regarding which we made those investigations as a result of complaints was sold to a dealer in the town of Assiniboia by Mr. Andrews, but it had no connection with the government's activities. A great deal of feed and fodder has been sold in Saskatchewan to those who could not secure it but were in a position to buy it. The complaint that came to us with regard to the condition of the fodder supplied by Mr. Andrews related to fodder with which we had nothing to do. It was sold by Andrews to an individual in Saskatchewan, and we simply indicated to that individual when he complained that if he had any claim against Andrews he would have to proceed in the courts in the ordinary way.

[Mr. Gardiner.]

Mr. PERLEY: Did they buy any straw or hay from Tom Andrews?

Mr. GARDINER: I am not in a position to say; it was all bought by the government of Saskatchewan.

Mr. PERLEY: Could the minister give us any details with resepct to the five cars shipped into Craven by Tom Andrews? He was entitled to freight on only two cars. If he had been a farmer—of course I believe he has some land—

Mr. GARDINER: Tom Andrews lives at Craven. I do not know whether he had any hay or straw shipped to Craven, but I assume that, like many others in that district, he was short of feed and fodder, because practically every farmer in the Craven district was short.

Mr. QUELCH: Why is the government providing for relief in the dried-out areas only to the end of June? If the farmer is not in a position to support himself in June, I cannot see how he will be any better off in July and August, because there will be no return from the crops in that time.

Mr. GARDINER: I can only say we hope that furnishing relief in the drought area will come to an end some time, and the time for it to come to an end is when there is a crop in sight. What we have been doing in the drought area for a number of years is guaranteeing to pay the accounts of farmers in places of business throughout the drought area. The system under which this kind of thing is done is that vouchers are issued through the municipality, those vouchers are taken by the merchants in the towns as cash, and they are finally cashed with the government. This works out that the merchant is running a credit of from sixty to ninety days, with payment of his accounts assured. We have been doing that for a number of years, during the whole drought period. We think, when the time comes that we again have crops, or crops are in sight, business should be carried on throughout that area as it was in normal times. We are hopeful that this year, by July in any case, we can be fairly sure that we are going to have a crop generally over that area. And as soon as that is assured we think the government should get out of the business of supplying relief in that area. I think that would be the wish of the house and of the country in general.

Mr. DOUGLAS (Weyburn): With reference to the lady inspector to whom the minister referred, what is the amount of salary she has received, and for what period of time?

Mr. GARDINER: I have only the rate per month; I have not the exact time she served the department. This is the second year she has been employed; on each occasion when she has been away from her duties she has had leave of absence, and that, I judge, takes in probably two or three months a year; maybe more.

Mr. DOUGLAS (Weyburn): The sessional paper from which the minister quoted refers to her having been occupied for twelve months of that year, which looks as though she has been paid for every month of the twelve, although it does not say so.

Mr. GARDINER: That simply means that the period of her employment during that year was twelve months. If she was given leave of absence from her duties, it was without pay. But we did not lay her off every time she went away and reappoint her when she came back.

Mr. DOUGLAS: Was she giving full time while she was employed at $125 a month and expenses?

Mr. GARDINER: Yes, she would be giving practically full time. There might be some days when she was giving twenty hours and other days when she was giving only five or six. The duties she was engaged in were of this type. Complaints would come about the bedding people had in a certain community; she would go there and inspect the homes, whether in winter or in summer, and converse with the mother in the home, find out what the condition was and report that to the office. In other cases we would have reports that people were getting more supplies than they ought; she would again go to the home and investigate. Miss Gleiser is the type of woman who drives her own car, who can look after herself in any line of business as well as any man, and because she is of that type we gave her this job, asked her to do it. She will drive long hours; she will work in the winter just as diligently as any man, drive her car in as bad weather as any man; and I think she did the work efficiently.

Mr. COLDWELL: Are we to understand from the reply to the hon. member for Acadia (Mr. Quelch) that relief in the drought area will not be cut off until the crop is definitely assured, whether that be the 1st, the 15th or the end of July?

Mr. GARDINER: Similar provision was made last year. Provision was made for direct relief and feed and fodder. But by June 19 we were assured that there was not going to be a crop; an order in council was immediately passed extending the period, and it was twice extended following that, running through to March 31 of this year. If the same condition were to develop again, the same thing would be done. But we are already past the period at which we knew, last year, there was going to be a crop failure, and the promise at present is for as good a crop as we have had in the west in an average year.

Mr. DOUGLAS (Weyburn): The reason I asked whether that lady gave full time is this. I know the lady in question and her capacity for hard work, but I understand she was at the same time operating a creamery. In spite of one's capacity for hard work, it is difficult to operate a creamery and carry on duties for the government at the same time. It seems to me that in selecting people for this work it should be possible to find people who are not otherwise engaged and who could give their full time and full attention. I am not saying the lady neglected her work; I have no reason to do so. If the minister is satisfied, it is he who was hiring her. But it seems to me that in employing people for this work, especially in these times when so many are out of work, it should hardly be necessary to employ one who is handling an enterprising business, as she was.

Mr GARDINER: I know she has operated a creamery for the past ten or fifteen years, and is also the head official of one of the largest women's organizations on this continent, which would suggest that she can take care of at least one or two jobs. But I think it will be found that as far as the operation of the creamery during the last year is concerned, she has had persons employed to run the creamery; she has not been running it herself during the greater part of the last two years. But the main reason she was employed in this work was that we desired to have one woman inspecting the homes where this relief was being dealt out. I think any hon. member will realize that when it comes to inspecting bedding and clothing and children when complaints come in, a woman can do that much better than a man. I repeat that I do not know of any other woman in Saskatchewan who was prepared and also had the experience enabling her to face the hardships involved in doing that kind of work under the climatic conditions prevailing in Saskatchewan. If there is anyone else, I should be pleased to have her name suggested, but personally I do not know of anyone. For that reason we employed Miss Gleiser to do the work.

Mr. DOUGLAS (Weyburn): What price was charged to the farmers for the oats they received? The minister said the price at the border was forty-seven cents.

Mr. GARDINER: They were not charged anything for them; the oats were given to them free. This government paid the cost.

Mr. DOUGLAS (Weyburn): Did not the farmers sign notes for certain amounts?

Mr GARDINER: I assume the hon. member is speaking of the oats that were bought for feed and general purposes. These were given to the farmers in the drought areas.

Mr. QUELCH: In Alberta?

Mr. GARDINER: In Alberta as well as Saskatchewan. Anyone who was able to pay purchased them from the government.

Mr. DOUGLAS (Weyburn): At what price?

Mr. GARDINER: The price charged would be the price stated here, less nine cents in those cases. I do not know how much was sold. A request was made to have the duty on oats removed; but it is as broad as it is long; the government was paying the whole bill, so the duty was paid at the boundary and went into the treasury of Canada. Then, when we charged it back to the province, whether it was Alberta or Saskatchewan, we charged it less the nine cents, which means that the nine cents came into the treasury but was not charged up to the province, so the province really got the oats less the amount of the duty, and was in a position to sell the oats to the farmers on that basis.

Mr. PERLEY: That was in the one hundred per cent areas only?

Mr. GARDINER: That would apply to any area where the government handled it; but if an individual imported the oats himself, he had to pay the duty.

Mr. PERLEY: In the marginal areas, where the municipalities distributed the feed and fodder, they were charged the duty?

Mr. GARDINER: I would doubt very much if any of the United States oats were brought in by the municipalities. Wherever there were any distributed, I would think the provincial government provided them to the municipalities at the rate I have mentioned; but I think most of the oats distributed by municipalities direct would be purchased either in Manitoba or Alberta.

Mr. PERLEY: In answer to question No. 8, concerning the amount of hay and grain which remained unpaid for, the minister replied: For fodder, $44,894.12; for grain, $109,-342.80. Will those amounts be paid out of this vote?

Mr. GARDINER: Well, they might be paid out of this vote. This is to cover any distribution that was made between April 1 and July 1. It is just possible that portions of these amounts may come out of this vote, or they may come out of the vote we passed earlier.

Mr. PERLEY: Question No. 11 refers to applications to ship live stock to winter feeding quarters. I might just remind the committee that when we were discussing the previous item, before these estimates were brought down, I suggested that certain compensation should be given the farmers for the losses they had sustained in connection with horses shipped to winter feeding grounds. On that occasion the minister did not give me very much encouragement. However, during the Saskatchewan campaign the question of compensation was taken up by certain inspectors who went around and took claims from different farmers. Individual settlements were supposed to be made; in any case the claims were received, and the farmers were told they would be given attention.

In that connection all I want to say is that I had made the suggestion before even the minister went west; but if the government are proposing to give compensation, they should have announced that general policy so that those who had sustained losses would have been able to make claims at the proper time. I objected very much to the inspectors going the rounds, visiting farmers, asking them if they had lost any horses, if all their horses had been returned or, if not, how many had not been brought back, and then taking claims and practically assuring these men that they would be compensated. While I was speaking at one meeting I mentioned that I had suggested that compensation should be paid. One farmer held up his hand and said, "I got mine to-day."

Mr. GARDINER: Perhaps I may shorten the discussion if I tell my hon. friend that this is the first time I have ever heard of it. The matter has never been referred to us, and if any compensation is being paid that is being done by the provincial government. I did not even hear about it when I was out there.

Mr. PERLEY: Apparently there are a few things the minister did not hear about, then, because one farmer said he had made his claim that day after an inspector had visited him.

Mr. GARDINER: If the province desired to do that, it is quite all right, but that has nothing to do with us.

Mr. PERLEY: Will any part of this or any other vote of the federal government be used to pay any part of that compensation? Surely the responsibility is on this government as well as the provincial government, since the rules and regulations governing these shipments were approved by this government.

Mr. GARDINER: I would suggest that I should wait until the submission is made, if it is to be made, and then give consideration to all the facts. To date there has been no submission to us at all, nor have we been asked any questions about it. If the provincial government are undertaking to do it, I assume they are doing it on their own responsibility.

Mr. HAYHURST: Is it proposed to apportion this amount according to the area of dried-out land in Alberta and Saskatchewan?

Mr. GARDINER: No; it is not apportioned according to the area within Saskatchewan or Alberta; if it is used, it will be used in accordance with the needs of any areas in either province. No doubt part of it will be used. Whether or not it will be all used is something I have not sufficient information as yet to be able to say.

Mr. QUELCH: There is another situation I have in mind in regard to relief. I have in mind the area around Berry Creek, for example. Originally there was about one farmer for every half section in that district, and they were chiefly engaged in grain farming. Then, owing to continued drought, a large number moved out; that area was taken over by the special areas board, and five sections of land were apportioned to each farmer remaining. They were allowed to carry something like three head of stock per quarter section. Last year, owing to the shortage of feed, this government passed regulations under which in order to get feed they had to cut down their stock to three or four head per family. Those people now have very little land in grain, so that even if there is a good crop this year they will not benefit. All they have to depend upon are a few head of stock. I should like to know what provision will be made for them. Would it be possible for a loan of some kind to be given them to allow them to increase their stock? It has not been thought desirable that the land should be cultivated, because it is very light and will only blow away. They have been encouraged to go into stock, but at the present time they have only a few head, and will not be able to make a living for themselves and their families.

Mr. GARDINER: The area around Hanna was one in connection with which we had considerable discussion during last winter. I think on an earlier occasion I explained to the house one of the reasons for all that discussion. We had made a survey of Alberta and had satisfied ourselves that there were at least forty-two municipalities in that province in connection with which we could assume one hundred per cent responsibility last winter. Representatives of the government of Alberta came to Ottawa to interview us regarding the matter. We made our suggestion to them as to what we thought ought to be done; but they suggested that a considerably larger number of municipalities, I think somewhere in the neighbourhood of sixty or sixty-five should be taken in. We did not agree with that and we compromised finally on fifty-two. The condition was that we were to take in some of the municipalities surrounding Hanna, particularly north of that town, some west and some east. There was always a difference of opinion between us as to whether some of those should come in. Most of our difficulty arose in that area. We afterwards found that some people kept more cattle than were covered by the regulations. They did it believing they had sufficient feed to carry those cattle through the winter. There was a very heavy snowfall during last winter at which time some of these people found they were not able to keep the number of stock for which they thought they had sufficient feed. I understand they made an arrangement with the provincial government, and the government here made a loan to the provincial government with which to carry through an arrangement by which feed was given to the farmers in that particular area. We are now in position to say that the greater part of the cattle that are necessary in that area were carried through; at least we heard no more complaints in the matter. I do not know that any necessities exist beyond what have been taken care of. The necessities did exist over the whole area from Alberta right through to the Manitoba boundary in Saskatchewan. Because of the discussion that has taken place, I think I should place on the record the figures with regard to the number of persons to whom feed and fodder was supplied in the two provinces.

The particulars are as follows:

Feed and Fodder Relief 1937-38

Funds made available	Saskatchewan	Alberta
Dominion area	$10,175,000	$ 925,000
Provincial area	1,000,000*	100,000
	$11,175,000	$1,025,000

*Plus loans amounting to $1,242,000.

Expenditure (including stocks on hand at March 31)		
Dominion area	$9,693,187	$610,240
Provincial area	998,916*	
	$10,692,103	$610,240

*Excluding loans.

Number relief recipients		
Dominion area	43,887	3,874
Provincial area	25,748	437
	69,635	4,311

Number livestock fed	
Horses	
Dominion area	274,618
Provincial area	121,044
Cattle	
Dominion area	132,588
Provincial area	64,761
Sheep	
Dominion area	612
Provincial area	1,022
Swine	
Dominion area	73,974
Provincial area	37,051
Poultry	
Dominion area	1,695,245
Provincial area	73,871

Net purchases (excluding stocks on hand March 31)

	Saskatchewan		Alberta	
	Amount	Value	Amount	Value
Wheat	Bushels		Bushels	
Dominion area	1,057,600	$1,247,500	1,760	$ 1,893
Provincial area	142,700	170,300	98	77
Oats				
Dominion area	4,104,700	2,006,500	420,694	190,700
Provincial area	1,861,400	914,760	39,252	16,647
Barley				
Dominion area	1,400,000	765,610	42,914	25,022
Provincial area	264,500	149,050		
Rye				
Dominion area	7,600	7,900		
Provincial area	1,000	1,000		
Corn				
Dominion area	74,300	68,150		
Provincial area	715	460		
Shorts				
Dominion area			2,126	1,261
Provincial area			....	....
Fodder	Tons		Tons	
Dominion area	335,000	2,181,000	19,720	171,941
Provincial area	43,000	335,000	1,017	9,325
Freight, grain				
Dominion area		453,400		
Provincial area		158,800		
Freight, fodder				
Dominion area		1,868,000		
Provincial area		288,000		

It will be noted that there were 69,635 relief recipients in Saskatchewan and 4,311 in Alberta. I believe these figures give a fair idea of the necessities of the two provinces. It must be understood that the dominion was giving assistance in the two provinces because of drought. Assistance was not given under these expenditures because of the necessities for unemployment relief. The lack of feed and fodder would indicate that drought was responsible for the difficulties facing these farmers. Perhaps I should define just what is covered by dominion area and provincial area. Dominion area is that area in which the drought was so bad that the federal government decided to assume one hundred per cent responsibility. The provincial area is still in the drought area. People are inclined to designate the area which we were taking care of as the drought area and not consider the other as being in that category, but the provincial area was also part of the drought area. It will be noted that we have no figures for Alberta covering the number of live stock fed.

Mr. BENNETT: What is the number of townships in the dominion area and the number in the provincial area?

Mr. GARDINER: The dominion area covered 170 municipalities in Saskatchewan and fifty-two municipalities in Alberta. The provincial area covered all the remainder of the province in which assistance would be required.

Mr. BENNETT: Of any kind?

Mr. GARDINER: Of any kind.

Mr. BENNETT: Other than unemployment?

Mr. GARDINER: Due to drought, the lack of feed and fodder. It will be noted that there are no figures given for rye and corn in connection with Alberta and for shorts in connection with Saskatchewan.

Mr. BENNETT: That statement covers feed and fodder. What about human food purchased by the dominion government? I hesitate to ask the minister to read it; it might be put on Hansard so far as I am concerned.

Mr. GARDINER: I have a similar statement here dealing with food.

Mr. BENNETT: Would the minister say what items it covers so that I shall know if it covers what I am concerned about?

Mr. GARDINER: It covers direct relief —food, fuel, clothing and, where necessary, shelter. It is all lumped in the one group; the items are not separated. But the figures are given separately for rural and urban areas. The statement also shows the expenditure on cheese, dried beans, fish, apples and vegetables. The total purchases of these commodities are given, and the statement also shows the expenditure on the reestablishment of settlers. The statement follows:

Drought Area Direct Relief, 1937/38—Saskatchewan Period September 1-March 31
Direct Relief: "Food, fuel, clothing and, where necessary, shelter"

	Saskatchewan	Alberta
Area (No. of Municipalities and L.I.D.'s)	170	52
Population of Drought Area		
Rural	233,243	66,996
Urban	55,965	20,928
	289,208	87,924
Relief Recipients (peak number)		
Heads of families	41,100	4,300
Dependents	151,600	18,700
Individual cases	7,300	750
	200,000	23,750
Total Expenditure Drought Area	$ 8,999,999 72	$ 589,920 18
Dept. of Labour Expenditures		
Drought area April 1-August 31	$ 1,916,682 11	$ 165,000 00
Non-drought area, April 1-March 31	2,760,000 00	1,530,000 00
Total Direct Relief Assistance to Province	$13,676,681 83	$ 1,695,000 00

Drought Area Direct Relief, 1937/38—Saskatchewan Period September 1-March 31
Direct Relief: "Food, fuel, clothing and, where necessary, shelter"—*Concluded*

Special Distribution of Foodstuffs to Saskatchewan and Alberta			
Total expenditure		$971,429 20	
Commodities (values F.O.B. shipping point)			
Cheese	53 cars	$276,216 75	
Dried beans	35 cars	44,880 00	
Fish	101 cars	164,038 09	
Apples	283 cars	140,997 65	
Vegetables	375 cars	88,022 44	
		$714,154 93	
Re-establishment of Settlers			
Expenditure		$ 160,000 00	$ 75,000 00 (est.)
Families aided (as at Dec. 31/37)		3,018	1,124

Mr. BENNETT: I think it must be apparent to anyone who has followed this discussion with any degree of care that we have here a problem of considerable magnitude. We have the dominion government exercising jurisdiction over a large area, and we have Saskatchewan—Alberta seems to have had a very small area affected—exercising jurisdiction over what has been called the provincial area. That creates at once a conflict of interest. It must be apparent to anyone who has received correspondence that the whole problem of relief in Saskatchewan has been very much complicated by reason of the fact that the dominion government is administering relief on its own responsibility in a given area, and the province is administering it in another area. We did suggest, and I still suggest, that this matter, if it is to be continued, should be dealt with only by a commission.

Mr. GARDINER: May I just interject that the administration is carried on by the province over the whole area. The dominion is not administering relief anywhere.

Mr. BENNETT: I should have put it in this way. The dominion acquires the food, feed, fodder and supplies in a given area, and the province does it in another area.

Mr. GARDINER: No.

Mr. BENNETT: The dominion bought direct.

Mr. GARDINER: We bought cheese and beans and food of that type direct and distributed it to the whole area that was covered by the one hundred per cent federal responsibility.

Mr. BENNETT: That is the point I was making. We purchased cheese, dried beans, fish, apples and vegetables. The dominion government went out and purchased these supplies. We then transported them to Saskatchewan and distributed them, as the minister says, over given areas. On the other hand, we had the province dealing with the situation in the manner indicated by the minister. I submit that in both cases we were dealing with the same taxpayers' money. I submit further—and I do not think this can be questioned—that we have exercised no effective control over the province in connection with this money. That is, while the accounts are audited, there is nothing that prevents the most reckless extravagance on the part of the province because, as the minister very properly says: "The province did this, not the dominion." My contention as to the necessity for a commission was predicated entirely upon that fact.

I have received innumerable letters; but in view of the fact that it is said that the people have approved this method, I am not going to take the time to argue the matter. It may be said that at the election forty-six per cent of the electors expressed themselves as being in favour of this method. The Saskatoon Phoenix-Star wrote an editorial in which it very properly pointed out that the protest vote in Saskatchewan was larger than the vote the government secured. The editor called it that—"the protest vote"—and he gave the causes for it. It may be said, and is said, "Why waste time talking about this? Saskatchewan has given its verdict; the government is returned, and that is the end of it." We will say that under our democracy that is the end of it, and that we must accept it, except to do one thing. I think the minister will agree with me that when one collecting body, namely, the parliament of Canada, is responsible for the acquisition of the revenue, and another taxing power is spending it, a very difficult situation arises. When we were in office the present Prime Minister spent a very great

deal of time in reading from learned treatises upon that point, and pointing out how injurious it was to the body politic that it should be continued. We, however, did not discontinue it for reasons that at that moment seemed good. But we did believe that in Saskatchewan, having regard to the very serious character of the situation there, a commission could do the best work possible. The minister disagrees with that. He made that perfectly clear as soon as he came into office because he dispensed with the services of the commission, as he pointed out in this house. Assuming that he is right as to that, I do submit and I wish to put it on Hansard as a matter of record, in the light of all the complaints, that the matter should be dealt with by a commission.

The minister says that some of the complaints are ill-founded. I believe that may be so, but I shall give just one illustration. It is of a blacksmith who was kept so very busy that he was working fifteen hours a day to get his work done; yet he was receiving relief in that community, and he continued to receive relief. The minister very properly says to me: "I have nothing to do with that, Mr. Bennett, because that matter is dealt with by the province of Saskatchewan, and they assure me that everything is being properly done." But I ask, have we any right to take the money which has been raised by this parliament, and which was referred to yesterday by the minister as being a very large sum indeed, then place it in the hands of other people for expenditure and exercise over it only that control which is involved in being certain that the audit is correct—that the goods are as shown on the invoices, and that there is evidence of delivery of the goods to the amount for which payment is sought? I think not.

I hope, indeed I do more than that, I agree with the very earnest hope expressed by the minister that we shall not have to do this again. But who knows? I do not; for last year when I was west there was promise of a crop, and then a month later there was no promise of a crop. I think there is promise of a better crop this year. I have not been there this spring, but that is what I have been told. We all earnestly hope that there will be a crop. But assume there is not; we have again the responsibility. I urge upon the minister the necessity of considering whether it is not our duty to the people of Canada to set up to deal with this matter some tribunal that will obviate our having to say that this is not in our jurisdiction; and, e converso, for the provinces to say that it is not in theirs. All the money comes from here.

It must be remembered that Saskatchewan has been enabled to carry on its business by reason of the fact that we have provided it with funds. Saskatchewan has not defaulted on its bonds and the insurance companies and investors have received their interest because we have provided the province with the money with which to pay the interest. In Alberta we did not do that, and only one half of the interest on the bonds is covered by the coupons paid. These are facts. I suggest that the time has come when we should consider the possibility of having to face this situation again, and if we have to face it we should realize that we are making a rather heavy call upon the taxpayers of this country, to put up millions of dollars for three purposes: (1) unemployment relief, which in Saskatchewan is less, having regard to its agricultural population, than it might otherwise be; (2) relief for drought conditions; and (3) general governmental purposes. Those three make a very large call upon the resources of this dominion. They are subdivided with respect to (2) into very well marked divisions. In one of them we exercise complete and sole control; in the other the provinces exercise complete and sole control.

There should be some body set up—I care not what it may be called—that will be responsible for the administration; for the point to keep in mind is that the government of Saskatchewan is not raising this money by taxation; what it is doing is disposing of the money of Canada which is appropriated by this parliament to them for the purpose—broadly—of relief. Under those circumstances, as the Prime Minister used to point out with great clarity, you cannot expect the same measure of care to be exercised in the disposition of money thus acquired as would be exercised were it to arise from the taxation of the people themselves by the distributing power. I make this suggestion to the minister in the light of what he has pointed out a moment ago, namely that we still have to pay large sums of money. As far as I can see, even if Saskatchewan has a crop we cannot for some time be entirely relieved of responsibility. Is that not correct?

Mr. GARDINER: Well, it should not run very far beyond the first of July.

Mr. BENNETT: I am very glad to hear the minister say that.

Mr. GARDINER: That is, if the crop is in sight.

Mr. BENNETT: I must say I am very glad to hear the minister say that, because I

feared they were so denuded of everything after these many years of drought that until there could be a realization in money, we would have to continue to make contributions to enable them to live, because of lack of purchasing power of any kind, or of credit.

Mr. GARDINER: We shall have to continue it to some of them.

Mr. BENNETT: These will be matters largely controlled by the provinces, not by us. I take it that this will be so. The minister will therefore, I think, see the force of what I suggest, namely the desirability of our devising a plan or scheme which will enable us to exercise more effective control, not necessarily administrative so far as distribution is concerned, but with respect to possible abuses in connection with it which are bound to arise where you have any body distributing money or supplies or food or fodder or shelter or clothing, where the responsibility for raising the money is not upon the taxpayers of the province affected. In view of the fact that the electors of Saskatchewan, at least to the extent of forty-six per cent of the population, which under the conditions that prevail constitutes the return of the administration of the day with a minority of the votes, have expressed themselves as being entirely satisfied with the manner in which the distribution of relief has taken place, that must be accepted as an answer—not a bad answer—to any complaint which may be made. But I think it is time that we should carefully and calmly review the situation and, now that the election is past, free from animosities and bitternesses which may have arisen, determine whether or not it is possible to contemplate, with respect to relief, not in Saskatchewan only but in any of the provinces where the federal power is finding the money, that there should be an administration which can effect a closer relationship between the expenditure of money and the results obtained from that expenditure.

Mr. GARDINER: There are only one or two remarks I should like to make. I would not like the impression to remain that, in cases such as that recited, of the blacksmith who was very busy and drawing relief all the time, we take no responsibility. Wherever a case of that kind was reported to us, we insisted on an investigation and, where the facts were found to warrant it, a prosecution.

Mr. BENNETT: Yes, but we are not the people to whom reports would be made.

[Mr. Bennett.]

Mr. GARDINER: Of course we had inspectors out who were checking this work in all parts of the province.

Mr. McNIVEN: Is it not a fact that there have been quite a number of prosecutions?

Mr. GARDINER: Yes; there have been quite a number of prosecutions. I do not know whether in this case there has been a prosecution.

Mr. BENNETT: There has not been yet.

Mr. GARDINER: There have been cases, and there will be others in which prosecutions are made. But we do take responsibility in that matter.

One other comment I should like to make is that in so far as we have been able to investigate the whole matter of the administrative cost of relief over the whole area, we have found that the closer to the individuals concerned the administration of relief has been handled, the lower the cost has been. The places where we have been able to check indicate that clearly. Take, for example, in Saskatchewan the L.I.D. areas. The municipal department has the same control over the whole area as a municipal council has over a municipality.

Mr. BENNETT: That is, the local improvement districts.

Mr. GARDINER: Districts that have not been organized into municipalities, and where the municipal department carries on the activities just as though it were a municipal council. Where the provincial department have been doing that work, at a greater distance from the individuals concerned, the costs have been higher than they have been in the districts where the municipalities have done it.

Mr. BENNETT: Ah, but generally speaking these are unsettled districts.

Mr. GARDINER: Not in the sense in which the right hon. gentleman speaks. You can find a municipality alongside a local improvement district. They have not been organized because they are a little less thickly populated, but one of the chief reasons is that in recent years the people of those areas have found it less costly to operate in that way than to form those areas into municipalities. But when it comes to distributing relief it has been found less costly to have the municipal council do it than even to have an official of the provincial department do it. I think it would be less costly still to have the municipality do it than to have it done by an

official of this government, because of the great distance we are away from the activities in which we are interested.

Mr. BENNETT: Oh, yes. Of course we could not do it.

Mr. GARDINER: We can judge only from the experiences we have had, and that has been our experience.

Some reference was made to the fact that the bond interest has been paid in Saskatchewan largely because of assistance from this government, and that the bond interest in Alberta was not paid because they had not received assistance. I should not like the impression to go out that the reason the bond interest in Alberta was not paid was that they had not received assistance. As a matter of fact, they made a definite decision that they would pay only half the interest whether they received assistance or not. That decision was made without reference to this government, and they have had a great deal of assistance since making that decision. But Saskatchewan never so decided. They said that they would pay the interest if possible, and they have continued to do so.

With regard to the suggestion that the people have voted and that there has been an expression of opinion, which has been a protest expression, I would point out that the protest was much smaller in the area we have been discussing, that is, the area where the dominion government have provided funds and the administration has been carried on by the province, than it was in the other area where there was perhaps less necessity for assistance to be given. I wanted to make that comment because it has a bearing on the question.

Mr. PERLEY: What is the percentage cost of distribution?

Mr. GARDINER: I am not in a position to give the cost of distribution. Does the hon. member mean the cost of administration?

Mr. PERLEY: Yes.

Mr. GARDINER: That has been paid by the province, and we have not assisted in that at all. We have, therefore, no accounting of that.

Mr. PERLEY: If there were any way of arriving at it, the minister would see that the cost, so far as the public is concerned, is greater under the present system than under the relief commission. Under the relief commission it was in the neighbourhood of 2½ per cent. As I remember, the matter was discussed on different occasions, and it was proved, we thought conclusively, that the cost under the relief commission was much lower than it has been under this system. I endorse what the leader of the opposition has said. If we have to continue this, we should have a commission set up, because the present system has lent itself to a multiplicity of inspectors being appointed. Any members who happened to be in Saskatchewan during the campaign know that inspectors were very numerous. In fact, in one constituency in the northern part they were so numerous that it was thought the inspectors should wear a white ribbon in the lapel of their coat so that they would not be asking one another to vote Liberal.

Mr. McLEAN (Melfort): That was reported to have happened in the Wolseley district.

Mr. PERLEY: It happened in my hon. friend's district. They were numerous there.

Item agreed to.

To provide assistance to the provinces for resettlement, $365,000.

Mr. BENNETT: A short explanation will be all that is necessary.

Mr. GARDINER: This amount provides for the continuation of a service that has been given for a number of years in New Brunswick, British Columbia, Alberta and Saskatchewan. The settlers who were moved north in the western provinces or moved into some of the newer areas in New Brunswick under the scheme started in 1932 came under a three-way provision whereby the municipality provided one-third, the province one-third, and the dominion one-third. There has been some difficulty in having them established, and we have been providing an amount on a fifty-fifty basis.

Mr. BENNETT: What has been the net result of it? I know what it was prior to three years ago, but what is the general position now?

Mr. GARDINER: The net result is that by spending this money to assist in breaking up land a great number of these people have been taken off relief and made self-sustaining.

Mr. BENNETT: What is the number? I should like to have it on the record.

Mr. GARDINER: I have the Saskatchewan figures here:

1. Total expenditures.
Answer: $346,415.59 to December 31, 1937.
2. Total number of families assisted in one or more ways.
Answer: 3,018.

3. Number of families given each kind of assistance listed on Schedule A.

Answer:

Horses, oxen and harness	644
Milk cows, brood sows and poultry	483
Freight on live stock and settlers effects	135
Breaking	451
Moving settlers and dependents—	
Families	276
Dependents	1,104
Building and fencing materials	2,029
Miscellaneous hardware	495
Farm implements, machinery and repairs	1,933

4. Total expenditure on each kind of assistance.

Answer:

Work stock	$102,116 88
Milk cows, brood sows, poultry	8,363 78
Freight on live stock and effects	6,353 04
Feed and petroleum for breaking	1,368 24
Feed for winter maintenance	119 79
Moving settlers and dependents	1,326 04
Building and fencing materials	26,296 81
Implements and repairs	87,922 67
Miscellaneous hardware supplies	981 50
Clearing and breaking land	59,916 04
Construction of drains	51,650 80
Total	$346,415 59

5. Number of acres of land cleared.
Answer: 33,227 acres.

6. Number of acres of land broken.
Answer: 28,597 acres.

7. Quantities and values of main materials and supplies issued such as timber, other building materials, fertilizer, seed, feed and fodder, farm implements and machinery (value only), miscellaneous hardware and small tools (value only).

Answer:
Lumber, approximately 750,000 feet.
Shingles, approximately 3 million.
Other building material, approximately $5,000.
Seed—nil.
Feed and fodder—$119.79.
For other items see answer to question 4.

Mr. BENNETT: Would the minister say that the results indicated fair success in the movement of these people in these provinces? I am rather curious about the matter because it was regarded as a very undesirable thing to do; but it was urgently pressed, as the minister will remember, by some people, and I notice that several thousand were moved in Saskatchewan. I do not think there were many in New Brunswick or British Columbia. Would the minister say that in his opinion the results suggest that the effort has been fairly worth while?

Mr. GARDINER: As I remember, there were between 7,000 and 8,000 of these families moved in Saskatchewan; after they had been there for three or four years the greater number of them were still on relief, and the relief was costing more than it did where they had been brought from.

Mr. BENNETT: Some of them wanted to go back.

Mr. GARDINER: Yes; some of them did go back. But since this policy has been in operation, the tendency is for them to become established and get off relief. I think an answer to a question here will give an idea of the extent to which that is true: Number of settlers receiving assistance this year who were also assisted in one previous year, 1,424; number who were assisted in two previous years, nil; number assisted in three or more previous years, nil.

Mr. BENNETT: That is rather good.

Mr. GARDINER: The percentage of settlers receiving assistance in 1937 who may be expected to be self-sustaining in 1938 is about 30 per cent. They figure that in about three years they will work them all off.

Mr. BROOKS: How much of that money was expended in the different provinces?

Mr. GARDINER: The figures are:

Amounts available:	
New Brunswick	$ 50,000
Saskatchewan	160,000
Alberta	75,000
British Columbia	15,000
Amounts expended:	
New Brunswick	$ 17,909
Saskatchewan	160,000
Alberta	6,472
British Columbia	6,142

Saskatchewan is the only province which spent the amount that was made available.

Mr. BROOKS: Was that amount of $17,000 in New Brunswick for the relief of British settlers expended on the same basis as the money expended in Saskatchewan?

Mr. GARDINER: It was spent on the same basis, under a similar agreement; I think it was in almost identical terms.

Mr. QUELCH: I have received several complaints regarding free freight being cut off on March 31. This is under an agreement between the dominion and provincial governments and the railways. The farmers complain that it is difficult to get their effects into the towns by that date on account of the condition of the roads. Last year around March 31 there was a blizzard raging, and several farmers were not able to get their effects loaded on that date, and so were refused the cheap rate.

Mr. GARDINER: We have had some complaints about matters of that kind, but that is because our agreements run out on March 31. We have always been able to make arrangements with the railways to carry on.

Mr. QUELCH: And you will agree to carry them on?

Item agreed to.

Prairie Farm Rehabilitation Act and water storage, $3,500,000.

Mr. PERLEY: The minister stated the other evening it would be under this item that he would give some information in respect to the community pastures and the amount of stock in each.

Mr. BENNETT: The minister will not be able to finish this item to-night. He will probably save himself and the committee a little effort if he rises now.

Mr. GARDINER: Unless there is considerable information required, I can give the list of pastures and perhaps let it go at that. Would it suit the purpose if I have this printed in Hansard?

Mr. BENNETT: It would give us an opportunity to read it, without the minister having to read it.

Mr. GARDINER: The statement is as follows:

Prairie Farm Rehabilitation Act
List of Community Pastures Completed to March 31, 1938

Name—Headquarters	Acreage	Potential carrying capacity	Construction cost
Coalfields—Bienfait	6,500	200	$ 6,062 83
Estevan-Cambria—Hitchcock	6,400	180- 200	6,772 28
Laurier—Radville	24,960	1,200	18,208 45
The Gap No. 1—Hardy	5,440	200	10,518 51
The Gap No. 2—Hardy	6,720	250- 300	9,808 09
Brokenshell No. 1—Yellow Grass	20,480	1,000-1,200	12,972 64
Brokenshell No. 2—Clearfield	8,160	100	8,283 63
Excel No. 1—Ormiston	6,880	300	4,984 25
Excel No. 2—Ormiston	10,560	200	4,672 55
Rudy—Wingello	7,360	150- 200	8,360 92
Usborne—Venn	12,160	800	10,969 49
Dundurn—Dundurn	20,800	600- 800	15,658 06
Montrose—Donavon	11,680	300- 400	9,076 17
Mariposa No. 1—Kerrobert	7,320	150- 200	13,209 59
Mariposa No. 2—Kerrobert	14,720	350- 500	
Park—Langham	5,760	400	10,842 96
Total	175,900	6,280-7,100	$150,400 42

Mr. BENNETT: It is in connection with this matter that I wish to discuss with the minister some questions arising out of the work which has been undertaken. The act was passed in 1935 just before the late government left office. At that time it was not contemplated that it would involve expenditure of such large sums. At the moment it is placing in the hands of the minister the direction of the expenditure of practically $3,500,000. Last year we spent substantial sums, and without seeing the details there are certain matters which I should like to discuss but cannot. One of them has to do not with the pastures but with the question of damming streams and creating pools in various parts of the west. I do not recall the exact word; I think they manufactured a word that describes it—

Mr. GARDINER: Dug-outs.

Mr. BENNETT: Will that be covered by the information which is supplied.

Mr. GARDINER: Not by this table, but I have the information.

Mr. BENNETT: Perhaps the minister would also produce that so that we may have it on Hansard for Monday. It will expedite the passage of his estimates, because that will enable us to speak about one of the projects which I think can fairly be discussed. The minister might tell us the present method of operation.

Mr. GARDINER: It would be impossible to give a list of the dug-outs, where they are located; that is, there are hundreds of them, but I can give the numbers.

Mr. BENNETT: Is there any way of giving the location without too much trouble? It is that phase I was going to discuss.

Mr. GARDINER: This map will give some idea. Every dot there is a dug-out.

Mr. BENNETT: Ever since I saw red last evening it has been difficult to see at that distance.

Mr. GARDINER: I am sending the map over to my right hon. friend.

Mr. QUELCH: There is certain information I should like to have in regard to the Bartman dam. Will that be handed down? I should like to know how much was paid to the Poole Construction Company last fall or up to date on the building of the Bartman dam, and who was responsible for rebuilding it? Is the company responsible, or the government? The dam was washed out this spring.

Mr. GARDINER: The Bartman dam is on East Berry creek in Alberta. There was storage for irrigation of approximately 700 acres of land in order to ensure a supply of winter feed. It was an earth dam with outlet pipe and spillway channel, estimated cost $25,000. Tenders were invited from the following:

E. O'Connor, Medicine Hat;
Poole Construction Co., Ltd., Edmonton;
J. Millar, Western Construction Co., Edmonton;
Special Municipal Areas Board, Edmonton;
W. B. Ramsay, Regina;
Gibbs Brothers, Lumsden, Saskatchewan;
Kearns & Mamoser, Shaunavon, Saskatchewan.

Tenders were received from the following only:

Special municipal areas board, $19,155.60;
Poole Construction Co., $19,332.50.

Mr. BENNETT: Was that for just one dam?

Mr. GARDINER: Yes; the estimated cost was $25,000. The amount paid to the contractor in connection with the construction of this project, covering work done for the months of October and November, totals $10,237,132. The balance due on contract will have to be paid during the fiscal year 1938-39. It is not all paid.

Mr. QUELCH: Are they going to rebuild? The dam was washed out this spring because the spillway was not completed. I was wondering if they were responsible for the reconstruction of the dam.

Mr. GARDINER: They will not be responsible for the rebuilding of it without any further payment. I telegraphed to Regina to get the facts with regard to the present position, and have them in a telegram dated June 15. The full report is in the mail, on the way east, but the telegram reads:

Not possible to complete dam before freeze-up. Dam thirty-four feet high. On account of powder dry earth impossible to make dam completely watertight. In March contractor instructed to cut emergency spillway on wing of dam to avoid break. This and every other precaution taken to avoid break. Because of exceptionally heavy snow fall in Berry creek drainage basin greatest spring floods that have ever occurred poured into reservoir. Earth fill settled sufficient for water to over top dam washing out gap one hundred and fifteen feet long including sluice gate structure. Estimated total for complete dam forty thousand cubic yards. Estimated amount washed out approximately ten thousand cubic yards.

In other words, approximately one-quarter of the dam was washed out.

Mr. QUELCH: Are they responsible for rebuilding it?

Mr. GARDINER: I think not. Probably we shall have to call for tenders for rebuilding it.

Mr. QUELCH: Will that be done this year?

Mr. GARDINER: We expect to have it done this year.

Mr. QUELCH: I believe this dam will serve a very useful purpose, but will it not be possible to build one or two storage dams above it? That dam will not hold enough water to irrigate the whole area down below in the event of a very dry year. If we had one or two storage dams above that, no doubt we would be able to get enough water to carry through a dry year, which is the rule in that area. It is unusual to have the amount of water they had this spring.

Mr. GARDINER: I am not able to say whether provision should be made for another dam above that one. So far as I know, at the moment there is no survey in connection with one.

Mr. BENNETT: Looking at the dams that are located on the sheet of paper—

Mr. GARDINER: Those are dug-outs.

Mr. BENNETT: Then looking at those dug-outs located on the sheet of paper which the minister sent over to me, I would say it would be somewhat difficult to escape a duck pond in any part of that area, if you could attach importance to them in that sense.

Item stands.

Progress reported.

MINISTER OF MINES AND RESOURCES

BIRTHDAY GREETINGS TO HON. T. A. CRERAR

Right Hon. R. B. BENNETT (Leader of the Opposition): To-day one of our number (Mr. Crerar) has attained another birthday. Full of years and honours he has just come into the

chamber from reading the messages of congratulation that have come to him from all parts of the world, on the fact that to-day he has attained the age of sixty-two. I know he will not regard it as a favour that I should indicate the number of his years; but if he continues to stagger like Atlas under the load he bears, of a department that contains all the mines, resources, parks, forests and Indians, to say nothing of the undetermined question as to whether or not the Eskimos are Indians, it is quite clear that we cannot expect to celebrate more than twenty-five more such anniversaries.

With the hon. gentleman at all times are the best wishes and the good will of all those who have been privileged to be associated with him. He holds very erroneous opinions with great tenacity; and he holds, not with tenacity but with very great ease, the friendship and good will of many people in various parts of this country who are not unmindful of the fact that while oil and water do not mix, it is fitting that the sole representative in this chamber of the union government should, on this, his birthday, sit side by side with his right hon. friend the Minister of Justice (Mr. Lapointe). I wish the hon. minister well.

Right Hon. ERNEST LAPOINTE (Minister of Justice): I desire to join very heartily with my right hon. friend in expressing congratulations to the Minister of Mines and Resources (Mr. Crerar). I am sorry he is getting older. He is getting to be an old man, I understand; in point of fact he is three months older than I am. In regard to the remembrance of the right hon. leader of the opposition (Mr. Bennett), I think it is true that the Minister of Mines and Resources made a mistake during his lifetime, but I must pay him a tribute.

Mr. BENNETT: He has atoned for it.

Mr. LAPOINTE (Quebec East): I remember when he was Minister of Agriculture in that union government, facing us poor fellows who were on the other side; I remember having to deliver a speech, which I made as strong as possible, against that nefarious government. The man who was smiling and beaming, facing me at the time I made my speech, was the then Minister of Agriculture; he was lost in his surroundings.

Mr. BENNETT: Coming events cast their shadows before.

Mr. LAPOINTE (Quebec East): So I am pleased indeed to pay him this tribute. He has a fine heart and a sound mind, and he is never very long in his mistakes; he always recovers from them.

Mr. BENNETT: That is why we have such hope for him.

Mr. LAPOINTE (Quebec East): On behalf of the members on this side, I thank the right hon. gentleman for this generous tribute to my colleague.

Mr. CRERAR: Mr. Chairman, I observe that the clock is almost on the stroke of eleven, but certainly I cannot let this occasion pass without expressing to my friend—as I hope I may describe the right hon. gentleman who leads the opposition—

Mr. BENNETT: I am honoured.

Mr. CRERAR: —and to my colleague the Minister of Justice my thanks for their appreciative words. I think I have known the leader of the opposition for a greater number of years than I have known even the Minister of Justice.

Mr. BENNETT: Oh, yes; I was on the platform with the hon. gentleman for the union government, although I was not a candidate.

Mr. CRERAR: If my right hon. friend will search his memory a little more closely, I think he will find that he was not on the platform with me in 1917, but at any rate we were fighting on the same side at that time.

Mr. BENNETT: Yes; I was on the platform with the hon. gentleman at Calgary.

Mr. CRERAR: The Minister of Justice has alluded to my earlier appearance in this house, and to the speech he made on one occasion. I was really so enamoured of the very pleasant personality of the minister, even when he was in opposition, that I could not resist smiling across the gangway at him.

I do wish to express my thanks to the members of the house who are still here at this late hour for the very kind way in which they have received the altogether too generous felicitations of my colleague and the right hon. leader of the opposition. Sixty-two years is getting well along in the allotted span, but I hope I may have still a few years of useful service before me. During the next year or two, at any rate, which will constitute the term of this parliament, I hope I may have an opportunity to acquire wisdom from both the leader of the opposition and the Minister of Justice.

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

Monday, June 20, 1938

The house met at three o'clock.

ELECTIONS AND FRANCHISE

Second report of the special committee on electoral matters.—Mr. Bothwell.

UNEMPLOYMENT

MOTION FOR ADJOURNMENT TO DISCUSS MATTER OF URGENT PUBLIC IMPORTANCE—VANCOUVER SITUATION

On the order for motions:

Mr. J. S WOODSWORTH (Winnipeg North Centre): Mr. Speaker, I desire to ask leave to move the adjournment of the house to discuss a definite matter of urgent public importance, namely, the serious situation existing in Vancouver as a result of the eviction of single unemployed men from the post office, and in order at once to stop disturbances.

And leave having been granted:

Mr. WOODSWORTH: Mr. Speaker, the situation in Vancouver is so serious that we have no other course than to bring it to the attention of the house and of the government. On various occasions a number on this side of the house have endeavoured to call attention to the situation which was gradually becoming more dangerous in Vancouver owing to the occupancy of the art gallery and the post office by single unemployed men. I bring forward this resolution not to advocate greater police action, but on the other hand once more to attempt to get the government to take action in a critical situation— constructive action, not the action that has recently been taken by the police.

It is not necessary for me to spend any length of time in bringing to the attention of the house the causes of the trouble of yesterday. A number of these men had been in the camps. They came back to Vancouver and could find no work. In desperation they took possession of the lower floor of the art gallery and of the post office, and there for a month have been bivouacked. Strangely enough, it would seem that they have received on the whole the support of the citizens of Vancouver.

Action has been urged by us along the line of providing work. The leader of the opposition (Mr. Bennett) took occasion to urge that the post office should be vacated. But the government offered no alternative place to which the men could go. As I see the matter, the men took the only means available

[Mr. Crerar.]

to them of calling attention to their plight. They did not resort to arms; they did not resort to force. They simply attempted to bring their condition to the attention of the provincial and the federal governments. This government offered them one alternative and one only, namely, that they should be returned to their places of origin. As we have pointed out again and again, the majority of these men cannot very well establish residence anywhere. They belong to the great army of unemployed transients. They may be employed one year or one month in Winnipeg, the next in northern Ontario, the next in Vancouver. They are men of a class which has been called upon to do rough pioneer work all over this country. And they are not fools by any means. They know perfectly well that they cannot establish residence, and if they are returned from Vancouver to Winnipeg or Toronto or Montreal they will not be in one whit better position than they are in Vancouver to-day. So the only alternative so far as we can gather which the government offered them was of no value.

We have pointed out here again and again that if this kind of thing were allowed to go on, there would be some occasion when some incident would force trouble. In this particular case it seems that the authorities did not wait for the men to riot, but themselves took forcible action and used tear gas bombs and clubs for the purpose of evicting them from the post office. According to the press, the orders came from Ottawa; apparently there was some request from the premier of British Columbia.

I should like to ask the government very frankly, what choice had these men? They could not be sent to their places of origin. They could only go out in the streets. They did not resort to force of arms. They simply took a rather spectacular way of bringing their plight to the attention of the public. It is unfortunate, of course, that in their flight, after having been evicted, they smashed windows in a number of stores and caused, according to the press, thousands of dollars' worth of damage. The report which I had stated that these men were gas-crazed as a result of the gas attack. I do not know whether the gas used brings on craziness of that kind, but I can well imagine that if most of us were treated in that fashion we would be willing blindly to hit at almost anything that showed itself; I think that would be the natural reaction. After all, these men are not criminals—the house should be reminded of that—but poor fellows out of work, deprived of the opportunity of making a living. I am sorry, as we all are, that

windows were broken. I am glad to know that when, in the afternoon, they congregated before the police cells, wiser counsels prevailed. One of the Cooperative Commonwealth Federation members of the legislature there urged that they should disperse, and I believe that was done. But no one will be able to control the feelings of resentment which have been stirred up by such an unwarranted act on the part of the government.

An hon. MEMBER: On a Sunday.

Mr. WOODSWORTH: I do not care whether it was on Sunday or any other day; it was an unwarranted act whenever it was done.

It may be said that these men are led by agitators. I have not been, and other hon. members have not been, at the coast in recent weeks. I cannot speak as to the particular men who are heading them, but I would say this, that if there had been no leaders I could well wish that there had been, and I give all honour to the men among them who took positions of leadership in an extremely difficult situation of that kind. I suppose we shall have the old bogey raised that these men were communists or something of that kind. This situation has nothing to do with communism. It is the result of unemployment. And if there is nobody else to take the lead I hope that men will be raised up who will do so.

The irony of the whole situation is that the Prime Minister (Mr. Mackenzie King) himself was away over the week-end celebrating his grandfather's revolution. My grandfather was on the other side in that revolt, but I do not hold it against William Lyon Mackenzie that he agitated against the intolerable conditions which, as I think we all now believe, existed at that time. But I ask the right hon. the Prime Minister whether he thinks his grandfather was justified in resorting to arms.

Mr. LAPOINTE (Quebec East): He did not sit in a post office.

Mr. WOODSWORTH: No; sitting in a post office is a peaceable thing, and William Lyon Mackenzie resorted to arms. His grandson the Prime Minister spends the week-end in lauding the action which his grandfather took, and yet his government here is using violence against men who themselves have used no violence and are simply protesting against intolerable conditions. I could not but think that this very well illustrates the aptness of those words of James Russell Lowell in The Present Crisis:

> 'Tis as easy to be heroes as to sit the idle slaves
> Of a legendary virtue carved upon our fathers' graves,
> Worshippers of light ancestral make the present light a crime;—
>
> The trouble is:
>
> We see dimly in the present what is small and what is great,
> Slow of faith, how weak an arm may turn the iron helm of fate.

I will not read all the poem, but I would commend to every hon. member, if he does not know them, these verses, which are great in sentiment, whether or not they are regarded as the greatest among poems:

> They have rights who dare maintain them; we are traitors to our sires,
> Smothering in their holy ashes freedom's new-lit altar-fires;
> Shall we make their creed our jailor? Shall we, in our haste to slay,
> From the tombs of the old prophets steal the funeral lamps away
> To light up the martyr-fagots round the prophets of to-day?
>
> New occasions teach new duties: time makes ancient good uncouth;
> They must upward still, and onward, who would keep abreast of truth;
> Lo, before us gleam her camp-fires! we ourselves must pilgrims be,
> Launch our Mayflower, and steer boldly through the desperate winter sea,
> Nor attempt the future's portal with the past's blood-rusted key.

If there was anything in the career of William Lyon Mackenzie which deserves commendation to-day, much greater is the commendation which we should give to these unemployed men who have the courage to stand out and let the public know the plight of themselves and their fellows.

Somebody behind me suggested that this police action was taken on Sunday. I am afraid I am not a sabbatarian. I do not care much whether it was done on Sunday or another day, but I am concerned in the question whether it is all in keeping with the real spirit of Christianity. I have been quoting Lowell. I could not but think of yet another of his poems, called A Parable, the words of which were instilled into me in my childhood:

> Said Christ our Lord, "I will go and see
> How the men, my brethren, believe in me,"
> He passed not again through the gate of birth,
> But made himself known to the children of earth.
>
> He wandered about and everywhere:
>
> With carpets of gold the ground they spread
> Wherever the Son of Man should tread,
> And in palace-chambers lofty and rare
> They lodged him, and served him with kingly fare.

And so on, and so on.

But still, wherever his steps they led,
The Lord in sorrow bent down his head,
And from under the heavy foundation-stones,
The son of Mary heard bitter groans.

And in church, and palace, and judgment-hall,
He marked great fissures that rent the wall,
And opened wider and yet more wide
As the living foundation heaved and sighed.

I pass over the next stanzas:

Then Christ sought out an artisan,
A low-browed, stunted, haggard man,
And a motherless girl, whose fingers thin
Pushed from her faintly want and sin.

These set he in the midst of them,
And as they drew back their garment-hem,
For fear of defilement, "Lo, here," said he,
"The images ye have made of me!"

We have had these thousands of poor unemployed men, not merely in Vancouver, but in every one of our great industrial centres, and the policy of this government, acquiesced in by its supporters, is degrading them. Then when in desperation they take some overt action, in the name of justice we rise and say that some repressive measure must be taken.

The Prime Minister has the audacity to say that the government "has shown patience and forbearance." Patience and forbearance! The only patience and forbearance they have shown is to do the natural and easy thing—that is, to do nothing. What about the patience and forbearance of these men who for the last month have been lying on newspapers in a public building, sending out some of their number to beg as did the old time friars, from door to door. Begging for charity—do you think these men like to live on charity? Not a bit of it. They want work and wages, but under present conditions they cannot have work and wages.

The fact I wish to emphasize is that notwithstanding the action of yesterday the problem remains still the same. It is true that the men are out of the art gallery and the post office, but the problem remains still the same. I suppose the Prime Minister or the Minister of Justice will tell us how bad these men are and offer some excuse for government policy. I remember very well a few years ago when the then Minister of Justice got up and told me that the penitentiaries were fine; he read reports from his officials that stated there was nothing much wrong. He made out a lot of our charges to be very foolish. And that was not very long ago. I do not refer to the present Minister of Justice but his predecessor. And now there comes a report which fully substantiates the serious reports of the prisoners and others whom we had quoted. I suppose that now, after these months and years have gone by, something will be done; but why should not something have been done then? Why should we be tied by a bureaucratic practice that tends always to give official reports priority over anything else?

The fact is that the present dominion government recognized responsibility towards the men, because some months ago they provided work projects that gave the men a few months' work. Then when spring came the men were turned off. I admit that under normal conditions it is probable that the men could have found work in the spring, because normally work opens in the spring. But notwithstanding the speech of the Minister of Finance (Mr. Dunning), I submit that for the great majority of the workers in the country times are anything but prosperous, and though there may have been more work than a year ago there are still large numbers without work; and for those without work the situation is as serious as it ever was. It may be that the curve is rising and more profits are being made. On the other hand, for these unemployed men the position is stationary; they cannot sink much lower than they are to-day.

The government, I assert, recognized its responsibility and provided work for them and then suddenly turned them off, washed their hands of the responsibility and left the problem to be dealt with by the city of Vancouver. I suggest very seriously to the government that even at this stage the least they can do for these men is to provide them with shelter and food until such time as work can be found for them. That is the least that can be done for the men. A number of them found shelter in a public building and a number received food through the generosity of the citizens of Vancouver. Let me repeat that the least that this government can do is to provide for these men shelter and food until such time as work can be given them. Unless the government does that, I would feel like warning the government that we have not yet seen the most serious troubles that may occur on the west coast. I suppose the Minister of Justice, who is muttering something to himself, will presently get up and accuse me of inciting to trouble.

Mr. LAPOINTE (Quebec East): Yes; it is an invitation to trouble.

Mr. WOODSWORTH: All right; let the minister talk. If that is the best reply he can give, he is free to make it. But let me point out that again and again, we in this corner have urged the government to take

action, warning them, not threatening them, that the situation was such that unless they took action something of this kind was inevitable. They refused to do anything and I suppose that with one hundred of a majority they can continue to refuse to do anything. But I want to warn them again that the problem is precisely the same as it was yesterday morning; in fact it is worse, because the men are beginning to realize that the government cares precious little about them—which is the most serious thing that can take place.

Talk about developing anarchy! It is not a group of agitators that are bringing us to anarchy; it is the action, or rather the inaction of the government in not providing for the real needs of the people. I suppose the government can congratulate itself, in that high and lofty manner, upon the fact that the majesty of the law has been vindicated. Yes; let them have whatever consolation they can get out of that. Great is the law! But I submit, Mr. Speaker, that we are beginning to understand in this country more and more that there is one law for the rich and another law for the poor; or, if you like to put it another way, that justice shows one face towards the rich and another face towards the poor.

It happened that over this week-end, in preparation for the budget debate, I was reading the evidence given before the royal commission on the textile industry. I want to say now, in all seriousness, that that discloses a shameful, sickening story of heartless exploitation, of wholesale robbery by men prominent in the public life of Canada. Inordinate greed, bare-faced lying, and criminal fraud characterize the careers of this gang of high-class crooks. I say that seriously. And yet this gang of high-class crooks shelter within the structure of our tariff arrangements.

Mr. SPEAKER: Order.

Mr. WOODSWORTH: We were told by the Minister of Finance in his speech on Thursday that he does not propose to do anything about this situation this year, that tariff changes are to be put off. I suggest to you, Mr. Speaker, that until there is penitentiary punishment for some of the men who, according to the evidence, have been defrauding the government—

Mr. SPEAKER: Order.

Mr. WOODSWORTH: —there is not much use—

Mr. SPEAKER: Order. The hon. member is getting away from the subject of the motion before the house, which has to do with the situation in Vancouver.

Mr. WOODSWORTH: Yes, Mr. Speaker, I will conclude in a moment or so. I say that the action of the government with regard to this textile business has been very dilatory. This matter has been going on for years. The actual reports have been in the possession of the government for one year and no action has been taken.

Mr. DUNNING: That is entirely wrong.

Mr. WOODSWORTH: Let the Minister of Finance say what action has been taken.

Mr. DUNNING: They are in the courts now; that is the position.

Mr. WOODSWORTH: They may be in the courts, but I should like to know what action has been taken.

Mr. SPEAKER: I shall have to ask the hon. member to confine himself within the scope of his motion, which refers to the situation in Vancouver.

Mr. WOODSWORTH: My point is that this precipitate action in connection with the Vancouver unemployed will make the people of Canada realize that justice is not being handed out these days with an even hand. Where there has been a much more serious infringement of justice, little or no action has been taken. These unfortunate unemployed are guilty only of the misdemeanour of trespass; they have been guilty only of the most petty crime. They were told to get out of these public buildings, and when they refused to do so, they were clubbed and gassed. All this has happened at a time when other people much more guilty are being treated with the greatest leniency.

If this kind of thing is to continue in Canada it will mean the undermining of what we have called free government. It will mean the undermining of real democracy. When I was a child I was instructed that justice was blindfolded in order that she might act with impartiality, but after some years in this house I have come to believe that justice is blindfolded in order that she may not recognize the realities of the situation.

I shall not go into any further details as to what took place in Vancouver. I feel justified in taking the action I have taken to-day. I wish I could have spoken more strongly a month ago. I have known something of the lives of men of this class over the last thirty years. There may be individual rascals among them, and we shall probably hear of them, but on the whole this group of men have made an enormous contribution to the welfare of this country. Most of these men are unemployed through no fault of their

own. Even the smashing of windows is not as serious as the official policy of smashing of the morale of these men. Unless the government now steps in to help them, the way will be left open for further disturbances and indeed, as I have said, for the undermining of democracy itself.

Right Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, as the minister in control of the Royal Canadian Mounted Police I think it is my duty to give to the house an official report of the events of yesterday which have been the cause of the denunciation to-day by the hon. member for Winnipeg North Centre (Mr. Woodsworth). The hon. member says that the step taken by these unfortunate unemployed was spectacular, but that they could take no other. I believe they were ill advised in taking the action they did. My hon. friend says that the government did not wait for the men to riot. I am amazed that he should think that occupation of the public property of Canada should be allowed to continue until riots occurred.

Mr. WOODSWORTH: What about the alternative I proposed?

Mr. LAPOINTE (Quebec East): I listened attentively to my hon. friend. I heard his strong and violent words, but he failed utterly to suggest any solution of this problem.

Some hon. MEMBERS: Work and wages.

Mr. MacINNIS: What did you offer in 1935?

Mr. LAPOINTE (Quebec East): I expected that. If the government has been open to attack, it has been because of the leniency shown. It has been attacked for taking that attitude, not only in this house but elsewhere, and particularly in Vancouver. The post office at Vancouver has been occupied in this way by hundreds of men for the last four or five weeks. They were allowed to occupy this public building without interference on the part of the authorities. The government has been criticized for allowing that sort of thing to continue. I can remember such a kindly and estimable and moderate gentleman as the hon. member for Yale (Mr. Stirling) only the other day commencing his remarks with the question, "Is this Canada?" The government has been blamed for having allowed this state of affairs to continue, and causing the population of the city of Vancouver to suffer because of this invasion.

What possible solution of the difficulty could be hoped for by this invasion of the post office building? It was only because the government was warned that there was great danger of contagion in Vancouver that steps were taken. I ask any hon. member of this house if there was not a responsibility that had to be assumed by the government. This had to be done and it was done in the most careful way. I should like to read a telegram that was sent by the acting Postmaster General (Mr. Euler) to the municipal authorities of Vancouver on June 17. It reads:

> In view of the protracted illegal occupation of the post office in Vancouver which is represented as an increasing nuisance to those who make proper use of this building and as a menace through possible contagion to the health of the occupants and to others I am authorized by the dominion government to ask the appropriate authorities of the city of Vancouver to take such steps as they deem necessary to have this federal building vacated by those who are occupying it as trespassers. The dominion government in common with provincial and civic authorities have shown patience and forbearance in dealing with this situation. We have been anxious by such an attitude to avoid the possibility of any untoward incident. We had hoped that the passage of a little time would make apparent to the persons involved the error of proceeding as they have. As such unfortunately has not proved to be the case we feel that the existing situation should not be permitted longer to continue.

Instructions were sent and given that the men were to be very careful to select the best time possible in order to avoid trouble and to carry out their task in such a way as to avoid as much as possible destruction of property and injury to persons. The report I have received from the authorities, the Royal Canadian Mounted Police as well as the civic authorities of Vancouver, is that it was impossible to do what was done in a more careful and at the same time equally effective manner. The other day the hon. member for Vancouver North (Mr. MacNeil) said that Colonel Foster, chief of the Vancouver police, was a cool-headed man, a splendid officer, and that Vancouver was fortunate in having him at the head of the force. Colonel Foster was in charge of those operations, because what was done yesterday was in charge of the civic authorities; the Royal Canadian Mounted Police only gave such assistance as was necessary in order to bring about the evacuation of the post office. The mounted police are now in charge of the Vancouver post office and will see that the building is kept free for its public and official use.

The report I have from Major Hill, the officer commanding the Royal Canadian Mounted Police at Vancouver, is that the operation was carried out with the least possible injury to persons and damage to property, and that there was the closest co-

operation between the two forces. My hon. friend may speak of the use of gas, but anyone who knows anything about a matter of this kind realizes that this is the most humane way to carry out an operation of this kind. Otherwise these men would have had to be evicted by means of force, and certainly there would have been more injuries than resulted through the use of gas to compel them to leave the building. It is unfortunate that some people were injured; my information is that two members of the city police and two of the unemployed had to receive hospital treatment. The others who were hurt suffered only slight injury which did not require hospital treatment. If an operation of this kind was necessary I do not think there was any possibility of its being carried out with less trouble and less injury to those who took part. Of course, I repeat, I am sorry, as all the members of the government and of the house generally are sorry, that injury should have been suffered by anybody as a result of what took place yesterday. My hon. friend from Winnipeg North Centre (Mr. Woodsworth) is wrong when he thinks he has a monopoly on humanitarianism.

Mr. WOODSWORTH: I did not suggest that at all in any way. I would suggest, though, that the government has the facilities for doing things, and we have not

Mr. LAPOINTE (Quebec East): Well, my hon. friend always springs up when somebody talks about him, but for a man who is so strong for the freedom of speech he seems little inclined to let those who differ with him express their views unmolested. However, I say the members on this and all sides of the house are quite as sympathetic to human troubles and miseries as the hon. member for Winnipeg North Centre, though they may not be as violent and bitter in their denunciations and may not think that others are callous and forgetful of what is due their fellow men. In this instance the police have done their duty, as they had to do it, in the most humane way, in a way that could not be avoided. So far as the part played by the Royal Canadian Mounted Police is concerned, I stand by that body which, as usual, has been faithful to its traditions. Canada as a whole will not have to be ashamed of anything that has been done by the Royal Canadian Mounted Police in reference to this incident.

I do not desire to discuss the question of unemployment; my hon. friend the Minister of Labour (Mr. Rogers) will do so. In spite of the fact that the words are so unpleasant to the hon. member for Winnipeg North Centre, however, I do desire to say that the reign of the law must continue in this country, that peace and order must prevail. If there be spectacular deeds, as my hon. friend calls them, which are provided for by the criminal law, whether they constitute trespass or any other offence against the whole of the people of Canada, it is the duty of the government, in spite of the bitter words of my hon. friend, to see that the law shall prevail, and so long as I have anything to do with this government, the law shall prevail.

Mr. BENNETT: If I may ask the right hon. gentleman a question, do his reports indicate that these men in the post office asked to be arrested and offered to go quietly if arrested.

Mr. LAPOINTE (Quebec East): The report indicates:

> At five a.m. postmaster addressed the occupants informing them dominion government had instructed that they were to leave the building and advising them to do so in orderly manner, and giving them twenty minutes to pack up their effects and leave. At five twenty-five it was evident that men would not leave voluntarily. I—

That is, the officer in command of the mounted police.

> —then addressed the men, "You have already heard the request of the postmaster Vancouver, and as you are taking no steps to leave you will be allowed another ten minutes after which you will be forcibly ejected." At five thirty-five I informed them that unless they started to leave gas would be used forthwith. After short interval gas was used. Simultaneously the men commenced to break plate glass windows both sides of building and large part of interior glass screens—

And so on.

Mr. BENNETT: Nothing about arresting men?

Mr. LANDERYOU: Did the men offer to go out peaceably?

Mr. LAPOINTE (Quebec East): I am not so advised by the report.

Miss AGNES C. MACPHAIL (Grey-Bruce): Mr. Speaker, I believe every hon. member sympathizes with the Minister of Justice (Mr. Lapointe) in his obviously unhappy position. His speech shows how unhappy he was. I am sure that as a kind man he is sorry to be the minister to be required to make the speech.

One wonders about the Sunday coup—or whatever the word may be. We remember that Mr. Hitler always struts his stuff on Sunday. It seems to me a strange day in which to evict men from a post office. Would

it be because very few people are down town on a Sunday? There are not many witnesses to such a performance; or—

An hon. MEMBER: Less would be likely to get hurt.

Miss MACPHAIL: —was it to save lives of people who would be coming for their mail on some other day? I do not go quite as far as the hon. member for Winnipeg North Centre (Mr. Woodsworth) in thinking that it is as good to do a thing on Sunday as on any other day. I think it is not a happy performance any day of the week, but certainly Sunday was quite the worst day. It did put the men very much at the mercy of the authorities.

I do not believe any of us think that people should go into public buildings and stay there, if it is possible for them to do anything else. But if we could not get work or relief, I wonder what we would do? We might just sit here—at least it is comfortable. That is the position. Those men could not get work or relief. What had they to do? They did the least destructive thing I can think of. I am not defending them for staying in possession, but I am saying it was a very tiresome thing to do, and I would have hated to have to do it. I hate waiting any place for a long time, and certainly they had to wait a long time. But it was not a very destructive thing to do. They stayed on and on, hoping I suppose, and really believing, that something would be done for them.

When I think of the number of people who are killed each year on our highways and the need we have for foot-paths along those highways, I do not think it would have been difficult to secure jobs for those men. We could send squads of painters out to paint farm buildings in Ontario. It will take a lot of paint, but the sooner it is done the less it will take. We could have unemployed people tear down old buildings obstructing the landscape, buildings which are anything but beautiful. It is not difficult to think up things the men could do. I do think we could have done something, and I must support the hon. member for Winnipeg North Centre, exactly, when he says that the position is just what it was. We still have men in Vancouver. They still have no work. They are still not on relief, and they still have to establish residence. The windows have been broken and the tear gas bombs have exploded—I do not know how expensive they are—but whatever there is in the destruction of windows and in the bursting of bombs, we have lost that much. Certainly there is a lot of bad feeling, and the problem is exactly as it was before. As a matter of fact, I should not say that, it is not exactly as it was before, it is a good deal worse.

I have been handed a booklet, and I must say it is appropriate to read it at this moment. This is a speech, which I almost hate to quote, made by the present Prime Minister (Mr. Mackenzie King) on the night of the election, October 14, 1935. It is the concluding paragraph which I think should be read. I am sorry the Minister of Justice had to pinch hit for him to-day, because anyone who voices such lofty and beautiful sentiments surely could have found work for not so many men. This is the conclusion of the paragraph headed "The task of Liberalism to-day":

In the new era which dawns to-day, the struggle for the rights of the people will, in the realm of economic liberty and security, be carried on as never before.

Mr. HEAPS: That is right; it is.

Miss MACPHAIL: This is interesting:

Poverty and adversity, want and misery, are the enemies which Liberalism will seek to banish from our land.

Here was the opportunity.

They have lain in wait—

I suppose he means poverty and adversity, want and misery.

—at the gate of every Canadian home during the past five years, and their menacing mien has served to destroy the souls, as well as the minds and bodies, of an ever increasing number of men, women and children in our land.

And this:

We take up at once, as our supreme task, the endeavour to end poverty in the midst of plenty, starvation and unnecessary suffering in a land of abundance, discontent and distress in a country more blessed by Providence than any other on the face of the globe, and to gain for individual lives, and for the nation as a whole, that "health and peace and sweet content" which is the rightful heritage of all.

Mr. MACKENZIE KING: Does the hon. member not think conditions have very materially improved in this country since those statements were made?

Miss MACPHAIL: Not for the men in Vancouver post office.

Mr. MACKENZIE KING: But generally for the unemployed throughout Canada they have very greatly improved.

Mr. BENNETT: In the rest of the world.

Miss MACPHAIL: There has been an improvement, but it has not been very great. For the unemployed people the improvement does not matter at all. If we have managed to do better for many, ought we not to go

much farther for the sake of that last few thousand who have been in the post office and, of all places, in the art gallery of Vancouver?

I do not intend to say anything further, but I thought that this gem ought to be made known to the House of Commons. It is very beautiful, quite as beautiful as the poetry read by the hon. member for Winnipeg North Centre. I thought we ought to have these words brought home to us again, and I do feel that in view of them the Prime Minister should—well, carry on from there.

Mr. C. G. MacNEIL (Vancouver North): Mr. Speaker, those who are familiar with conditions in the city of Vancouver with respect to unemployed single men will find very little comfort in the rather lame explanation of the action taken yesterday, offered this afternoon by the right hon. the Minister of Justice (Mr. Lapointe). As I listened to the words of the Minister of Justice I remembered that only the other day I read his famous speech made in June 1917, when he defended some of his fellow citizens, spoke about their rights and liberties, and the manner in which those rights and liberties should be protected. He quoted this famous passage from Burke:

> Let the Commons in parliament assembled be one and the same thing with the commons at large. The distinctions that are made to separate us are unnatural and wicked contrivances. Let us identify, let us incorporate ourselves with the people.

It seems to me he is taking an attitude to-day far removed from the position he so eloquently and passionately defended in 1917.

From information reaching me over the wires it would seem that the citizens of Vancouver are most profoundly disturbed at the outcome of the unfortunate episode of yesterday. The tragedy lies not only in the fact that there was some disorder in the city, and that some thirty-six persons are in the hospital, numerous other individuals under medical treatment, and some twenty-two men in gaol, but in the fact that the policy of terrorism employed by the government was so unnecessary. For a whole month this problem has been before parliament and the government, as for a whole month these men have been in the Vancouver post office. During that month, not once but on six or seven different occasions members on the opposition benches have brought the situation clearly before the government, and of all the suggestions made and alternatives proposed the government selected the most terrible, the most brutal, the most costly—the direct use of police force with tear gas and police clubs. There had been no revolt against constituted authority. There had been no serious disorder until the police moved into the post office; and may I point out that it was the Royal Canadian Mounted Police who went into the post office. Yet the law moved with all its might and force as if these unemployed men were brigands and rebels and not just men without work and in hopeless circumstances.

The tragedy lies in the fact that this police action might have been averted by definite planning, and that as a result of the action taken by the police, not only have bitterness and discontent been accentuated to an extreme and alarming degree, but faith has been destroyed in constituted authority.

What do you think is the opinion of the three or four thousand young people interested in the situation—because, after all, there are more than the seven hundred odd men in the post office and the two hundred and fifty in the art gallery who are concerned over these consequences. There are many young people who are directly interested in this problem, and who have now less confidence in our democratic institutions because of what has taken place in Vancouver. I tell the Minister of Justice that you cannot possibly make good citizens by the use of the police baton, and whatever guilt there may be over this situation rests, in my opinion, upon hon. gentlemen who sit on the treasury benches. After a month of inaction during which no attempt was made to settle the difficulties of these unemployed, they move to club them down as criminals, men whose only crime was that they were hungry and that they had in a very inconvenient way dared to organize and publicly make known their plight. I tell the minister that nothing more provocative of disorder and resistance to constituted authority than the policy pursued by hon. gentlemen on the treasury benches, who to-day so vigorously condemn the action of men who were trapped by economic conditions.

Understanding the situation as I do, and because of remarks I have heard in the corridors of this building let me say that these men were not recruited from the underworld nor from the communist party of Canada. They are average young men from average Canadian homes, and it is the understanding of that aspect of the situation that resulted in the remarkable display of sympathy and support for them on the part of the people of Vancouver. For what reason did the women of Vancouver organize and raise in excess of $6,000 during the last month in order to feed these men while they were in occupation of the post office? Because the average mother

said: "But for the grace of God there goes my boy." Because there are many anxious parents whose boys under present economic conditions have severed home ties and are roaming the country in a hopeless nomadic existence.

The newspaper to-day carries many interesting items, and I was impressed by the reports appearing on the first and second pages of to-day's paper, as was the hon. member for Winnipeg North Centre. We have two columns describing the situation at Vancouver, and another column describing how Earl Baldwin appealed to the youth of the empire to be true to democracy. On the next page we have the remarks of the Prime Minister (Mr. Mackenzie King) absent over the week-end while he paid homage to his illustrious grandfather. How can the Prime Minister expect the youth of to-day to place faith in democracy and in the policies enunciated by him when he discloses such glaring inconsistency by paying homage to those who fought the battles of the oppressed in days gone by, while at the very moment he was speaking he was aware that the order had gone forth that the oppressed of to-day should be clubbed down in the city of Vancouver?

These events, Mr. Speaker, have occurred in Vancouver Centre, represented in this house by the Minister of National Defence (Mr. Mackenzie). Many of us remember vividly when the minister was frantically and desperately struggling to get the last two hundred votes he required to win a seat in this house and a place in the government. We remember the lavish promises he made to the unemployed, to the ex-service men and those in economic distress. I was struck by his remark the other night when in eloquent language he spoke of the achievements of the Liberal government in regard to solving unemployment problems; and he thundered a pledge across the floor of this house that he and the members of the government would continue to fight the battles of the people—yes, fight their battles. The minister has aeroplanes at his command. For a month he has been aware of this serious situation, so disturbing to the minds of the citizens in his own constituency. He could easily have been excused from his parliamentary duties and have flown to Vancouver to deal with a situation so serious. But what attempt has he made to deal with this distressing situation? Let him answer. What answer will he give to his constituents when this matter will be discussed in the future? Why did he not take some action or give some evidence of action being taken to spare his constituents in Vancouver Centre this most unsettling disturbance?

But of all considerations in this situation I think the one that has caused most disappointment has been the attitude of the hon. Minister of Labour (Mr. Rogers). I feel —and I have a high regard for him personally—that in this matter he has led us down a garden path. We have brought the situation to his attention on numerous occasions in this house with all the vigour at our command. He has assured us that the situation was well in hand. He has assured us that these men would be offered employment on the same basis as it was offered to all other people in Canada, that there would be no discrimination against them. He knew very well that these men were denied relief anywhere, either in British Columbia or any other province, that the edict had gone forth—no more relief for single unemployed fit men. He knew, or he could have easily determined, whether work was available or not available; for he commands the facilities of the Employment Service of Canada and has accurate information of employment opportunities not only in British Columbia but at all points in Canada. He has given this house no indication as to whether work was available. Knowing that these men had been cut off relief he simply said to them: You must disperse; you must trust to luck in securing casual employment.

But during this past month employment opportunities have been decreasing. The huge pulp and paper plants at Port Alice and Port Mellon had closed down. The Powell River and Ocean Falls pulp and paper plants were working only half time, and subsidiary operations were gradually slackening. He knew that several thousand loggers were being released from the logging camps and were walking the streets of Vancouver. Even with all the facilities at his command he was unable to answer where work was available for these men. How much greater the difficulty of the individual single unemployed man, making an effort to secure employment. Time after time, with monotonous repetition, and almost by rote the Minister of Labour would make the statements he advanced with regard to the situation: They will get the same chance as other men will get. His attitude may be summed up in the old saying—"Root hog or die." That in effect was his answer to these men. He was in effect saying to them: Starve or accept semi-starvation in a nomadic existence. For the only avenues leading to employment open to these men is to ride the rods or hitch-hike their way

back and forth across the country seeking some form of transient, and very unsatisfactory employment.

I would ask the Minister of Labour to-day what action was taken by the high-priced representative that the last month he has had in Vancouver, Mr. Humphrey Mitchell. He receives a salary of $500 a month, and is given the impressive title of officer in charge of labour transference. In my opinion, if anyone is to be judged a criminal in this situation, it is that gentleman for his incompetence in face of the situation. He has done nothing in the matter except send in expense accounts from the leading hotel in Vancouver. His attitude, and this goes back to the days of the Dundurn camp, has been to regard the unemployed as so many cattle. I think the attention of the house should be directed to the incompetence of this particular individual, and the minister held responsible for his inaction, for his attitude, which has led to the impression in Vancouver that these men are blacklisted and outlawed, and that, even if they had dispersed a week ago, by general agreement between the federal and provincial authorities they would be denied access to any work which may offer under the projects that are now being promoted.

Mr. ROGERS: If my hon. friend will permit me: has he anything to substantiate that statement?

Mr. MacNEIL: No direct evidence in substantiation of it, except my knowledge of this gentleman's temperament and general attitude towards this problem.

Mr. ROGERS: Has my hon. friend any quotation attributed to him?

Mr. MacNEIL: That has been the tenor of personal communications directed to me by gentlemen interested in the situation and who are extremely dissatisfied with the attitude taken by this gentleman and by his incompetence in face of the situation. As I said before, with one competent man in charge and able to direct a policy of conciliation, having a little understanding of the human elements involved, this problem could have been dissipated overnight. I would say that this man is more of a criminal than any of the men who are now incarcerated in the Vancouver police station. When I think of the situation of these men, now blacklisted and branded as criminals, it seems ironic that at this session we should be considering the reform of our penal institutions as a result of the recommendations of a royal commission. Here is a situation, largely created by the policies of the government, which can only result and will inevitably result in filling our penal institutions with men who, if directed along other paths, would prove worthy citizens of this country. The tragedy of the whole situation is that maybe within a few short months we shall call on these very young men to risk their lives and limbs for the defence of a country which denies them any place except in gaol.

Hon. H. H. STEVENS (Kootenay East): The occasion of this discussion is a motion to adjourn the house to discuss a matter of grave national and public importance. The issue will not be determined to-day unless we hear from the Minister of Labour (Mr. Rogers) some definite policy to take care of the situation, not only in the city of Vancouver, critical as it is for the moment, but as it obtains in other places under similar circumstances so far as the men are concerned, although with less acuteness than in Vancouver.

On May 23, exactly four weeks ago to-day, when discussing this very matter, I said to the minister that as a matter of fact we are training these men to demonstrate. Enlarging upon that I pointed out that in delaying, in not facing the issue, in failing even to appear to be getting at the roots of the problem, we were inviting demonstration. I then went on to indicate that on several previous occasions, following a demonstration, action had been taken, and what I urged then was that we should at that stage—and the men had then been in the post office for some time—face the issue and at least minimize the tendency to establish the force and value of demonstration in matters of this kind. Four weeks have passed. Nothing was done until yesterday, when the men were forcibly ejected from the post office. The Minister of Justice (Mr. Lapointe), in his explanation of the government's position, said that the government had been extremely patient, that their course had been marked with forbearance, and he said also, "but the majesty of the law must be upheld." The law was the same four and five weeks ago as it is to-day. It was the same law and the same violation. If there was a violation of the law yesterday which called for federal action to uphold "the majesty of the law," the same demand was present five weeks ago. The majesty of the law is upheld when, a breach of the law having occurred, the peace officers of the country swiftly deal with the situation. That is the way to uphold the majesty of the law. Had action been taken then, it might have been taken on the ground that the men were committing a violation of the law. But things were allowed to drift. One week, two weeks; three. four,

five weeks passed. The hon. member for Vancouver North (Mr. MacNeil) and other hon. members, not weekly but two or three times a week, brought the matter to the attention of the government. Nothing was done. When it came to the ejection of these men yesterday, of course force had to be used. Of course the police will be blamed. But the police are not to blame. They did their duty, and I imagine it was a duty distasteful to them. Those who are to blame are the hon. gentlemen sitting on the treasury benches, and no one else. The unfortunate situation to-day in this house is that in discussing this matter we can only reproach the government for inaction and ineptitude; that, of course, enlists their followers in their defence, and the result in all probability will be a very empty discussion. That is, as I say, unfortunate, but there is a duty resting on members of this house; I believe it rests upon all hon. members on all sides. An incident such as this makes it imperative that we face the facts definitely and plainly.

I should like to remind the house of the genesis of this thing. It did not begin four or five weeks ago. As I pointed out on May 23, it started last July. These men almost rioted then. I saw them outside my office window, standing in the pouring rain in the autumn days, standing there from early morning until late at night.

Mr. ROGERS: Two years ago?

Mr. STEVENS: No, last year. I talked to dozens of them. These young fellows went out on the streets with their little tin cans, and people going by would put in ten cents or a quarter. In that way they got sufficient to buy food. But that was disallowed, and some three hundred of them —my hon. friend from Vancouver North will correct me if I overstate the number— were arrested and sent to prison for various terms. It was not until the matter became acute, because of that, that the camps were opened up. The minister arranged for these men to go into the camps. They were there all winter. The government had the opportunity to know all about them—their history, their names, their places of origin, and so forth. If it was intended when spring came to tell these men that they must go back to their places of origin, ordinary common sense dictated that the proper officials should have taken a few of these men at a time, talked to them personally, offered to pay their way back, and sent them off in an orderly manner. But that was not done. The camps were closed and the men were turned loose, not all in one day, but over a very short period of time. Then, when they were turned out of the camps, when they were wandering about with nothing to do and nowhere to go, they were told, forsooth, that those who had no bona fide residence in British Columbia would have their passages paid back to their places of origin. They know, I know, anybody who has given any thought to the subject knows, that very few of these men dare to go back to their places of origin in the expectation of getting assistance, for the simple reason that having been away they have lost their domicile. Some of them have been away for three or four years, and many of them are and have been transients for years. Here, for instance, is a man who was born, let us say, in Oshawa. He goes to northern Ontario and works in the mines, or the woods, or some other place, and he loses his job. He drifts to the prairies and gets work for a few months and loses that job through shutting down and the vagaries of employment in those days. Finally he winds up in British Columbia. Well, where is his domicile? Is Oshawa going to take the responsibility for him? Certainly not; and the minister knows it very well. If these men had been moved back in large numbers to their so-called places of origin they would have been met with the same stony stare they received elsewhere, and so they were turned loose in Vancouver.

We are not dealing with pieces of machinery or something of that kind; we are dealing with human lives, with men, most of whom have some element of self-respect —at least they had; some of them have not much now, I am afraid. But they did have self-respect, and I know from personal conversation with these men that the vast majority of them merely ask for an opportunity to work. I will grant you that there are always to be found in bodies of men some who are unworthy of very much attention. What the percentage is, one cannot say exactly, but I venture to say that the vast majority of these men, eighty or ninety per cent of them, merely ask for an opportunity to work. That is all they ask. But now they are turned loose in Vancouver and nothing is done. The provincial government says it is not responsible; the dominion government says it is not responsible. But what are the men to do in the meantime? They walked into the post office and another building and took possession. I confess that at the time I thought this was an extraordinary action and I was shocked. The Minister of Justice says that no one had any alternative to offer. I will tell him what I thought should have been done at once—

and by the way for a period of forty-eight hours some five hundred of them occupied a hotel as well. I suggest that the moment that crisis arose there should have been no quibbling about jurisdiction but they should have been taken either to the old horse show building, or to some vacant buildings in the exhibition ground, which could easily have been obtained, or to the drill hall—there is one close to the post office, a few blocks away—or to some other public building and given shelter and food for the time being while the two governments wrestled with the question of responsibility. That is what should have been done, and if it had been done there would have been no trouble.

But the minister adopted a policy which he thought was indicative of the strong man. He was going to close the camps on the first of May; he made it known definitely and he said, "This will solve the problem. These men must get out now and get busy for themselves." Well, time was, prior to the great depression, or rather I should say prior to the change in industrial methods in the last fifteen or twenty years, when these men could have found work here and there throughout the country. I went through a period of hard times in British Columbia forty-five years ago when I first went there, and I know that there was a period in the nineties when the real ultimate poverty of the whole country was worse than it is to-day. But there was never a time when men could not get something to do; they might only get their board for it, but they got something. There was seldom any necessity for a man to be destitute, and those that were destitute could be, and were, taken care of by the community. But what has happened in the last ten, fifteen or twenty years? No one knows better than the minister, because it is a part of the new economics of the time. By the introduction of new machinery whole industries have been upset and in some instances tens of thousands of men have been thrown out of work in one industry. Great bodies of men have been turned loose in the country, not only in Canada but in the United States and other parts of the world as well. In other words there is a new economic condition to which we have not yet adjusted ourselves. We are only in the process of readjustment. Now, if we recognize that, then it follows as night follows day that during that process of readjustment the government of the country must take a certain responsibility which would not be necessary under the old regime; and I hope that with the adjustments that some of us believe can be made, as the years go by, these temporary responsibilities will disappear. But they are here, and they were certainly very much present when these men were turned out of the camps on the first of May or thereabouts.

The issue is not going to be determined simply by the government listening to this debate and the Minister of Justice and the Minister of Labour saying their little say and thinking that that ends it. That does not end it. When these men were rejected from the post office yesterday, eight thousand people gathered in the Powell street grounds, and of that gathering a large number, estimated at eight hundred, marched to the police station, inflamed by a sense of hopelessness, a sense of injustice, a sense of the incompetence of leadership in governments in the country. I say that with that sense of hopelessness in their hearts they marched to the police station, and it was only by the advice of some in whom they trusted that they did not indulge in another riot there.

I am the last member of this house to condone rioting for one moment, but I know human nature and I know something about men in mobs. I know that you cannot expect to find a large number of men gathered together, suffering from a sense of injustice and the knowledge of grievances, without there being danger of violence. It is just as natural as anything else to the human race. It is one of the unpleasant facts of life, and the duty of responsible government is to foresee these things, to anticipate and avoid them, to see that they do not happen, instead of waiting until they do happen or having to exercise force as was done yesterday. I can see that the police were compelled to carry out their instructions, but as I said a moment ago if the law was violated yesterday it was violated five weeks ago, and that is where the government deserves censure for its delay in taking action in the matter.

The Minister of Justice says the government have been upbraided because they have been so lenient. I suggest that if those who addressed the government in this gentle chiding manner had spoken their minds they would have said that their criticism was because of the government's ineptitude and not because of its leniency. There is no element of leniency or of kindness in allowing men to remain in these buildings for five weeks and at the end ejecting them by force. The problem should have been faced at the first. Leniency then becomes finally an offence on the part of the government rather than something to be complimented upon. The government is not to be commended because of its patience and forbearance; rather at this time the government should be, if not inspired

at least forced into some action by members on all sides of the house—some action that will grapple with the problem in a real way. I simply say this to the government: The issue is not settled with the close of this debate. These men are there, and as the hon. member for Vancouver North (Mr. MacNeil) said a moment ago—he and I and others are so advised—over one thousand loggers have been thrown out of work on the Pacific coast during the past few weeks. I do not know whether the minister knows just the type of men that these loggers are. Let me say to him that they are the most daring and the finest men in the world. They are a magnificent type of worker. Knowing human nature as I do, I look with some apprehension upon the possible effect on these men of the disturbances that have occurred and which we have been discussing. The time has long passed when action should be taken, and I say to the government that the responsibility for the trouble that may occur and for what has taken place lies clearly at their door.

Mr. J. C. LANDERYOU (Calgary East): Mr. Speaker, gas bombs, beatings, the forbearance of the exercise of force by the government or the sympathies of the Minister of Finance (Mr. Dunning) will not solve the unemployment problem. It is unfortunate that we cannot solve this problem by exercising the power of disallowance. An hon. member suggests to me that we should disallow the unemployed. I agree with what was said by Mr. Campbell, the Minister of Public Works in the government of Ontario. He said:

> People by hundreds of thousands are out of work. The truth is that restriction of currency and credit is throttling business. Can you find me an economist from Halifax to Vancouver who will say that things are right with us? Yet when anyone speaks out and says that something should be done about it, about the best these critics can do is to descend to personalities and chorus "crackpot" at him.

It would appear that the government are attempting to hide behind the constitution. They claim that the provincial government and the municipality must accept responsibility in this matter. The closest cooperation existed among the provincial police, the civic police and the federal police in evicting these men from the public buildings they occupied. If we could obtain the same sort of cooperation among this government, the municipality and the provincial government to provide these men with work, to arrive at some solution of the problem of the lack of purchasing power, then we would have no more difficulties like this. We know that the city of Vancouver is not financially able to offer a solution to this unemployment situation. We know that the provinces are not financially able to carry out their constitutional responsibilities in this regard. The government headed by the right hon. leader of the opposition (Mr. Bennett) recognized in 1930 that unemployment was a national problem, and a special session was called to deal with the matter. It is true the right hon. gentleman was unable to solve the problem, and he perished in the attempt. In 1935 the leader of the present Liberal government promised a number of things. In answer to a remark made by the hon. member for Grey-Bruce (Miss Macphail) the right hon. gentleman stated that generally conditions had improved in Canada. I should like to say to the Prime Minister (Mr. Mackenzie King) that the conditions with relation to the unemployed have not generally improved.

An hon. MEMBER: Certainly they have.

Mr. LANDERYOU: A Liberal member says, "Certainly they have." If you consider the cutting of relief grants by the federal government an improvement, if you call the cutting of relief scales when the cost of living is going up an improvement, then I agree with the hon. member. I am told that unemployment has increased every month of this year. The fact of the matter is that this government has not solved the problem. There has been a general increase in export trade since the period 1930 to 1935, when the members of the Conservative party occupied the treasury benches. There is no question that there has been a general improvement in external trade, but that has not been due to any policy pursued by the Liberal government. That improvement was in line with the general improvement in world conditions and prices. At the same time there has been a tremendous increase in the amount of taxes taken out of the pockets of the citizens of Canada—from $326,000,000 in 1933 to $500,000,000 odd in 1937. Whatever prosperity may have been created is being taken away from the people in the form of increased taxes.

Mr. WOOD: But they have the money with which to pay their taxes.

Mr. LANDERYOU: That does not help them very much. The situation in Vancouver was created by a number of men who were unable to find work and who were forced to take definite action to draw the attention of the government and the people of Canada to their plight. They are willing and anxious to work, and yet the Minister of Labour (Mr. Rogers) has not offered them work in

any shape or form. Why is it that 11,000,000 people cannot adequately provide themselves with sufficient food, clothing and shelter when they occupy a country capable of providing for the needs of 100,000,000 or 150,000,000 people? Surely there is something that this government can do. They were going to take over the issue of money and credit in terms of public need. The Minister of Finance (Mr. Dunning) says that we have complete control over the monetary policy of this country. Why should we not exercise that control? Why should we not issue the money and credit to meet the needs, not only of the hundreds of men in Vancouver but the hundreds of thousands of unemployed throughout Canada?

It may be out of order to discuss matters of money at this time, but I should like to point out that these men are suffering from one thing only, the lack of purchasing power. I ask the government to fulfil their promises made to the people of Canada in 1935, namely, that they would abolish poverty in the midst of plenty by properly controlling the issue of money and credit. Now that these men have been evicted from public buildings their condition is possibly worse than it was before. I do hope the Minister of Labour can do something constructive for them. Give them work. If you cannot give them work, take care of their needs as far as food, clothing and shelter are concerned until you can provide work for them.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, this is an occasion on which we might derive satisfaction from saying to the Minister of Labour (Mr. Rogers) and the government, "We told you so." However, there would be no satisfaction in making that statement, even though what we told the Minister of Labour has come to pass. Only a man who was totally oblivious to what has occurred under similar circumstances in the past five years could have assumed that the situation in Vancouver would be settled without trouble of the kind that occurred yesterday. From this corner we have continued to press the Minister of Labour to act. We have taken the position that a conciliatory attitude by the government would easily overcome the existing difficulties: It was not a question of whether the action taken by the men was right or wrong. Similar action under one set of circumstances may be right, and under another, may be wrong. The point is that these men were justified in taking almost any action whatsoever because of the condition in which they found themselves.

Almost exactly three years ago we were faced with this same problem. Men left the city of Vancouver by boarding freight trains with the intention of coming to Ottawa to lay their grievances before the government. On various occasions at that time we tried to bring the matter to the attention of the government by a motion similar to the one moved to-day. We were unsuccessful, the government taking the position that it was not a matter of urgent public importance. However, on July 1, 1935, a riot took place in the city of Regina. The following day we moved a motion similar to the one under consideration to-day and obtained an opportunity to state our case. I have before me Hansard for that date, from which I should like to quote very briefly. At page 4130 of Hansard for 1935 the following statement was made by the present Prime Minister (Mr. Mackenzie King) who was then leader of the opposition:

> 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.

I only wish that political parties could be as wise when they are governments as when they are in opposition. Here the Prime Minister was advocating the same course that this group and other members from British Columbia have been trying to impress upon the Minister of Labour and the government, that this was a situation that could be met by a conciliatory attitude on the part of the government, if only they would realize that the men had a just grievance. To-day, when I knew this matter was coming up, I looked up the debates of 1935. I find a wire that was sent to the present leader of the opposition,—prime minister of that day, signed by James G. Gardiner, who at that time I believe was premier of the province of Saskatchewan:

> 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 representatives 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.

That is the very action this government is taking. The men went into the post office and the government were going to starve them into submission; but unfortunately for the government the people of Vancouver would not allow these men to starve. Then Mr. Gardiner went on:

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.

And this government is dealing through another political representative in the city of Vancouver.

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.

Now, these men having been driven out of the art gallery and post office, I am asking the government what provision is being made to feed them. Will the Minister of Labour tell this house if the government have a policy or a program to take care of these men in the meantime? It must be remembered that they do not cease to be a menace to the city of Vancouver once they are removed from the post office. They are at large in the city; they are without means to support themselves. Consequently as human beings they have to find food and shelter wherever it can be found. I repeat that before this debate closes the Minister of Labour should give the house an undertaking that these men will be fed until some attempt has been made to provide them with work.

In an interview given the press this morning the Prime Minister said the governments—meaning the provincial government, the federal government and the civic government—had been very patient; but as I see it I do not think there is any great credit due them for patience in this instance. There is no credit due the members of these governments because they are not at all in uncomfortable circumstances. They are well fed, possibly too well fed. They are well clothed. They have nice homes to go to. They have a certain amount of security, at least until the next election, so I do not see that they have been put to any very great discomfort. But here were men who for years have been deprived of all hope, of all opportunity to live as normal men should live.

The Minister of Justice regretted that there was any injury to the men in removing them from the post office. Let me say here that the physical injury to these men does not amount to anything. Physical injuries can be healed; nature will repair the hurt. The injury that has been done these men is cumulative, an injury to their mental and psychological make-up. It is an injury to the spirit, which will leave its scar on these men as long as they live. The longer we keep them in the position they are in to-day, the greater the injury to them and the greater our difficulties are going to be.

Again, the men in the art gallery offered to submit to peaceful arrest. According to the press when the men were informed by Chief Foster of the city of Vancouver, who I am told, and as stated by the hon. member for Vancouver North (Mr. MacNeil), has acted with every consideration during the troublesome period, that the police were going to use tear gas to drive them out, they offered to submit to peaceful arrest so that they might be taken to the police station. But to do that the government would have had to feed them, and as the crime was not serious enough they would not do that.

What solution has the Minister of Labour for the difficulty confronting not only these men but the people of the city of Vancouver? Where do we go from here? Where are those men going to eat to-morrow? Where are they going to find shelter? Where are they going to find the things which are necessary to enable them to become ordinary, normal citizens of Vancouver and of this dominion? Unless the Minister of Labour has some answer to those questions, let me tell him and the house that we have not heard the last of the trouble which took place in Vancouver in the early hours of Sunday morning.

Mr. E. J. POOLE (Red Deer): Mr. Speaker, I should like to add my word of protest to those which have already been spoken

against the action taken by the government. I think the Minister of Justice (Mr. Lapointe) made an admirable defence, and particularly when he really had a defenceless case.

He told us of the kindness of our police force. He told us what a great body of men they were, and said that the police asked the men to move. But he did not say that the police had bombs in their possession when they went to make the request. They took with them weapons of persuasion—and I am not referring to the tongue. They took clubs and bombs. A few days ago hon. members on this side of the house warned the Minister of Labour (Mr. Rogers) as to what would happen. We said this would be a second Regina.

And so we find force politics in Canada. We have no right to criticize the Hitlers and Mussolinis while we masquerade under the name of democracy, because we are not as honest. That is why. I suppose just before the next election these men will be employed, because then they would be of use to some political party in casting their ballots. Politics has become a game of strategy, a shuffle for political advantage, a philosophy of opportunism, and a scramble to protect vested interests. The sooner we get down to those fundamental truths, and the sooner we understand what is happening in this country, the sooner people will remove obstacles in the way of security.

What do these men want? What crimes have they committed? They are the casualties resulting from the failure of this and previous governments to deal with facts. Industry has abdicated, and now takes no responsibility for employees or unemployed. And every year as the industrial machine speeds up and export markets contract more men will seek the protection of governments that they may live. When the hon. member for Winnipeg North Centre (Mr. Woodsworth) said there were two laws in this country, he was not stating an untruth. That has been proved on innumerable occasions. First, let us compare the treatment of the Home Owners Security Act passed in Alberta with that accorded the padlock law of Quebec, and we find another failure of the government, so far as democracy is concerned.

We speak of democracy, that ideal which we never attained. The seed of dissension is sown in the country through governments refusing to accept responsibility. The men are turned out of industry, because industry does not want them. Those men are thrown on the market and some must go begging. Then one hon. member on the government side asks: What constructive suggestion do you make? They look towards us. Let them ask the Minister of National Defence (Mr. Mackenzie) who said, "When we are elected we will manufacture $500,000,000 of new money." That is the gentleman who now sits on the ministerial benches. Then, the Prime Minister, speaking in 1935, said, "We will issue credit in terms of public need."

Will hon. members of the house ever know the purpose of an economic system? Will they ever learn that we produce goods so that people may use them, and so that we may bring security to the human family? Do we realize that the greatest asset of a nation is the youth of that nation?

Mr. SPEAKER: Order. I think I must call the hon. member's attention to the fact that the motion before the house has to do with the situation in Vancouver.

Mr. POOLE: And I am dealing with it. This is quite relevant, I assure you, Mr. Speaker.

Mr. SPEAKER: I think the hon. member is getting away from the subject.

Mr. POOLE: I am dealing with the Vancouver situation, and the position in which the men out there are placed, through the attitude taken by this government, and through the change in industrial relations.

In Canada there has developed a growing despair in the hearts of unemployed men. If the depression was two years old one might understand it, but the fact is it is a condition which has continued over eight long years. Still nothing is done. The question which occurred to me to-day was this: Why were not the men ejected from the public building in Vancouver prior to the Saskatchewan elections? Why wait until eleven days after the elections?

An hon. MEMBER: That does not hurt.

Mr. POOLE: It should hurt, if it does not. In answer to my colleague an hon. member stated a moment ago that the people have more money to-day and that there is greater prosperity. That is not so. The fact is that the standard of living in Canada has been reduced. The increase in taxation has resulted in a reduced standard of living especially among unemployed married people.

This struggle is not new; it is the age-long struggle of the masses for security. Years ago the argument was used that the population was too great for the amount of goods they could produce. The excuse in this enlightened

day, in the year 1938, is that the country now has so much wealth but the unemployed cannot have any part of it because they have no money. The only terms upon which they can exist is to have written across their shoulders with shame the fact that they are public charges. Right across this land in the last two years there have been attacks in the press, on many occasions, to discredit those men who, after all, are only the forerunners of thousands more who must follow. These men were seeking work. This government has the power to provide it. These men represent wealth; they have the ability to produce. But what do we find? The iron heel of a distorted democracy is the answer to their pleas. You tell me conditions have changed for the better in this country? I say, yes they have, as shown by a rise of 17 per cent in profits for industry, but they have not changed for the better for the masses of our people who are disinherited. The time has come in this country when every section of the house should forget politics and deal with this all important national problem of getting our youth back to work. The youth of the nation is the greatest asset we have. But I suppose if we mention that, the Minister of Finance (Mr. Dunning) will tell us: We have no money. Mr. Speaker, we do not need to borrow it. Money is not the all important thing. It can be manufactured. These men who were in the post office and are in gaol to-day could be released and put to work at good wages within twenty-four hours, and they would be helping to build up this country and once again take their part in society as Canadians.

I was struck by the statement of the Minister of Justice when he spoke of patience and forbearance, and I added in my notes—patience, forbearance, with a club. I often wonder, Mr. Speaker, whether these riots that occur from time to time in this country are not the signposts to that greater evil, civil war, because conditions, bad as they are, are getting increasingly worse as time goes on. The same protest against poverty has already driven the nations of Europe into civil war, and we are sowing the seeds of a civil war in Canada for to-morrow.

As I listened to the prayers that were read from the Speaker's chair to-day in both English and French, and in particular that sentence: "Thy will be done in earth, as it is in heaven," I wondered if our legislative activities here could ever be said to reflect what goes on in heaven. If the Lord were Prime Minister here, I am quite sure that he would not have ordered those men to be ejected, gassed and clubbed. I think the first thing he would do would be to see that they

received of the abundance which he has provided for the human family. That, Mr. Speaker, is the job of this government.

There always seems to be a disposition to bury this problem, to put these unemployed masses into some remote spot, so that there will be no more mental anguish for the government. The greater the numbers of the unemployed grow, the greater the governmental impotence to deal with this national question. We talk all around the problem, but we will not deal with the kernel of the problem.

When some people speak of the unemployed, they speak as though apologies should be made for them, as if they were less respectable because they are unemployed. But the men who were evicted from those government premises in Vancouver are just as respectable as any man in this house. They have just as much right to live, and just as much right to opportunity as any man in this house. They have just as much right to occupy that public building as anyone here, because it is public property, and I do not know of a better place they could go when they had no place to sleep. I am reminded once again of the saying of the Man of Galilee: "The foxes have holes, and birds of the air have nests; but the Son of Man hath not where to lay His head." That has been the story of the human family, and possibly there was some justification in the days of scarcity.

I have asked these questions of the government on innumerable occasions: Are we short of anything in this country? Have we the natural resources? Have we the ability to produce more? If we have not enough, then the first thing to do is to place these men at work, and your poverty and riots are all over. But if we have enough, there is no logical reason why they cannot have sufficient for their needs. But unfortunately we are still genuflecting before the god of gold, placed high on a pedestal. Here you have the government of Canada, with a solution in their hands and the power to solve this problem. They masquerade as wise and just men, and at the same time abandon the unemployed to their fate. When the unemployed ask for bread, we turn out a squad of policemen with riot guns, bombs and so forth. As the hon. member for Vancouver North (Mr. MacNeil) said a few moments ago, in a few months' time we shall perhaps be giving these men a new suit of clothes, the first they have had in eight years, a khaki suit perhaps, and saying to them: Go and fight for Canada. It reminds me of an unemployed man with a blanket on his back, who asked me if I had the price of a meal. I took him to supper

with me and tried to find out his philosophy and his ideas. I discussed with him the defence estimates, which were then before the house, and he asked me if I thought there was going to be a war. I said, "Things look pretty bad, but I do not know." He said, "I do not know what I would fight for. All I have is a blanket, and if anyone wants that more than I do, he can have it." That was all of Canada that he had.

We can discuss unemployment for hours, but I do not think much good comes from any discussion from this side of the house. Governments seem to be set in their ways and to take the attitude: No matter what should come from the other side of the house, it is not going to be accepted; nobody is going to tell us what to do. If there is ever written down in the pages of our future history a story of riots and civil war, and widespread poverty, let us keep in mind one thing, that it was the fault of mortal man. The immortal Man has provided everything, but man did not have the intestinal fortitude or the courage to use those things which God provided in such abundance. I have often thought it might be a good thing if we could organize the churches throughout this country to bring pressure to bear on this government or any government that fails to deal with this problem. Police action such as we have heard of in Vancouver, and the police action which took place at Regina, are stimulants to chaos. They stimulate the hatreds of the disinherited members of society, which will eventually lead to bloody conflict between the haves and the have-nots.

You gentlemen on the government benches have it in your power to make this country the best in the world. You have it in your power to bring about a security never before known. You have in your hands the destiny of what might well be the most glorious nation this world has ever known. You have it in your hands to give a lead to a confused world, and members on this side of the house, irrespective of their politics, are prepared to jump in any time and do all they can to help you solve this problem. But we shall not do it until such time as we break down the barricades which exist in politics, until we realize that if a man has a suggestion which is worth anything it should be accepted irrespective of the part of the house in which he may sit. In a national crisis of this kind, with thousands of our citizens facing poverty and insecurity, with thousands of children being born, almost as it were, on the bread line; with the hopes of thousands of our citizens blasted, with life just a disillusion, surely this is the time when all hon. members should get together, discuss this problem, find a solution and apply it.

Mrs. MARTHA LOUISE BLACK (Yukon): Like the hon. member for Vancouver North (Mr. MacNeil), I never see a young man walking the streets, begging, but I say, "There, but for the grace of God, goes my boy." I have felt keenly this sit-down strike in Vancouver; I have kept thoroughly posted regarding it from members of the government and from friends in Vancouver, and I have wondered just what would be the outcome. It is a matter of absolute indifference to me what promises the politicians made in 1930. It is a matter of absolute indifference to me what promises the politicians made in 1935. But it is not a matter of indifference to me what we in this house are going to do to-day for the good of our country. Law and order must prevail. There is no doubt at all about that. But we have been taught that we can temper justice with mercy. No matter what efforts or what suggestions the government put forth to help these unemployed, notwithstanding the crime that they have committed —for they did commit a crime when they occupied federal buildings—no matter what the government will propose in order to help them, I would certainly support that government to the best of my ability, in the house and out of it.

This is a time for us to consider not so much party as men. We have a very difficult, a very peculiar situation confronting us. Thousands are out of employment. It is not a question of whether they are taking part in a sit-down strike, or whether they belong to this party or that; the question is, What are we going to do to help make those men worthy citizens, not of British Columbia or of Saskatchewan or Ontario, but of Canada? If the time should come when the Minister of National Defence (Mr. Mackenzie) needs men, he will take them from all over Canada, irrespective of provinces; he is not going to ask what is their place of birth, their home or their residence. Two-thirds of these young men have no homes. They have left their families; they have drifted, as other hon. members have said, from place to place, from the coast on the east to the coast on the west. They cannot go back to the widowed mother who is trying to take care of other children; they cannot possibly go back to their homes, under other circumstances. We must do something for those men. There is no territory and no province in the matter of unemployment; it is a problem of vital interest to everyone.

I have felt the utmost pity for and sympathy with the Minister of Labour (Mr. Rogers).

I believe that he has honestly tried to do his best. We do not always agree. I have not felt that invariably he has done what others might well have done. However, for eight years the governments—we, you and I, men and women all over this country—have been building roads to perdition for our young people. We have been helping them on this downward path. Now, I say, it is time we built a better road. It is time we gave these men work and ceased to plead that we have not the money; for if this building, which cost many millions of dollars, were burned down to-day, there would be plenty of millions available to rebuild it. On occasions of great stress and emergency the money is always to be found.

As I said before, it is a matter of perfect indifference to me what this or some other government promised. It is a matter of indifference to me what comments are made by newspapers on the other side of the line, how bitterly they criticize our Canada. It is impossible to pick up a paper published on the other side without reading of rape, murder, arson and kidnapping; but if we, a puny ten millions, have a paltry sit-down strike, others criticize us. Let them begin at home. Let us begin at home. From the bottom of my heart I as a mother plead with the government to try to find work for the unemployed, not merely in British Columbia or somewhere in the east, but throughout Canada, in the spirit in which we speak of her when we say:

> The wholesome sea is at her gates,
> Her gates both east and west.

Let us see to it that while we enforce justice, law and order, we also enforce help for the under-dog. No one can uphold those who disobey the law; but let us from now on give those men work, so that they will have no cause to disobey the law, and will become a source of pride to us and to our country.

Mr. DAVID SPENCE (Parkdale): I regret very much to have to sit in the house and listen to so many bitter speeches and bitter attacks as have been made this afternoon. It is unfortunate that some hon. members do not refrain from making statements which may incite the people of Vancouver and cause more trouble to those who are out of employment and to those who are responsible for maintaining order and good government in that city.

This trouble did not come on hurriedly. It has been growing for some years. I am not, by a long shot, coming to the rescue of the government; nor do I exonerate my hon. friends to my left, who were probably as much to blame as anyone else for the situation two or three years ago. We then had the camps—single men unemployment camps, I think they were called—which were established by the Hon. Donald Sutherland, the then Minister of Militia. Agitators got into those camps and created a lot of trouble. Hon. members to my left no doubt incited the men in those camps and made them more dissatisfied than they would otherwise have been; then my friends of the government succumbed, because their wish-bone was where their back-bone should have been; they had not any back-bone, and in deference to the wishes of the group to my left they closed the camps, and so brought about the conditions we have to-day.

I think all hon. members must recognize that the Hon. Donald Sutherland was a man of ability in carrying on the work of his department, a man with a big heart, whose only thought was to do something in the interest of young men who were unemployed. In those camps they were well fed, well clothed, and got plenty of exercise. The trouble began through agitation in the camps. That is what has brought about this trouble to-day. If the government had not shut down those camps, they would have had a place to put these unemployed men and keep them away from difficulty and trouble. I agree with the hon. member for Kootenay East (Mr. Stevens) that the time when they took possession of the post office and the other building was the time when they should nave been removed immediately and put in the army or some other suitable place where they could be taken care of. That is what should be done with them to-day. I do not condone the action of the men in going into the post office building because they had no right to do so, but the government showed weakness in failing to deal with the matter five weeks ago. I regret very much what happened in Vancouver yesterday. I think it was most unfortunate.

The hon. member for Red Deer (Mr. Poole) suggested a few minutes ago that action to take care of the men could be financed without money. An idea came to me while he was speaking. It seems to me that a plan to take all the inmates out of the gaols and put them to work without cost to the country would be a good thing for the Conservative party to adopt as one of the planks of its platform at the coming convention, because any government that did that would have no difficulty in being elected. If you took everybody out of gaol and put them to work in the way my hon. friend suggested, you would be sure to be elected.

I hope the government will take action with respect to this grave situation in

Vancouver. I realize the government's position, and I think they realize it themselves and are sorry that they did not act long ago. They should certainly have taken definite steps to deal with the situation in the last four or five weeks. However, both governments and business men get into difficulties once in a while, and while sometimes there is bitter criticism and harsh words are spoken, there is no doubt about it that the want of good judgment is responsible for a great deal of our troubles. Governments do not see a vision of the future any more than the business world does, and that is what we lack to-day both in business and in governments. Any one should have foreseen the difficulty. Any one should have known that the moment the camps were abandoned in British Columbia trouble would develop. The camps were established for a purpose, and they served that purpose well. Everything was getting along splendidly until there began to be agitation in the camps, and I must say that some of the speeches made by my good friends in this house helped to keep the men agitated in Vancouver, so that finally, under this spineless government, the men there became victims of the policy that closed down the camps.

Hon. NORMAN McL. ROGERS (Minister of Labour): On the whole, the discussion has proceeded, as the hon. member for Parkdale (Mr. Spence) has remarked, without harsh or bitter words. Certainly it is better so, and in what I propose to say in regard to the situation in Vancouver I shall not depart from this even tenor of debate.

The hon. member for Winnipeg North Centre (Mr. Woodsworth), who moved the motion, is not in his seat, but doubtless he will be here before six o'clock. I wish he were here because in his opening remarks he made some references to the situation which I do not think are borne out by the facts. He stated the men came back from the camps, could find no work, and in desperation occupied the post office. This was described as an attempt to bring their position to the attention of the provincial and federal governments. I believe the house will remember that these men who have been in Vancouver during the last few weeks were employed through the winter months in the forestry conservation camps. As a matter of fact, many of them had as much employment in these camps as a number of other people in this country have employment in seasonal industry; that is to say, they did not go to Vancouver in a destitute condition. In the second place it should also be understood, without imputing motives at all, that there was a definitely organized movement by these men, while they were still in these forestry camps, to return to Vancouver in order that by a mass demonstration they might bring about either a reopening of the forestry camps or the adoption of some special works projects which would be made available to them. I have made that statement previously in this house and I believe it is fully borne out by the facts as we know them. I simply place these factors of the situation before hon. members in order that we may understand first that these men came from winter employment to Vancouver; that they were not destitute when they arrived in Vancouver, and that their situation was not desperate enough to induce them to occupy the post office and the art gallery in the manner in which they did.

Mr. COLDWELL: On the average, how much did they have coming to them in deferred payments?

Mr. ROGERS: As I have pointed out before, the deferred pay vouchers amounted to $4 a week, and the amount that would be coming to any individual man would depend upon the number of weeks he had been in the camps. The deferred pay vouchers expired on May 14. I believe I have given that information to the house already.

Mr. DOUGLAS (Weyburn): And what was the maximum number of weeks in which they could work?

Mr. ROGERS: To my knowledge, the majority of the men worked about two months in the forestry conservation camps. They were paid thirty cents an hour, and they paid seventy-five cents a day for board while in the camps. On May 17 Mr. Pearson, minister of labour for British Columbia, made a public statement in these terms:

> During the winter season of 1937-38 the provincial government in cooperation with the dominion government, have provided relief through our forest development plan to 1,800 single homeless men who were recent arrivals from other provinces and in the province before November 1, 1937.
>
> We believe that during the summer months it is possible for these single men who are our own residents to find sufficient work to provide for themselves during the summer and in many cases also during the winter, but the added burden of the accumulation from other provinces makes it difficult for our own residents to get the work that is available.
>
> The province of British Columbia does not intend to make provincial forest development projects available to those from outside the province next winter, nor to provide any other form of assistance for them.
>
> We feel that it is desirable that the 1,800 men who have been supported in this province during the past winter in forest development projects should return to the province from which they came as rapidly as possible.

In order to make this possible the provincial government will assist those men to return to the province of previous residence, and it is requested that these men make application to 581 Homer street, Vancouver, for such assistance.

Mr. BENNETT: They were not supported solely by the province.

Mr. ROGERS: The camps? No; the dominion contributed.

Mr. BENNETT: As a matter of fact we made a contribution. I am referring to what the minister read just now.

Mr. ROGERS: We did contribute fifty per cent of the cost of these forestry conservation camps, and we did so to meet a peculiar situation, namely, a flow of transients from the prairies to British Columbia during the winter months. Hon. members who are familiar with the climate of British Columbia can readily understand why the movement should be in that direction in the winter months. The farm employment plan which dealt with single, homeless men in the prairie provinces was not applicable in British Columbia, and, therefore, that province asked us as a dominion government to cooperate with them in providing these special forestry conservation projects for single, homeless men in the winter months. It was not an innovation to close these camps at the end of the winter season. That course had been followed in the previous year without any untoward incident. Actually the farm employment plan in the prairie provinces was terminated at the same time, and advance notice was given of the intention of the governments concerned to bring this plan to an end at the end of April of this year.

The statement has been made that the majority of the men concerned in the Vancouver incident were non-residents. The report of Mr. Pearson of May 17 states that there were 1,800 non-resident transients in the forestry conservation camps during the winter months. The actual number at the closing of the camps is known. As I remember, it was close to 1,500, and we know that over 800 of the deferred pay vouchers were cashed outside British Columbia. That would leave a total of somewhere in the neighbourhood of 700 non-residents who were in Vancouver at the time the post office was occupied originally.

Just a few days ago the youth council of the city of Vancouver made a survey of the men who were actually in occupation of the art gallery and the post office in order to determine how many were non-residents and how many were single, unemployed men properly resident in British Columbia. Following that survey, which was made public, Mr. Pearson made the following statement:

Statement of youth council confirmed views of government in regard to its stand on sit down strike in Vancouver. Strike started with sixteen hundred transients participating and now according to the youth council survey there are only one hundred of the originals. Thus fifteen hundred transients have left and have apparently found the means of livelihood.

Some members of this house may have seen the report of the survey being conducted by the youth council. It showed clearly that of those who took part in the demonstrations in the art gallery and the post office not more than 100 could be described as non-resident.

Mr. DOUGLAS (Weyburn): Is the minister basing his statement entirely on the survey that was made?

Mr. ROGERS: That is the only information we have as to those who were in occupation of the art gallery and the post office. The government has no reason to believe that the facts are not as stated, nor do I have any reason to assume that the youth council would have any motive in stating the facts other than correctly.

Why is it that this house should now be discussing this matter upon the motion of the hon. member for Winnipeg North Centre that we should give our attention to a question of urgent public importance? What has altered the situation is the fact that on Sunday morning the men who were in occupation of the art gallery and post office were asked to vacate these buildings. Having refused to do so, they were evicted by the city police. At the post office the city police had the cooperation of the Royal Canadian Mounted Police. What is the proximate cause of the riot that occurred in Vancouver? The proximate cause surely is this, that these men who were asked to withdraw peaceably, and who were given thirty minutes to do so, declined to comply with that request, made in one case by the postmaster and in the other by the secretary of the board of trustees of the art gallery. Had they complied with that request; had they taken advantage of the time given, there would have been no riots; no injuries would have been suffered by policemen and men, and there would have been no destruction of private property. What did occur was the result of the fact that when asked to leave these buildings the men refused to do so.

Had those men complied with that request which was made after great patience and forbearance so far as the maintenance of law and order was concerned, would their position have been any different from that of other

groups of unemployed in cities and towns right across this dominion? I put that directly to members of this house. Had these men accepted the advice given, they would have been in precisely the same position as other groups of unemployed in other towns and cities with respect to available employment. They would not have suffered discrimination.

Mr. WOODSWORTH: Does the minister think that would have helped very much?

Mr. ROGERS: Perhaps my hon. friend will permit me to finish. I am not aware that I interrupted him in his rather vehement discourse this afternoon. A short while ago I met a delegation of unemployed from the city of Charlottetown, at the other extremity of this dominion. It so happens that the little province of Prince Edward Island has suffered from rather exceptional weather conditions during the past year. To-day there is a greater number of unemployed in Charlottetown than they have had at any time in the past ten years. So they appealed to us. This delegation from Charlottetown was composed of men some of whom were unemployed themselves. They put their case before us, and I told them, as my predecessors have told similar delegations in times past, that the government had made certain appropriations for relief and for public works and that within those appropriations we would do what we could to meet the situation in the city of Charlottetown. Those men set out certain projects which they thought would help particularly to meet the situation, and they left their information with me. It has been found possible to proceed with some of those, but it will not be possible to proceed with others.

The point I wish to make is this: Those men made their proposals and then accepted the decision that the government was prepared to do certain things, but was not prepared to carry out all their requests. They went back to Charlottetown and made their report to the unemployed of that city. The unemployed of that city did not occupy the post office or any other public building. They recognized the fact that any government with a sense of its responsibilities can do much in certain directions, but cannot, and least of all under dictation, provide special works projects for special groups of people in special districts in this dominion. I suggest that in effect that was the purpose of this organized demonstration in Vancouver.

You will find nothing in the correspondence exchanged between the Minister of Labour and the head of the unemployed committee which could by any stretch of the imagination be described as provocative. From the beginning I have been willing to concede that these men were honestly desirous of obtaining work. I pointed out to Mr. Matts of the unemployed committee that these men could not expect and need not expect that this government would provide special works projects for this particular group of people. I believe that position was sound then and I believe it is no less sound now. Despite the fact that these men, under ill advice, have chosen illegal methods to bring their plight to the attention of the government, there has been no desire on the part of the government to discriminate against them. At the present time these men stand on the same footing as other unemployed in British Columbia or in other provinces to which they may have gone. Surely it cannot be argued for a moment that we should provide special works projects for a group of men who have adopted the methods these men have adopted and decline to provide special works projects for the unemployed of Charlottetown and other places who have gone about their business in an entirely proper and legal way.

Mr. STEVENS: Will the minister permit a question?

Mr. ROGERS: If I might continue, I do not feel that this discussion ought to be prolonged. As I said at the beginning, I think it is fortunate that this matter has been discussed in temperate language and that there has been no resort to harsh and bitter words. Looking to the future, I can only say that we, with the other governments concerned, will do what lies in our power to see that employment is made available to these men on the same terms as it is made available to others who are in the same position. More cannot be said; and less, I think, cannot justly be said.

As a matter of fact, only a few days ago Premier Pattullo gave a full statement, which appeared in the Vancouver papers, of the public work that will be available in British Columbia during the coming summer. Some two weeks before that, the Minister of National Defence (Mr. Mackenzie) made a statement with regard to special work which would be conducted through federal contributions. The total amount of public works in British Columbia in the way of highway construction will be in the neighbourhood of two and a half million dollars, quite apart from other public expenditures which will be made by various departments of government; nor does that at all cover such work as may be made available through private enterprise. Some have said here to-day it is not reasonable to expect that any work

will be made available through the expansion of private enterprise. Our figures show that there were 15,000 placements made through the employment service in British Columbia last year, which surely suggests that in the course of the summer months opportunities for employment are made available from time to time. And I am convinced it is far from the truth to say that you can judge as to the employment possibilities in British Columbia or any other province only by a recital of the public works which are either actually under construction or in contemplation. In this country we have never depended upon public works as the sole means of providing employment, and I think it is a mistake to base any of our discussions upon such an assumption. Public works have their place in an employment policy, and we have tried to give them their proper place. As a government we have continued to do what we could to expand employment opportunities in British Columbia and elsewhere.

These men who unfortunately, under wrong advice, took part in this demonstration in Vancouver which had such an unhappy ending should think carefully before they lend themselves to this means of bringing their position before governments. I have every sympathy for their position; so has every member of this house, irrespective of party; but I do suggest that it is not proper for one group of unemployed in one section of the country to take the position that they will occupy public buildings until given special works projects in that section of the country. No government, I submit, whatever its character might be, could accept dictation of that kind. Before I close, however, I should like to make it equally clear that despite what has happened this government will not lend itself to any discrimination against these men. What I said two weeks ago I repeat with equal force now. These men will be upon the same footing as others in similar groups of unemployed, either in British Columbia or in other provinces.

Mr. STEVENS: If the minister will now permit a question, where would a single, destitute, unemployed non-resident in Vancouver secure a meal to-day?

Mr. ROGERS: Well, I should like to point out that when the original offer was made to the non-residents by Mr. Pearson, it was made clear to them that they would be provided not only with transportation to the point of origin but also with meals until they reached their destination. There was nothing to prevent these non-residents from accepting this offer of transportation. As a matter of fact, according to our figures, the number of non-residents has been reduced from about 1,500 to somewhere in the neighbourhood of 100.

Mr. BENNETT: Might I ask whether or not any provision has been made for food and shelter for these men to-day and to-night?

Mr. ROGERS: On that point I understand that some special provision was made for them following what took place yesterday morning. I have no definite advice as to what has been done subsequently.

Mr. BENNETT: The minister has no advice on that?

Mr. ROGERS: I have no advice at the present time. I would point out, however, that as in former years the dominion government makes a general grant in aid to the provinces for relief purposes. We do not restrict in any way the use that may be made of the grant in aid for the provision of relief; that has always been left entirely to the province concerned.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, this afternoon my mind goes back three years, to the time when into the city of Regina there came a group of young men, also from British Columbia. I remember how gentlemen now sitting on the opposite side of the house then took an attitude somewhat different from that taken by hon. gentlemen sitting on that side of the house this afternoon, and I listened with a great deal of interest to the defence of the government policy offered by the Minister of Justice (Mr. Lapointe) and the Minister of Labour (Mr. Rogers).

May I deal with just one or two things the Minister of Labour said. He told us that the men were employed during the winter months and that they had certain vouchers coming to them which should have enabled them to maintain themselves for a considerable time. That, at least, is the inference I took from his remarks. Apparently they worked for eight weeks, and there was a deferred payment of $4 a week. That would amount to a maximum of $32, with which not only to provide food and shelter but to buy clothing to maintain themselves until they could get a problematical job. I say, "a problematical job" because, as has been shown in the house this afternoon and on other occasions recently, in British Columbia men are being laid off instead of taken on, and the situation in that regard becomes more serious every day.

We also have the question of whether these men are from within or without that province, and we are told that a survey by the youth council showed that seventy-five per cent of these men were residents of British Columbia. At this point may I just interject a question as to why the minister has relied upon a survey made by the youth council when there was an officer of his department in Vancouver and when, if my recollection is correct, it was suggested some days ago from this corner of the house that this officer or other officers of the department should make an official survey of unemployed young men in Vancouver. Why should we have quoted to us figures that are unofficial when we might have had before us this afternoon an official statement?

We are told that it is not an innovation to close the winter camps, because they were closed last year and the men were sent out to look for jobs themselves. That is quite true, but the condition last year was entirely different from the condition that exists this year. Last year there was employment; this year men are being laid off, and unemployment in British Columbia is increasing. That explains the difference in conditions, and why the men found it necessary to bring their case as forcibly as possible, without doing violence, before the government and the people of Canada generally. We are told that the men were asked to vacate the premises and refused to do so. We have not been told that they were offered any real alternative. They were not offered food; they were not offered shelter elsewhere. I would not at any time encourage a trespass; but after all if a trespass is going to be committed, I would say that the place to trespass would be upon public property rather than the property of private citizens and individuals. These buildings were public institutions, and therefore to that extent the men showed a considerable amount of judgment in occupying what was public property. We are told they were evicted by the city police, in cooperation with the Royal Canadian Mounted Police. That point has been emphasized this afternoon. I wonder if it is not a similar situation to that which existed in Regina in 1935 when, more or less unwillingly, the city police were compelled to take the first step in the regrettable riot which occurred on the market square. If my information is correct, the mounted police officers were in reality directing the operation, and the city chief of police was more or less acting under instruction from the federal authorities. If that be so, I think we should know about it.

Mr. LAPOINTE (Quebec East): The hon. member is absolutely misinformed.

Mr. COLDWELL: I am glad to know I have been misinformed. But the defence by the city police of Regina in 1935 was exactly as I have stated it, and I wondered if the same condition might exist in Vancouver at the present time. The hon. member for Vancouver North (Mr. MacNeil) suggests to me that the mounted police cleared the post office.

Mr. BENNETT: The minister said that.

Mr. COLDWELL: The mounted police cleared the post office, and issued an ultimatum. I drew the inference I have indicated, one which I believe the minister will agree was perhaps justified, but I am glad to have his denial.

Mr. LAPOINTE (Quebec East): No; it was under the direction of the chief of the city police. The mounted police went into the post office at the request of and to help the city police.

Mr. COLDWELL: Nevertheless, it was, I take it, as a result of the decision of the dominion government that the buildings were to be cleared.

Mr. LAPOINTE (Quebec East): I have read the telegram which was addressed to the mayor of Vancouver.

Mr. BENNETT: By the acting Postmaster General.

Mr. COLDWELL: We are told that had the men complied there would have been no riot, no injury and no destruction of property. But would there have been any shelter? Would there have been any food? Would any work have been provided by the government for these men? I think these are important questions.

We are told that they could have done what other young men in other parts of Canada are doing. When I came back from Saskatchewan the other day I travelled over the Canadian National road. It is probable that other hon. members who were in Saskatchewan may have travelled over the same route, and if they did they would have noticed little jungles at stations all along the way where little groups of men were congregated trying to cook their food over improvised fires. Is that the sort of thing to which the government would sentence our young men, day in and day out, week in and week out?

I say the time has come when we must view the situation as something more than a passing phase. As the hon. member for Kootenay East (Mr. Stevens) said this afternoon, the technological improvements made in industry in the last few years have created

an entirely new situation, one which must be grappled with. It seems to me that in allowing the condition to drift, the government is simply inviting trouble for itself and for the entire dominion. Any one who knows me must know that I have no use for violence. Whenever I have had the opportunity I have endeavoured to advise means of protest which were other than provocative of violence. One of the members of the group to which I belong was responsible, so I am informed, for preventing a far more serious situation from developing at Vancouver yesterday. That has been our point of view. Consequently, when we bring these matters to the attention of the house we do so in the interests of peace, order and good government.

We have heard about a difference in the attitude of men from Charlottetown, Prince Edward Island. I do not know anything about those men, but I do know that conditions in New Brunswick are none too good. There has been no relief for a considerable time. However, if the people in New Brunswick are prepared to accept conditions such as no respectable Canadian ought to accept, then of course that is the business of the people of New Brunswick. And if the people in other parts of Canada—

Mr. MICHAUD: Charlottetown is in Prince Edward Island.

Mr. COLDWELL: I was referring to both maritime provinces. If people in other parts of Canada are not prepared to accept such conditions, then I say it is their right and privilege to protest. There might be difference of opinion as to the methods of protest that should be adopted. But when men are desperate, when they are hungry or when they are homeless they will do things they would not otherwise do.

The minister told us that the men from Charlottetown went about their business. What business? The only thing I could think of when he used that term was that they went about the business of starving to death.

Miss MACPHAIL: And not bothering the minister.

Mr. COLDWELL: And, as the hon. member for Grey-Bruce points out, not bothering the minister or the government.

Surely the time has come when something must be done for men of this kind who are to be found all across Canada. As has been said many times this afternoon, the problem is not solved simply by shelving this debate. It is with us to-day, as it was with us yesterday. It will be with us to-morrow, and it will increase as days go by. A short time ago the statement was made that hon. members in this corner of the house were responsible for the disaffection in 1935. I know, of course, that is not a statement of fact. Actually the reverse is the case, and we are anxious to cooperate with the government in any and every way, and in every possible manner in order to bring about conditions whereby these disturbances will not occur periodically throughout the dominion.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. COLDWELL: Mr. Speaker, this afternoon we of the group with which I am associated were asked what alternatives we had to offer. For three years now we, in common with other members of the house, have been bringing to the attention of parliament this grave problem of unemployment. Always we have tried to make constructive proposals, and now towards the end of the third session of this parliament all that the government seems to have done is to have achieved a near approach to a balanced budget, and tear gas bombs for the unemployed at Vancouver. May I say that in my opinion along that path lies revolution, and that is not the alternative which we suggest. Our alternative is to recognize that within the present economic system with its technological dislocation, and so on, there is no cure; but that pending the changes which must come, work and wages must be provided by governments for our unemployed, and more particularly perhaps for our young people. The national employment commission warned the government, and its chairman, Mr. Purvis, stated, as reported in the Montreal Gazette of January 12, 1937:

> Sometimes it is assumed that the good times for which we look so hopefully will automatically take care of all dangers inherent in the relief and unemployment situations. The commission does not believe this to be the case.

Nor, may I add, will one good crop or two good crops in the west cure the disease. It is time we realized it is a disease, and a disease of the present economic system. Unless we take steps to cure it, it is, I believe, the cancer that will destroy the system and perhaps even civilization itself. Obviously only employment will cure unemployment, and I submit, everywhere in this country there is work to be done.

This afternoon I spoke of my recent trip to Saskatchewan and what I saw upon my return over the Canadian National railway.

I went west over the Canadian Pacific railway, and I could not help noticing, as we passed through western Ontario and along the shores of the great lakes, the miles and miles of half-completed trans-Canada highway. The completion of that highway alone would mean work, plenty of work, and wages too. If, Mr. Speaker, you had travelled, as I did, over the Saskatchewan roads, you would have realized that there was a great deal of work to be done in that province, as well as in the other provinces. Quite recently, a few Sundays ago, I was on a train coming out of Montreal. We struck an automobile, and a priest and his driver were killed. I noted that during the same week the press of this city reported three fatal automobile accidents at level crossings quite near to the city of Montreal; yet I remember that the present Prime Minister (Mr. Mackenzie King) before the election of 1935 spoke of the dangers of level crossings and the necessity of eliminating them, and incidentally he spoke of their elimination as one of the possibilities of finding employment for those persons then unemployed. I say, too, that in the elimination of level crossings there is work to be done, work that would provide wages for many unemployed. Reforestation, afforestation, drought control—

Mr. SPEAKER: I would draw the attention of the hon. member to the fact that the motion now under discussion deals "with the serious situation existing in Vancouver as a result of the eviction of single unemployed men from the post office, and at once to stop disturbances." I would ask the hon. member to confine his remarks as closely as possible to the subject.

Mr. COLDWELL: May I draw the attention of Your Honour to the fact that in the debate before the supper recess we were asked what alternatives we had to suggest to relieve the unemployment situation among transients at Vancouver, and I am endeavouring to show that there are alternatives to tear gas bombs and so on, by pointing out that there is much work with wages to be done in the Dominion of Canada. But if your honour considers that I am out of order, I shall confine my remarks more specifically to the Vancouver situation.

In regard to the unemployed at Vancouver it should be said that in order that they may provide themselves with food, clothing and shelter they require money, and it has been said also that public works projects cannot be financed either in British Columbia or elsewhere because we cannot finance them. I would point this out, that there is a tremendous waste to-day in the investment of money—exaggerated speculation, bad investments, uncontrolled investment, the putting of money into unproductive and speculative channels and so on. Thus I believe, if the government would parallel the recent announcement that it would nationalize the Bank of Canada in order to give greater control of currency and credit, with an announcement that it would establish a national investment board, money could be found to provide for many work and wages programs.

Retirement of the aged from industry, provision for minimum wages and shorter hours are other alternatives that might be suggested. But again I would ask of the Minister of Labour (Mr. Rogers): What are these transients who have been treated in this manner in the city of Vancouver to do at the present time? Where to-day can a single unemployed man or woman get a meal, a bed, or necessary clothing? What are the single unemployed residents of the city of Vancouver itself to do? These are questions to which the house is entitled to an answer at the present time, and I submit that we have had no answer, and that before this debate ends the government should give parliament the assurance that unemployment conditions at the coast and elsewhere will be met at once.

We were asked what alternatives we had. I have submitted some which we have brought to the attention of this house from time to time since we assembled in February, 1936; but, after all, it is not our function to suggest a program or a policy to the government, for the government now in power promised in 1935 to cure, or at least to alleviate, unemployment so that it would not be the great problem it is to-day. The government accepted office upon the conditions which the government itself laid down to the people of Canada. The government has the power to fulfil its promises; for no other government in Canadian history ever had the following which this government has in this House of Commons. We have told the house from time to time what we advise. That is all we can do.

Again I ask. What does the government propose to do? Out of office the present Prime Minister was loud in his expressions of horror at the condition that then existed, a condition which is closely paralleled by the condition at Vancouver and in other parts of Canada to-day and only this afternoon the Prime Minister expressed satisfaction over an improvement in conditions. But for whom have conditions improved? Not for the thousands of young men who ride the rods all across Canada; not for the thousands of young men and young women who are leaving our schools and our colleges

every year without any prospects in life; not for the masses of the people because unemployment and insecurity haunt this whole land from coast to coast. Our young people, thousands of them, are idle. They cannot establish homes or lead decent, normal lives, and I submit that tear gas bombs are no answer to this question.

And so, Mr. Speaker, before I sit down I should like again to ask the Minister of Labour what he proposes to do in regard to these conditions. We have not heard; we have not been informed. All that we have been told is that these young men can do the same thing as other young people are doing throughout this dominion. Having in some degree at least answered the question which government spokesmen asked of this little group to-day, I ask the government: What is your alternative?

Mr. H. C. GREEN (Vancouver South): It is regrettable that there was so little of hope in the statement made this afternoon by the Minister of Labour (Mr. Rogers), and no indication whatever that the government is facing this situation. I do not know what will happen if the government continues its ostrich-like policy of burying its head in the sand whenever trouble of this kind looms on the horizon. The British Columbia government deserves, it seems to me, just as much censure as the dominion government. It too has failed utterly to face the problem. To-day we find in the Ottawa papers this report from Victoria:

> Honourable George Pearson, Minister of Labour, refused to meet a delegation of Vancouver unemployed who came here to-day.

That is no way to tackle the problem. One reason why the government here is falling down is that it is trying to settle the problem by remote control. Ottawa is three thousand miles away from Vancouver. It is true that this government has a representative in Vancouver, but his efforts appear to have been worthless. Some weeks ago I suggested that the Minister of Labour should go to Vancouver and personally take charge of the situation there before it became impossible, but no move was made. It is just like a colonel trying to fight his battalion without ever having a look at the front line. The place of the federal Minister of Labour is at the present time in Vancouver, and the sooner he gets there the faster this problem will be solved. His absence is a continuation of the policy which apparently has been adopted by this government. I believe only one front-bench minister has been in British Columbia since the election three years ago.

[Mr. Coldwell.]

That was the Minister of Mines and Resources (Mr. Crerar). They have all been too busy.

Mr. REID: And the Minister of Fisheries (Mr. Michaud).

Mr. GREEN: I said "front-bench minister." They have all been too busy or too indifferent to bother going to the coast province, whose problems are so different from those of the other provinces of Canada.

Mr. ROGERS: As a back-bench minister I might perhaps say that I was in British Columbia.

Mr. GREEN: If the front-bench ministers will not go, I suppose that the back-bench ministers will have to do.

Mr. HOWE: I might say that I have been there four or five times in the last year.

Mr. GREEN: In the course of his remarks this afternoon the minister said that the cause of yesterday's trouble was that the men had refused to leave the building peaceably when requested to do so. But the trouble goes far deeper than that. The real cause of this trouble in Vancouver at the present time is the failure of the dominion government to face the problem of the single transient unemployed, which centres in Vancouver. Each spring and each fall these single unemployed, who have no home attachments drift out to Vancouver. It is the end of the two great railway lines. The weather is milder than it is in the east, not so cold in the winter and not so hot in the summer—fortunately. The government forestry camps in British Columbia are closed each spring. There is not the opportunity for the men from those camps to get work in the forest industries of our province, such as there is for men on the farms to carry on with farm work during the summer. The problem is in Vancouver, not in Charlottetown, and it has been in Vancouver year after year. This is no new thing. Plainly it is the responsibility of the dominion government, not of the citizens of Vancouver. In that city, according to another press dispatch, ten thousand people congregated this morning at the Canadian Pacific Railway docks to see this delegation of one hundred off to Victoria to interview the provincial minister of labour. You have no idea of the effect that has on the citizens of Vancouver and on the business of the city, of the effect that the fact of these hundreds of men being parked in the public buildings has had in lowering the morale of the whole of our citizenry. It has affected seriously the business of Vancouver; it has ruined the summer so far as that great city is concerned; tourist business has been very badly hurt; business in all other lines is

suffering. There is no reason why the citizens of Vancouver or any other city should have to pay the shot because of the failure of governments to tackle this problem of the single transient unemployed.

Time and again during the last two months we have pointed out to the government that there was going to be trouble and have advocated steps which could be taken to stop it. The only thing we have had from this government was the statement by the Minister of Justice (Mr. Lapointe) this afternoon that the government is very sorry that this has happened. I believe that before they are through with their term of office they will be sorry for many more of their sins of omission, of which this is one of the worst. The question is, What can be done now? These men are still in Vancouver. There is no possibility whatever of their being placed in industry, no possibility of their getting work for themselves. But public works projects are being undertaken in British Columbia, and several million dollars are to be spent. Also training is to be given in forestry and in placer mining. I suggest to the minister that all these unemployed men who are eligible for employment on public works, or for the training, should be registered forthwith; a record should be got of the men who can be put on these projects, and an assurance should be given that they will be placed in the next few days. There is no reason why some step of that kind cannot be taken. It may be that there will have to be further public works; but I suggest that the solution of the problem lies along that line, and that there should be included among the men eligible for this work the transients who were in British Columbia camps all winter. The minister will correct me if I am wrong, but I understand that if a man was in British Columbia before November 1 of last year he was eligible for the forest camps during the winter. Is that correct?

Mr. ROGERS: That is correct.

Mr. GREEN: I suggest that men of that group should be given a chance to work in British Columbia this summer. Two years ago the government worked out a plan whereby thousands of young men found employment on the railway lines doing maintenance work. Why could not something of that kind be set up this year? The provinces are not responsible for these transients; they are the problem of the dominion, and sooner or later the dominion will have to evolve some scheme for dealing with them. For the transients as a whole, whom we have all seen riding the rods and living in these jungles across Canada which have been referred to this afternoon, this government should provide some sort of training, in forestry, in mining, in agriculture or in fishing. The main point is that the single transient unemployed man is the problem of the dominion, and this problem must be faced without any further delay.

Mr. A. W. NEILL (Comox-Alberni): It is, I know, difficult to approach the consideration of this subject without either giving it a partisan aspect or being accused of doing so. But before I make any criticism of the situation I wish to dissociate myself entirely from the language used by the hon. member for Winnipeg North Centre (Mr. Woodsworth). He was thoroughly in his element along the line he pursued. He had not got into his stride before he brought in the textile industry, which is at least somewhat remote from the subject we are discussing. A policy of attack, yes; a policy of tearing down, yes; but of building up we heard nothing. And that is not calculated to bring about what at least should be the ambition of all of us, namely, a peaceful settlement of this dreadful situation, which is a reproach to our city of Vancouver and to the province as well as to our dominion. As the hon. member who preceded me has said, it is highly calculated to do both the city and the province a great deal of harm in many ways.

Speaking on this subject some weeks ago, the Minister of Labour (Mr. Rogers) indicated that with the men working in the forestry conservation camps in the winter time and those taken care of by the farm placement plan there were some 5,000 men engaged in British Columbia, and that at the end of April or running on towards the middle of May they were more or less turned loose. As reported at page 3131 of Hansard he quoted the minister of labour of British Columbia as having said that, of that number, some 1,800 men were non-residents, outsiders, and that the province would undertake to take care of the remainder if they could get rid of the 1,800. Well, that was the initial error, or at any rate one of them. The minister was not informed of the situation when he made that statement, I am referring to the minister of labour of British Columbia. Apparently he is unaware of the change in conditions. A year ago his statement would have been true and the arrangement would have worked satisfactorily. But the conditions have changed, and changed materially. A good many of the logging camps have closed, and even the camps that have not closed are

affected by the low demand for their products, the result being that they are working on short time with abbreviated crews.

In the town of Port Alice in my constituency and in the town of Woodfibre in the constituency of the hon. member for Vancouver North (Mr. MacNeil), both paper mills, manufacturing either pulp or paper, have entirely shut down and are unable to state when they anticipate opening up again. These two little towns involve 700 men who are thrown out of employment. Multiply that by four and you have nearly three thousand men, women and children in the shadow of relief, and these are only two instances. In the city of Powell River, represented by the hon. member for Vancouver North, the mills are not entirely closed down but have very considerably curtailed their output, and that has had its bearing upon my own district. It is the custom for them every year to let contracts for small logging outfits in the northern portion of the district I represent. They allot them a certain quantity and that provides a summer's work. When Powell River runs half time they do not want these other logs because they have enough in their own storage ponds, and this means that another lot of men are thrown out of employment. Some of these men have their homes in my district; but many of them come from Vancouver, and that is why I have an interest in the matter. It is therefore not possible, as the minister of labour of British Columbia said, to employ 5,000 extra men. That is one conspicuous mistake.

Again, there was hope of sending the men to the prairies; but the governments there, both provincial and municipal, said emphatically that they did not want the men and would not take them. The men naturally asked what was the use of trying to go there seeing that they would only be turned loose and asked to move in some other direction. Speaking on May 23 on this subject, I suggested to the government that there was a major job waiting for these men to do, work which they could well perform, in the building of a road on the west coast of Vancouver at a place between Hesquiat and Estevan Point. It is essential that a road be built there to afford facilities to get supplies to the wireless station, lighthouse and direction finding station. We have been fooling along for a number of years spending two or three thousand dollars every year and getting nowhere, whereas if we spent $30,000 and built a good road using relief labour we would be giving the men employment and, more than that, we would save the annual maintenance, because the maintenance of a road so constructed would be slight. As it is, we are patching the road here and there, patching up work that we did years ago. The construction of such a road as I suggest would have been work which these men, trained in the bush, would have been well fitted to perform.

We have heard a good deal about the character of these men. The term "red" has been used, but I suggest that they cannot be dismissed with a single condemnation of that kind. I notice that whenever any strike is successful it has invariably the sympathy of the local people, and where the local people are not in sympathy it is always a failure. I think it can be fairly said, at any rate those who read the press and who know the conditions will agree, that the people of Vancouver are sympathetic to these men. So far as the word "red" is concerned, I had an experience forty years ago which I cannot forget. I, too, was like these men in that same city and I did not know where my next meal was coming from. I knew what it was to be hungry. There was not relief nor were there any government supplies. What I wanted to mention, however, in connection with that experience, is the fact which I noted then, that the morale of the men deteriorated very rapidly. We did not use the word "morale" then; we spoke of the character of the men, and undoubtedly it deteriorated. I saw it in myself and in my chums. We had to eat to live, and even though we were striving zealously to get jobs, and odd jobs were secured from time to time, we got to the stage where we were almost afraid of getting a job, and we did not want to work. The less intelligent men might have become hoboes or petty thieves, and the more intelligent ones might have gone into some form of confidence game. I was seriously contemplating going into a scheme for smuggling Chinamen into the United States—a profitable occupation, with $500 a head profit and five years in the penitentiary if we were caught. We did not know the word "red" in those days; but if there had been any leadership there of any kind, that said, "We will show you the way out of this trouble," I certainly would have turned in that direction and so would my friends.

It is suggested that these men resorted to the action they did in order to force attention to their condition. Yes; and half the trouble in consequence is a matter of face saving on the part of both dominion and provincial governments and perhaps to some extent also on the part of the leadership of the men. The Minister of Labour said that in the winter months there was a conspiracy of which he had information. I have no doubt he knew what he was talking about. If there was not

a conspiracy—that is going too far—there was at least a prearrangement that these men would be advised to get together in Vancouver when they were turned out of the camps, and so force the attention of the government to the situation with a view to getting the camps continued or to having work of some kind provided. And what was the conspiracy? One would expect to hear talk of Lenin's proposals and of taking from the rich and giving to the poor. But what, as a matter of fact, have these men asked for? So far as I can make out, all that they have demanded has been work. They said that they would be perfectly satisfied to get work, and they asked for the opening of a camp where they would work for a very small wage. It hardly looks, then, as if their sole motive were initiated by Moscow, when all they are asking for is the reopening of the labour camps.

And how was the situation handled? I do not think it was handled in the best way. The government positively encouraged, or any rate tacitly permitted it. In fact, more than that, they accepted it. They allowed food to go in and men to come out; they allowed for gangs to go out for baths, and arranged for baths. They went so far as to give them a sort of semi-valet service because they had their clothes fumigated. That is another mistake, because it constituted tacit approval.

I suggest that the proper way to do would have been to turn the men out at once; say to them, "You say you want to call attention to a grievance; well, you have called attention to it, and it will be investigated, on the good faith of the men who are sent to address you. But we will discuss no terms with revolutionists. Had a strong stand been taken, I think the men would have appreciated it. A committee could have been appointed, consisting of so many of these men, so many prominent citizens of Vancouver and so many government officials; let them sit down and discuss the subject. But apparently no attempt was made to come to an understanding. Let them agree on what I would call undeniable facts. For instance, the government said, "You can get lots of work on the prairies; go back there." But the men said, "We cannot get work there." The committee would then say, "There are two clear statements. We suggest it is up to the men to accept work that is offered them, and it is up to the government to state where they can find work"; not a mere statement that they will have their fare paid to Regina, whereupon the men will say, "What are we going to do when we get there?" and the government merely say, "Well, you will find out when you get there." Then, the government having achieved the proper amount of face saving, a camp could have been opened. It will come to that anyway, and it does not make much difference in cost whether they are military or work camps. There would have been much less damage done either to the reputation of the government or to the shop windows of Vancouver than has taken place under the present system. The cost of opening that camp would have been small compared with the damage already done, and the situation is not eased one particle. I would tell these men, and tell them plainly, what was to be done; working men will stand to be told plain home truths; I have done it and received their approval.

Tell them that this is only a temporary arrangement. It seems to be at present largely a provincial issue, because if the Minister of Labour is correct, they are nearly all British Columbia residents now, although I think he is not quite right there; I think some of his figures did not take account of the fact that some men left and went back again. At any rate, if they are mostly our own residents, it is up to the provincial government, or the dominion government, to find work for them on the prairies or elsewhere. If there were a call for twenty teamsters, I would have twenty volunteers called up, and if twenty were not forthcoming I could conscript twenty whose occupations had been put down as such, and take them off relief. The bulk of the men would approve of that; they would not stand for shirkers, because their own interests are at stake. Or it could be done by provinces; say to Alberta: "We have fifty of your idle men. Will you provide for them and we will ship them to you, or will you pay for their work here?" I think one of the provinces did make such a suggestion, that they would be willing to pay for maintenance in a camp in British Columbia. If the logging business or the paper industry picks up, as we all hope it will, there will be more employment along those lines, and it is wonderful how a slight increase in business will make the difference between too many men and too few. This may be called a mere dream of mine, but I think it is a practical and immediate solution; much more practical than talking about economic determinism, which is something I have never been able to understand and which I do not think is of any help in the present situation.

I have listened to the hon. members from Vancouver and vicinity talking about this matter at intervals for weeks now; they all spoke moderately and appropriately, and what did they get? They got just nowhere; they got language, beautiful language, and noth-

ing but language. I suppose I shall be called a rebel in saying this; but I am afraid if I had been one of that group or had a following on that side of the house, I should have been sorely tempted to follow the action of that great Liberal, I think it was Sir Wilfrid Laurier, in 1896, who said: "Not one more estimate shall pass until so-and-so happens." And on that occasion the matter in question was much less important than that before us to-night. If any considerable group on this side had said, "We will not pass another item in the estimates until this matter is settled," it would have been better for everyone. But surely such an attitude should not be necessary in these modern and supposedly enlightened days. The traditional policy of the Liberal party surely is still their policy—freedom of speech and protection and uplift of the masses. This is a great opportunity to carry out those principles. All that stands in the way is a little question of dignity; we have said this and we will not back down or give way one iota until they get out. Yes, we admit they were wrong; I think the men themselves will admit they were ten times wrong in the action they took. But there is a lurking suspicion that if they had not done something wrong, they would not have got any attention.

Let us put this matter above party political advantage. We are always appointing special committees. Let us suppose a committee of this house were appointed to-morrow, so many from the government side, so many from the Conservative party. I would put all the Vancouver members on it, but I would leave the hon. member for Winnipeg North Centre (Mr. Woodsworth) off because he would make trouble in the Garden of Eden. But the various members from Vancouver who represent different parties and have shown a reasonable spirit should be on it; let that body get together, and I think they could speedily draw up a program which would bring this bitter matter to an end and do credit to every member and every party in this house.

Mr. A. G. SLAGHT (Parry Sound): The hon. member who last addressed us (Mr. Neill) very properly commented upon the immoderate language to which the hon. member for Winnipeg North Centre (Mr. Woodsworth) saw fit to treat the house in his presentation of his motion to-day. What is this all about? The hon. member to whom I last referred said that these men were not guilty of any crime. His next sentence was that the only crime they were guilty of is trespass. He has endeavoured throughout to make heroes of these unfortunate men who through misguided leadership decided, as he puts it, to make a spectacular showing by breaking their country's laws. Do not let us forget that. Do not let us set up any false heroism; do not let us forget that these men have been guilty of taking over the property of His Majesty the King; and while I do not know enough about them to style them communists, I do know enough about the principles of communism to know that two things to which Stalin and communism are definitely opposed are constituted law and order. This is shown in taking forcible possession of public property and in denying art any place in society.

That leadership caused these men by mob rule to take forcible possession of the king's property, a post office, which has special significance under British law. It is a place where his majesty's mails are housed, where important communications pass back and forth. It is a place where the British flag flies at the masthead. The ill advisers of these unfortunate men led them to take forcible possession of his majesty's post office where the British flag ought to fly. It is all very well to say, "We must give them credit for their moderation in not beginning to break the windows in the post office." But the hon. member for Winnipeg North Centre knows very well that the basic principle behind the policy these men adopted was mob rule and crowd psychology. In other words, they ganged up in order to take possession of one of his majesty's public buildings. What would the hon. gentleman think if a dozen or twenty men came along and said, "We are coming in here to sit down, to eat and sleep and perfume your place as we please." Suppose they came into his home or his garage or his stable, if he has one; what would he think of that, to bring it close to home in that way?

We know that in the country to the south we were treated to practically a year of sit-down strikes, and we know the battle the republic had to deal with them. We know what happened when they endeavoured to invade the province of Ontario, and these advisers of the unfortunate men in Vancouver are nothing more or less than sit-down strikers. The policy of the sit-down strikers is, "By our numbers we will change right into might. You dare not come near us." That was the defiance which was thrown out to Canada in Vancouver. The hon. gentleman, whose language I think I am not unfair in styling as incendiary and immoderate, called some of these men rascals, or said he expected some of them in the post office crowd were rascals.

To my mind the worst rascals in connection with this unfortunate situation were not in the post office out there at all.

Some hon. MEMBERS: Hear, hear.

Mr. SLAGHT: My young and hon. friend steps to the centre, though I am not looking at him particularly. We cannot serve Canada by dealing with this situation, if I may say so, as some of my hon. friends have done. The hon. member for Rosetown-Biggar (Mr. Coldwell), with his usual moderation, decried the lawbreaking and the fact that these men had entered upon a policy of might makes right by forcibly taking possession of the king's building. Some other hon. members took the same stand, but will the hon. member for Winnipeg North Centre contemplate this? In Halifax, Saint John, Montreal, Toronto, Parry Sound—my own district—Winnipeg, Edmonton and all through Canada there are young, unemployed men who are just as worthy citizens as these gentlemen in Vancouver. There are veterans throughout this country who have carried and are carrying to-day greater burdens than those of these young men in whose behalf my hon. friend is so loud of voice. Are we to say to these men across Canada, "Gang up." Get some leaders who will advise you to take possession of the king's property." Are we to set an example, by mock sympathy for these men in their lawbreaking, which will invite the unemployed men throughout Canada to take possession of the post offices from coast to coast? That is what the philosophy of the hon. gentleman amounts to. Let him think well before he repeats that type of philosophy to the Canadian people.

I venture to think, as the hon. member for Comox-Alberni (Mr. Neill) has said—though I have not been in the house as long as the hon. member—that in this immoderate talk we heard to-day the hon. member for Winnipeg North Centre is perhaps running true to form. I believe the hon. member for Comox-Alberni used that expression. The people of Canada have gradually diminished the number that the hon. member for Winnipeg North Centre has had the honour to lead until now he is here with but seven members, as I count them, out of two hundred and forty-five. Let me say to him that if he had been more constructive in his policy; if he had been less ready to tear down and, as I am informed—I shall be corrected by him if I am wrong—if before I came to this house he had not enunciated the principle that he did not desire to have the responsibility of leading a government in Canada—

Mr. WOODSWORTH: Mr. Speaker, I object to that statement, which is utterly false. Further, I object to a personal attack on me and to your honour permitting such an attack when the matter under discussion concerns the situation in Vancouver. I would not object if I could be given a chance to reply.

Mr. SLAGHT: I accept the hon. gentleman's statement that he did not indicate that he preferred to remain a critic rather than form a government in this country. I was under the impression that I had read that statement, but I fully accept his denial. But let me say that his attitude has been along that line. It has been one of tearing down. It reminds me of the destruction of the post office building in Ottawa, where day by day the men on the top used their drills to dislodge great pieces of stone and then watched with gusto while they landed a hundred feet below and smashed into atoms. We shall never make a great Canada if we have an admiration for the tearing down principle. If the hon. gentleman had enunciated a single cure or remedy for what he so glibly condemned, I might respect his address.

Let me say to the hon. member that in this country we need other things than a cavilling and political condemnation of men who are dealing with a difficult situation. We have been condemned because we did not start soon enough. To that extent, and that extent only, I agree with the hon. member for Kootenay East (Mr. Stevens). It would have been better had our friends taken what might have been regarded as a sterner, crueler course and ejected these men within the first twenty-four hours after they broke the law, if only as an example to the rest of Canada. Then we suffer condemnation by the hon. member because these men were allowed to stay there; because they were given every opportunity to become lawful instead of lawless citizens and because for thirty days the government tolerated that sort of thing. For that reason we are castigated again. Oh, let him think what he is doing. Let him think of the many unemployed men in the other cities of Canada, even though unemployment has been greatly reduced under this government. Are we to take from the pockets of the taxpayers, from the poor men who are struggling along in this country working twice as hard as before, their few dollars, shovel them out to Vancouver and put them into the pockets of these men who are idle? I do say there ought to be more toleration; there ought to be less

political claptrap when an opportunity comes to play upon the sympathies and hearts of the people.

Mr. MacINNIS: Too bad you were not here between 1930 and 1935.

Mr. SLAGHT: I was not fortunate enough to be here then, though my hon. friend was. That is a period upon which we look back in retrospect in different ways. But let me say that I do deplore speeches which attack a government which is doing the best it can with a difficult situation. On the one hand it is attacked for not moving fast enough; on the other it is attacked for not telling law-breakers, mob rulers and men who have been guilty of taking over a building flying his majesty's flag, that they should be mushed over and sympathized with; while at the same time there was not a single constructive suggestion from the hon. gentleman who is so bitter, vitriolic and vituperative.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, I am glad indeed to have the privilege of following an hon. gentleman who has talked so much sense in regard to the offering of constructive suggestions. Once more, if it is your honour's will that I should be allowed to do so and still be considered in order, I want to speak very frankly, straightforwardly without criticism or cavil to the members of this house, to tell them that as far as I have been able to see, with my limited human intelligence, they will never solve the unemployment problem until they change the system under which we live. Hon. members will notice the attention we get when we offer a constructive suggestion.

Mr. McLEAN (Melfort): That is not a constructive suggestion.

Mr. BLACKMORE: You do not even wait for it to be shown to be constructive. The hon. member has just returned from doing the best he could to destroy the only constructive proposals we know in Canada.

Mr. McLEAN (Melfort): Would the hon. member permit a question? Would he tell us what his friends said in Alberta—

Mr. SPEAKER: Order.

Mr. McLEAN (Melfort): —when the unemployed came to interview them?

Mr. POOLE: Who brought them down?

Mr. BLACKMORE: I just wished to try to show how much real sincerity there was in all those fine words. In the first place, there is no use in talking about the problem confronting us in Vancouver unless we have some suggestion to offer for the solution of that problem. It has been said that all the men want is to get work and wages. In all the devices which the intelligence of man has thus far contrived, is there to be found any set of principles through which, if applied in Canada, these men could be given work and wages? If there is, then let us devote our attention to a discussion of those principles.

I was much pleased with the suggestion of the hon. member for Comox-Alberni (Mr. Neill). I am almost sure that the finest suggestion made thus far in the debate was made by that hon. member. I believe it was the leader of the opposition (Mr. Bennett) who in his first speech this year suggested there must be enough intelligence and enough ideas in the house to solve our problems, if we all got together. This is the first time I have heard a re-echo of that fine suggestion.

The days through which we are passing present to Canada perhaps one of the first of the tragic effects of the break-down of the present system. I have quoted on former occasions some words which I believe will ring down through the generations, words of R. F. Irvine, Professor of Economics at Sydney university, Australia. For twenty-five years this man has been a professor of orthodox economics. Writing in 1933 in an article under the heading "Afterthoughts," he used the following words:

> I believe the principles put forward by C. H. Douglas are not only sound but that they provide the only practical way of escape from the tragic fate which otherwise awaits the whole of western civilization.

If this man had been an ordinary farmer, an ordinary tradesman or an ordinary school teacher, his words might not have been very important. But he is a professor of orthodox economics and for twenty-five years has been in one of the greatest universities in the British Empire. It was he who solemnly made those remarks. I believe they constitute a warning to this house. Out in Vancouver are manifestations of the tragic fate which otherwise awaits the whole of western civilization. That is the condition which will develop if we let that situation grow throughout the country, as I fear it will grow.

Much has been said about the other unemployed men who are quietly suffering. Either they are doing something about their lot, or they are simply suffering into the complete destruction of their bodies and souls. Let that condition continue, and we shall have a tragic fate all over this country; there is no doubt about that.

Before saying what I had intended to say, as my humble contribution to the debate,

may I quote something which I believe will command the respect of hon. members of the Liberal party. I quote from page 103 of that fine book, Industry and Humanity, written in 1918 by the present Prime Minister (Mr. Mackenzie King):

> Man, not nature, is now in control. The problem of the possible production of all but unlimited wealth is already solved. Growth in human intelligence has wrought this achievement. Surely human intelligence may be relied upon to see that the problem of distribution, to which the production of wealth is a necessary preliminary, will also find an equitable solution.

If mankind is really in control, why is he not rendering impossible such conditions as those which now exist in Vancouver? I now read these fine words from page 130:

> Money and credit are sometimes spoken of as capital. They are such, not of themselves, however, but in virtue of what their possession commands; they indicate power of control because exchangeable for desirable commodities or services. So far as the actual processes of production go, money is a matter of figures in books, and insignia and figures on metal and paper.

The other day the Minister of Finance (Mr. Dunning) told us that he was unable to accept new economics. Our contention ever since coming to this house has been that money is figures in books. The justification for money is goods and services in the country.

Mr. SPEAKER: Order. I would point out to the hon. member that we are discussing a motion having reference to the situation in Vancouver, which has arisen as a result of the eviction of men from the post office. I must ask the hon. member as far as possible to confine himself to the subject matter of the motion under discussion.

Mr. BLACKMORE: I thank you, Mr. Speaker. I conceive we shall never solve a problem of this kind until we have money, and with that in mind I was discussing money. I believe the solution lies right there. For the benefit of the Minister of Finance I shall quote a passage by the Professor of Economics of the university of Chicago.

Mr. SPEAKER: I must point out to the hon. member that there will be other opportunities to discuss questions of finance. I suggest that at the present time the hon. member should confine his remarks to the question before the house, namely a motion with respect to the situation in Vancouver which has arisen as a result of the eviction of men from public buildings in that city.

Mr. BLACKMORE: May I ask if it is permissible to offer a solution? Is it in order to offer a solution to the present difficulty?

[Mr. Blackmore.]

Several hon. members have been condemned for offering nothing constructive, and I am wondering how one can offer anything constructive without offering a solution. However, I shall yield to your ruling your honour, as I wish to keep my remarks entirely in order.

I do wish to offer something constructive, and I must say there is nothing constructive which can be offered, or which will in any way be a solution of the difficulty, which does not go to the root of the cause which produced the problem. The root of the difficulty is money, beyond any question. If it is contrary to the rules of the house for me to quote what I had intended to quote to-night, I shall on another occasion read the extracts which, because of their bearing upon this problem, are of great importance. I would ask hon. members to notice the following observations with respect to the matter I wish to discuss:

> It will at once make loans to private business and advance credit to the public improvements corporation for a program of public works designed to put virtually all of the unemployed to work. The primary purpose of the proposal is, indeed, to make available to society the necessary monetary purchasing power for the unemployed to work on much-needed projects such as housing, civic amenities, health, education, cultural activities, etc.

My own restricted intelligence leads me to the conclusion that one could hardly discuss anything which has a more direct bearing upon this problem.

Mr. McLEAN (Melfort): Would my hon. friend guarantee that to be correct?

Mr. BLACKMORE: Would the hon. member like to come across and read the book, or shall I send it over to him by a page?

Mr. McLEAN (Melfort): Would my hon. friend say that it is correct and that it has been tried elsewhere?

Mr. BLACKMORE: I assume the hon. member knows how to read. He can come across and see the book.

The evidence is, Mr. Speaker, that the members across the floor do not want a solution; they do not want anything constructive. Therefore I am going to close what I have to say simply by pointing out that by changing to a system which is known to man today, known by hundreds of thousands of men, they can remove this blight which is threatening to destroy this people, and only by the adoption of some such plan as I have suggested to the house can it be done.

I am going to recall two fine statements made by the Minister of Labour (Mr. Rogers).

One of them was this: "We will do what lies in our power." We suggest nothing but what lies in the government's power. There is control of Canada to-day by a government with a majority so great that it can do anything it chooses. If it cannot, then it would probably be quite in order for it to tell us why it cannot. If this country cannot govern itself, it is well that we should know it. If this parliament cannot govern this country, it is well that we should know it. If the present government with the majority it possesses cannot control this parliament, it is well that we should know it. If it can control this parliament, and this parliament can govern this country, and if this country can really govern itself, then it lies within the power of the government to-day to adopt the principles which I suggest. I contend they are the only solution.

The Minister of Labour also said this, as I remember it: "We will continue to do what we can to expand employment in British Columbia and elsewhere." Well, Mr. Speaker, all that the people of the Dominion of Canada request of the Minister of Labour and his colleagues is that they will do what they can. They need do no more.

I have no more to say. I shall not say anything unkind; I have not said anything unkind. All I shall do is to reiterate that the time has come for a show-down; the time has come for results, and the results will not be results of which this country can be anything but ashamed unless they give every man and every woman in this country at least a chance to make a living, a chance to get a job. Having said that, I just want to recall once more the words of R. F. Irvine. They are words to bear in mind. They are difficult words to laugh off.

> I believe the principles put forward by C. H. Douglas are not only sound but that they provide the only practical way of escape from the tragic fate which otherwise awaits the whole of western civilization.

I commend to the Minister of Labour and to those who are charged with the responsibility of conducting this country through these trying years the application of the principles of Major C. H. Douglas.

Motion withdrawn.

SEEDS ACT AMENDMENT

CHANGES IN WORDING CONSEQUENT UPON REORGANIZATION OF DEPARTMENT

Hon. J. G. GARDINER (Minister of Agriculture) moved for leave to introduce Bill No. 158, to amend the Seeds Act, 1937.

Some hon. MEMBERS: Explain.

[Mr. Blackmore.]

Mr. GARDINER: Mr. Speaker, this is just a consequential bill based upon the reorganization that has taken place in the department. It is to change some of the names of the officials.

Motion agreed to and bill read the first time.

DAIRY INDUSTRY ACT AMENDMENT

CHANGES IN WORDING CONSEQUENT UPON REORGANIZATION OF DEPARTMENT

Hon. J. G. GARDINER (Minister of Agriculture) moved for leave to introduce Bill No. 159, to amend the Dairy Industry Act.

Mr. STEVENS: Explain.

Mr. GARDINER: The purpose of this bill is just the same as in the other case, the Seeds Act amendment.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CANADIAN BROADCASTING CORPORATION

Mr. CLARKE (Rosedale):

1. Has the Canadian Broadcasting Corporation paid bonuses and/or commissions to some of its executives during the past year?

2. If so, to whom, on what dates, and in what amounts were such bonuses and/or commissions paid?

Mr. HOWE: The following information has been supplied by the Canadian Broadcasting Corporation:

1. Yes.

2. November 1, 1937: R. T. Bowman, $150; E. W. Jackson, $150; Rupert Lucas, $150; E. A. Weir, $150; Lt.-Col. R. P. Landry, $100; Miss H. Ball, $50; total, $750.

May 31, 1938: Lt.-Col. R. P. Landry, $250; J. A. Dupont, $250; total $500; grand total, $1,250.

BALLANTYNE AND LAPOINTE PIERS, VANCOUVER

Mr. GREEN:

1. Are the Ballantyne and Lapointe piers in Vancouver harbour operated by the national harbours board or by private interests?

2. If the latter, by what persons or corporations are they being operated, and under what agreement or agreements?

3. Was the equipment on these piers for stevedoring purposes sold or leased, and if so, to what persons or corporations, and upon what terms?

4. If these piers are no longer operated by national harbours board, what change has been made in the personnel of employees on the piers by the private interests operating them?

Mr. HOWE:

1. By national harbours board.

2. Answered by No. 1.

3. Sold to Empire Stevedoring Co. Ltd., for $17,838 cash.

4. Answered by No. 1.

NEW YORK WORLD'S FAIR

Mr. FONTAINE:

What will be the total cost of Canada's participation in the world's fair at New York, 1939?

Mr. EULER: It is impossible at the present time to know what the ultimate cost will be. The main estimates for this year contain an item of $75,000 and an additional sum of $90,000 has been placed in the supplementary estimates.

MACRORIE, SASK., POST OFFICE MAIL CONTRACT

Mr. COLDWELL:

1. What remuneration is paid for the carrying of mail in the village of Macrorie, Saskatchewan?

2. What rent is paid for the post office premises at Macrorie, Saskatchewan?

Mr. EULER:

1. $156 per annum for conveyance of mails between Macrorie post office and railway station.

2. The rent paid by the postmaster for the post office premises is not known. The postmaster receives a rent allowance of $125 a year from the department.

ALCOVE, QUE., RAILWAY CROSSINGS

Mr. LEDUC:

1. Did the board of railway commissioners order the elimination of two railway crossings at Alcove, Wright county, province of Quebec?

2. If so, what was the cost of such work?

3. Were tenders called with respect to the above work?

4. If so, what were the names of the tenderers, and to whom was the contract awarded?

5. What amount, if any, did the dominion government contribute in connection with this work?

Mr. HOWE:

1. The board of railway commissioners authorized the department of roads for the province of Quebec to construct a road diversion eliminating the existing crossing north of the village of Alcove.

2. The cost of the work was $77,870.33.

3. No information.

4. No information.

5. Order of the board No. 53403, dated September 3, 1936, provided a grant of $22,216 towards the cost of this diversion. The account has been submitted, but has not been paid as the crossing has not been closed, as provided in the board's order.

QUESTIONS PASSED AS ORDERS FOR RETURNS

NATIONAL HARBOURS BOARD—RATES AND CHARGES

Mr. STEVENS:

1. What changes, if any, have been made in rates since by-law "C" Top wharfage tariff was published by the national harbours board, giving the particulars of each change?

2. Were such changes, if any, published in the Canada Gazette? If not, why were they not so published?

3. Has the tariff of rates and charges of the national harbours board, effective April 14, 1938, been amended? If so, in what respect?

4. Were such changes or amendments published in the Canada Gazette?

NATIONAL HABROURS BOARD—VANCOUVER GRAIN ELEVATORS

Mr. GREEN:

1. Are any of the grain elevators in Vancouver harbour owned by national harbours board under lease to private interests?

2. If so, to what persons or corporations, and what are the terms and conditions of the respective leases?

3. Has there been any reduction in rent or other concession made in respect of any elevator lease, and if so, what were such concessions, and to whom were they made?

4. Has there been any increase in the rent charged for elevator No. 3 because of the construction thereon of a warehouse, and if so, what was the amount of such increase, and does such increase pay interest and sinking fund covering the cost of construction of such warehouse?

MOTIONS FOR PAPERS

NATIONAL HARBOURS BOARD—F. W. RIDDELL'S TRIP TO NEW YORK

Mr. STEVENS:

For a statement showing the expenses of F. W. Riddell, executive secretary of the national harbours board committee on a trip to New York during the month of May, together with a statement setting forth the instructions given Mr. Riddell in connection with the business of his trip and the names of the firms and individuals with whom he discussed Canadian public business; and also a copy of his report to the Minister of Transport or a statement of the substance of the said verbal report.

Mr. HOWE: Mr. Speaker, the subject matter of this motion is, of course, out of

order, in that among other things it asks for a supposed verbal report from one of my senior officials to myself to be brought down. However, I have no objection to the motion passing with the reservations that private documents will not be brought down, privileged documents will not be brought down, and documents that are not in the public interest to produce will not be produced.

DEPARTMENT OF TRANSPORT—LONG DISTANCE TELEPHONE CALLS

Mr. STEVENS:

For a statement giving the dates of all long distance telephone calls between the Minister of Transport or any official attached to the said office and New York; and showing the number of calls and to whom directed; and also the total amounts paid in long distance telephone calls charges during the month of May, 1938.

Mr. HOWE: The same reservations.

NATIONAL HARBOURS BOARD—LONG DISTANCE TELEPHONE CALLS

Mr. STEVENS:

For a statement giving the dates of all long distance telephone calls between the national harbours board or any official or member of the national harbours board and New York; and showing the number of calls and to whom directed; and the total amounts paid in long distance telephone calls charges during the month of May, 1938.

Mr. HOWE: The same reservations.

BRITISH COLUMBIA UNEMPLOYMENT SITUATION

Mr. MacINNIS:

For a copy of all letters, telegrams, reports and other documents passing between the Minister of Labour and any officer or employee of the Department of Labour of the Dominion of Canada and any person in the province of British Columbia, dated from April 15, 1938, to date, having reference to the unemployed situation in that province as it affects the single unemployed presently occupying the Vancouver post office and the Vancouver art gallery.

Mr. ROGERS: I am quite prepared to accept the motion, subject to the usual reservations regarding communications between the minister and officers of the department.

QUEBEC GRAIN ELEVATOR CHARGES

Mr. STEVENS:

For a copy of all correspondence, letters, telegrams and other documents passing between the Minister of Trade and Commerce or any official of his office, or the Deputy Minister of Trade and Commerce or any official of the Trade and Commerce department and the board of grain commissioners for Canada or any of its members or officials during the month of May, 1938, and having reference to amendments or changes in the tariff of charges at Quebec grain elevators.

[Mr. Howe.]

Mr. EULER: May I say to my hon. friend that there are no such documents as are called for under this motion.

Mr. STEVENS: I fully expected it.

Mr. SPEAKER: Dropped.

BUSINESS OF THE HOUSE

WEDNESDAY EVENING SITTINGS

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

That on Wednesday the 22nd of June, 1938, and all subsequent Wednesdays until the end of the session, the sittings shall in every respect be under the same rules provided for other days.

Motion agreed to.

POSTPONEMENT TO TUESDAY, JUNE 21, OF BUDGET DEBATE

On the orders of the day:

Hon. J. E. LAWSON (York South): In view of the lateness of the hour, would the Prime Minister (Mr. Mackenzie King) and the government consider a request that the order of the budget debate be not called at this time? I am not desirous of making two bites at a cherry. I would rather start to-morrow.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I think the request of my hon. friend is wholly reasonable, and I am sure that the members of the house generally would not wish to see him embarrassed by being obliged to proceed at this hour after the discussion we have had all day. If it is agreeable, we might have the house go into committee of supply and take up some of the estimates of the Minister of Agriculture (Mr. Gardiner).

Right Hon. R. B. BENNETT (Leader of the Opposition): Why not take legislation?

Hon. CHARLES A. DUNNING (Minister of Finance): I can get my material in on housing. It will take a few minutes.

TARIFF BOARD

INQUIRY AS TO TABLING OF REPORTS ON REFERENCES FROM THE MINISTER OF FINANCE

On the orders of the day:

Hon. CHARLES A. DUNNING (Minister of Finance): The other day the hon. member for Danforth (Mr. Harris) asked me regarding reports of the tariff board. I should like to say that no reports have been received from the tariff board. In the event that they are received they will be duly tabled in parliament in accordance with the

provisions of the Tariff Board Act. In view of what I said in the budget respecting tariff changes, I think it will be understood why I did not press for the submission of tariff board reports.

BANK OF CANADA

ACQUISITION BY THE GOVERNMENT OF SHARES NOW IN HANDS OF THE PUBLIC

Hon. CHARLES A. DUNNING (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Bank of Canada Act inter alia to provide for the redemption by the Bank of Canada of the 100,000 class "A" shares of the Bank of Canada of the par value of $50 each at the price of $59.20 per share and accrued dividends; to reduce the capital of the Bank of Canada from $10,100,000 to $5,000,000 divided into 100,000 shares of $50 each; and to authorize the Minister of Finance for the purposes of such redemption and reduction of capital to surrender to the Bank of Canada 102,000 class "B" shares of the Bank of Canada of the par value of $50 each, of which 2,000 shares shall be cancelled and 100,000 shares shall be exchanged for 100,000 new shares of $50 each to be issued by the Bank of Canada to the Minister of Finance and to pay to the Bank of Canada the additional amount necessary to pay the difference between the purchase price of the shares to be redeemed (excluding any amount paid by way of dividend) and their par value.

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

Mr. DUNNING: I have not my material here on this resolution, but I am familiar and I think the house is familiar with the object of it. The object is to precede the introduction of a bill authorizing the government to acquire by way of purchase all of the outstanding privately owned shares of the Bank of Canada and to convert the bank thereby into a wholly government owned as well as government controlled institution. The reason the government advances for this step is that during the past year it has become quite evident that there is to be not merely political controversy with respect to monetary policy generally, which of course is permissible and desirable, but political controversy relating to the constitution of the Bank of Canada, which is the chief instrument through which this parliament exercises its control over monetary policy in the country. The government is of opinion, after watching developments during the past two years, that it is highly undesirable and very much against the national interest that there should be continued political controversy with respect to the constitution of the bank itself. It is for that reason that, in addition to maintaining the control which the government now has through a substantial majority on the board of directors, the government should acquire the whole of the ownership of the shares of the bank. This has been suggested on more than one occasion by members on all sides of the house, and the government hopes that it will dispose once and for all of political discussion relating to the constitution of the bank itself.

There is, of course, no intention nor any hope that it will dispose of political discussion regarding the use which shall be made from time to time of this instrument of national control of monetary policy. I should say in this regard, however, that it is not the intention of the government by the introduction of this measure to make the Bank of Canada merely a department of government. If the central bank of a country is to serve the high purpose for which it is created, it must be manned by men who not only are expert in monetary, economic and financial matters, but also have a sufficient independence of judgment to be able at all times to talk on equal terms to the government of the day with respect to the matters which come under the jurisdiction of the bank in the ordinary course of business. It is not the intention that by this resolution the Bank of Canada should become in any way a political arm of government. That, indeed, would be fatal to the successful operation of the control of monetary policy and credit in this country.

I think, Mr. Chairman, that is all I can say at the moment, not having before me my material with respect to the matter, as to the intention of the government from the standpoint of policy in introducing this change.

As the Prime Minister announced some weeks ago, the price to be paid for the shares is the average price at which sales have been effected of the shares of the bank from the first of January this year to the date when be made the announcement in this house as to the policy of the government. The bill itself will deal with the details of the transfer, and I think that is all that I need say at this stage in order to secure the introduction of the bill.

Mr. WOODSWORTH: I have been listening to what the minister has said, and I am in hearty sympathy with the purpose of the resolution, but I find it difficult to understand what has occurred in the last twelve months that has led this government to make this almost complete change in a policy which was adopted no doubt after careful deliberation. Can the minister give us further information on that point?

Mr. DUNNING: I do not think I can go further than I have gone. It was quite evident to the government during the last two years that the constitution of the bank was becoming and would likely continue to be a matter of political controversy. Doubt has been and is being cast upon the control of the bank by the government through a majority of the board of directors. This doubt it is proposed to remove altogether by purchasing the privately owned stock entirely, so that the people of Canada may know beyond peradventure that the whole of their national central bank is owned by the government of Canada. That is the object. I believe it to be distinctly to the national advantage that there should not be continual political discussion regarding the constitution of the bank, but that discussion should be confined to the manner in which parliament decides that control shall be exercised through the instrument which we have in the central bank. I cannot add to that.

Mr. BENNETT: I fancy that in the records of our parliament in recent years one would find it much more difficult to reconcile the speeches of the Minister of Finance in 1936 with this resolution than to find consistency on almost anything else with which we have had to deal. The only method by which we could make this a properly controlled bank was to have it controlled through the directorate, and the only means whereby that could be effected was to secure a larger number of directors than those originally suggested in the resolution. That was only a short time ago, and I venture to say that there has been less discussion publicly of the Bank of Canada in the last eighteen months than at any other time in its history. In the last twelve months there has been practically none at all. During 1935 there was a great deal of discussion on this subject initiated to a considerable extent by those now on the treasury benches, but in recent months there has been very little discussion about it. The public generally accepted the statement of the Minister of Finance that the method adopted, namely, of creating $5,100,000 worth of new stock and issuing it to the government was the most effective way to secure control.

Mr. DUNNING: My right hon. friend himself discussed it only this session on the address.

Mr. BENNETT: I certainly did.

Mr. DUNNING: The constitution of the bank.

Mr. BENNETT: No. As regards the question of the constitution of the bank, I pointed out that to increase the capital stock to $10,000,000 was wholly unnecessary, and this proves the soundness of that contention.

Mr. DUNNING: The right hon. gentleman went further than that.

Mr. BENNETT: Yes, for reasons that are quite apparent. But there was no statement of policy indicated by any member of the government until very recently, and to say that the discussions which took place in the public press, which were limited in number, and otherwise, during this period, have brought about this result is certainly very strange and is not the cause which contributed to the change on the part of the administration. I can put it that way, at any rate.

There are those who favour the principles that have been enunciated so strongly by many members in this house, some of them supporting the government, and some opposed to it. There have been many expressions of opinion to the effect that this is the first step towards the accomplishment of the purpose they have in mind, and that it is only a matter of time now until the next step is taken. I do not think there is any doubt about that being the general view of many of those members, that the next step is that we shall have the issue of large sums of money, currency, supported adequately, of course, by the gold reserve on the basis of twenty-five per cent; because the gold reserve of the country would warrant a much larger issue of paper money than is now outstanding. The view is that it is proposed at a not distant date to utilize the machinery of the gold reserve for that purpose.

It was only a few short months ago that the Minister of National Defence (Mr. Mackenzie) made statements of that kind and sought public support on that ground. The hon. member for Rosthern (Mr. Tucker) very strongly urged that, and the hon. member for Vancouver-Burrard (Mr. McGeer) put forward his views with singular clearness and vigour. These, of course, in the budget speech of the Minister of Finance met with a good deal of criticism. In fact, his characterization of the condition of mind of those who made any of these proposals brought, I observed, a blush to the face of the Minister of National Defence, his colleague, who sat behind him; for it was clear that to class that hon. gentleman in the category which was described by the Minister of Finance was a very cruel thing indeed, when one considers the value that was attached to the views of the Minister of National Defence in the days when those views were being put forward from place to place in this dominion.

I cannot think that the explanation given is adequate, and while I would not for a moment doubt that some explanation had to be made, it is difficult to think that one of the astuteness of the Minister of Finance would put forward this measure in 1938 as an adequate reason for doing something which in 1936 he was urged to do but would not do. I am bound to say that I should like to reserve discussion until we see the bill—some sections of it at any rate—and in view of the fact that the minister has not his papers with him, I shall not now discuss in detail matters which would necessitate his reference to them. I have had inquiries made, however, with respect to prices, at least on the Toronto stock exchange. So far as I can find, the highest price ever paid for Bank of Canada shares for less than board lots was $60. The lowest price was $53.

Mr. DUNNING: Not since the beginning of this year.

Mr. BENNETT: Since the beginning of this year I can find no trace of a board lot sale, which is ten shares, selling for $59.20. But doubtless the minister will be satisfied on that point. I did have a check made with respect to sales, because I thought the price was a little high. There was a sale of fifty shares at $59.50 on May 2 last. It is the only sale of a board lot that I can see this year for $59.50.

Mr. DUNNING: Sales are very few.

Mr. BENNETT: I agree that sales are very few, and sales in board lots of ten shares are fewer still. But there were sales of twenty-five shares, of 143 shares, and of forty-six shares on three several days in 1936. This year there was a sale of twenty in April, fifty in May, 113 on one day in June, and sales of twenty-three, sixteen, fifty, twenty-six, sixty-seven and eighty, and the prices at which they sold were all the way from $54 to $59.50. The odd lot prices were a little higher, because that meant less than ten share lots.

Mr. DUNNING: Perhaps my right hon. friend will permit me to say that the instructions I gave for arriving at a price were to take all the actual sales both in Montreal and in Toronto and average the prices paid between January 1 and the date on which the Prime Minister made the announcement. That calculation was made. Of course I rely on my officers.

Mr. BENNETT: Yes; it is only a question of arithmetic.

Mr. DUNNING: Of arithmetic and facts. I think they have secured all the information, and I shall have it here when the bill is presented.

Mr. BENNETT: I am not going to discuss at greater length the inconsistencies that are apparent. I pointed out in 1935, before the bank was in operation, the reasons that induced me—I suppose most hon. members think improperly—to come to the conclusion that to establish the bank in the manner now provided would lend itself to such a claim for patronage that it would be impossible to make it function as I believed it should. And the idea was abandoned. Then the government added $5,100,000 worth of shares, which gave the government effective control. There will have to be amendments made to the act, it is clear; for the board of directors must vanish; there will no longer be any board because there will be no shareholders.

Mr. DUNNING: There may be directors without shareholders.

Mr. BENNETT: There can be directors named by the government, but without interest in the bank. The Bank of England is not that type of bank; any hon. member of this house can buy shares in the Bank of England. My recollection is they only pay an eight per cent dividend, and of course the yield is much less. But if there are directors hereafter of the Bank of Canada, they must be appointed merely by a political administration, not elected by the people. Obviously, should a government led by the hon. member for Lethbridge (Mr. Blackmore) take office, without further difficulty he would be able at once to give expression to his views as to the conduct of the bank, whereas, as matters now stand, he would at least have to obtain the sanction of parliament to enable him to do so. With this legislation what I suggest would be possible; the minister shakes his head, but a few moments ago he said that this is the supreme credit determining factor in the life of this country. If that is so, then all that is necessary to do is to change the administration, have a government that desires to give effect to the views which have been so frequently expressed in this house, and you will have your Bank of Canada functioning as has been suggested.

Mr. DUNNING: My right hon. friend said, without consulting parliament.

Mr. BENNETT: Without further consultation of parliament.

Mr. DUNNING: If my right hon. friend will await the bill, he will see that what he suggests is not quite correct.

Mr. BENNETT: But the minister said in his opening speech that this is the organ of government—without being a department of government—that determines credit. If

that is so as it stands to-day, and we now substitute directors named by order in council, an order in council can also behead and send them to the wilderness. It then becomes a political bank, which is the one thing one did endeavour to prevent. I am bound to say I appreciate the point of this bank being publicly owned. There was nothing said this afternoon or at any other time which was not presented to us; some of my colleagues at that time held very strong opinions, the matter was canvassed from every angle to try to arrive at a reasonable and fair understanding of the whole problem. The experience of other countries with central banks, some privately owned, some half owned by the public, some with a majority owned by the nation and some wholly owned by the public, as, for example, the Bank of England, was examined. After mature consideration, having regard to the pressure which was everywhere apparent, the conclusion that I have indicated was arrived at.

I have no view one way or the other as far as the general principle is concerned. I approached the problem of the creation of a central bank as a bank in which the stock would be owned by the nation; I abandoned it for reasons which I found it difficult to agree to in my own mind but from which I saw no escape, and ultimately my colleagues and I all agreed that this was the only way to prevent it from becoming a political bank. The history of some European countries with a publicly owned institution has been most distressing. I would hesitate to think that history could ever be repeated in this country. But stripped of everything, this bank now becomes a political bank; the directors are named by the government of the day. From that standpoint it is purely political.

Mr. EULER: Is that not the case now? The government name the majority.

Mr. BENNETT: They name the majority, as the minister has said, but it will be recalled that up to the present the public have had the power to elect some of the board.

Mr. EULER: Only a minority.

Mr. BENNETT: Even though it be a minority, that is the voice of the public. That was the argument presented, from which I found it difficult to get away. The power to create is the power to destroy. The power to appoint is the power to dismiss. Under different circumstances, with the hon. member for Lethbridge in control, you would have an order in council passed dismissing the directors and substituting another board.

[Mr. Bennett.]

Mr. EULER: But he could do it now, under the present constitution of the bank.

Mr. BENNETT: But there are limitations that protect the situation to a great extent. There is a political power subject to the influence of the minority directors. Now there is to be no minority. I am merely presenting that point to the committee; I am not urging one way or the other, except to point out the effect it had on my mind. I am bound to say the effect is less powerful considering that the bank is already established. It was far more difficult when an endeavour was being made to establish the bank.

Mr. EULER: I think my right hon. friend in a speech from the throne rather intimated that he had changed his mind with regard to the matters that moved him not to have a publicly owned bank in the first place.

Mr. BENNETT: No; what I said was that I had been in favour of a publicly owned bank and had given the reasons. My mind had been unable to follow that conviction. Then I pointed out the question of capital. It is there in the record to be read.

Mr. DUNNING: I cannot find it. I understood my right hon. friend to say he had it in mind to change the situation when the bank was established.

Mr. BENNETT: No, not quite that. What I endeavoured to say was that I was not wedded to the opposite idea. I said it in this chamber and said it publicly. I said it when the bill was introduced, and I gave the reasons why we took the steps we did. I say still that is exactly the state of mind I was in at the time, and those are the reasons why the steps that were taken were taken.

But the government having decided to do this, naturally a great deal depends on the bill itself. The minister has said, quite correctly, that if this is to become a department of government, the usefulness of the Bank of Canada is largely gone. On the other hand, if it is to be an arm of government, its value still remains. There is a very great difference between being an arm of government and merely a department of government, and the distinction between the two will determine the value of this institution. Frankly I was amazed when the statement was made by the Prime Minister; for I think it has been generally considered that the bank has functioned fairly well; there has been an acceptance of it by the public generally as being useful, and to no inconsiderable extent it has justified the expectations of its friends. In one matter

it undoubtedly had a great advantage over most such institutions, because it assumed the entire responsibility for our note issue.

Having assumed responsibility for our note issue, it always had in its exchequer three per cent on the outstanding note liability when it was taken over, and that gave it a revenue which enabled it, of course, to have a profit at once. That is the position, and that liability with respect to the note issue, transferred from the country to the bank, was made the subject matter of considerable criticism, because after that it took over the gold reserve, and thus it was said that a private institution had control of the gold reserve. That was remedied two years ago, and if the Minister of Finance will read his speech of that time he will see that he endeavoured to make me, and I think other members of the house, believe that this was the best possible method to effect the best and highest possible purpose in the best possible world.

Mr. DUNNING: I believed so then and I believe so still; but I believe it is much more important that the national bank should have general national acceptance than that my opinion should be sustained.

Mr. BENNETT: If the hon. gentleman believes it still, we have the amazing spectacle of his asking us to accept something which he himself thinks is second only to that which he did two years ago.

Mr. LAPOINTE (Quebec East): Is my right hon. friend reading his own speeches of yesteryear?

Mr. BENNETT: Frequently; and I rejoice in their consistency. What delights me most—and I must say the delight is very great—is to listen to hon. gentlemen opposite making the speeches which I made some years ago in answer to the speeches which they then made. It is always delightful to think they should do so, and I realize that the cumulative effect of experience, time and responsibility has brought about such admiration for those speeches, which used to be referred to in such terms of condemnation.

That is all I desire to say with respect to this matter at the moment, because I am going to deal with the question when the bill is before us. Obviously it must contain terms dealing with the question of the directorate and allied matters; for unless it does we shall have provision for the election of directors by shareholders that are no longer existent, because there is to be but one shareholder now, the Minister of Finance. I notice that the resolution does not deal with that; obviously there is no necessity for it, but it does not deal with the consequential amendments that will be necessary. It provides for the redemption of the shares, but it does not provide for the amendment of the act. I read into the resolution, however, that necessarily the bill will provide for amendments, it being unnecessary in the resolution to deal with other than the financial side of it.

Mr. DUNNING: With respect to my remark of a few moments ago I desire just to say that personally I hold the view that what was done here two years ago represents the best form of control of a national bank. I say that still. I am somewhat in the same position as my right hon. friend, who earlier this session said he found that he had to set up the bank in the way he did in order to prevent the evils of party patronage from entering into the constitution and staffing of the original organization. That is what I understood him to say.

Mr. BENNETT: I said patronage; I said it before the banking and commerce committee, when the bill was being considered.

Mr. DUNNING: Yes. Earlier this session the right hon. gentleman went on to say—and if I misinterpret him I know he will correct me, since I have not the exact words before me—he had in mind changing that once the bank was established.

Mr. BENNETT: Oh, no; not quite that.

Mr. DUNNING: What was said, of course, can be looked up; it was a lengthy debate, and as yet I have not found it. My point is this, however, that to my mind it is more important that the people of Canada should be agreed that they have a national bank; much more important that they should cease controversy regarding its constitution, than it is that my beliefs as to the best constitution of a bank should be sustained. The government is hoping by this legislation to quiet any discussion or any divergence of view regarding the constitution of the bank and to confine discussion to what shall be done with the instrument, and I entirely approve what the right hon. gentleman has said with regard to the bank being an arm of government but not a department of government. It is of the greatest importance that the men who are operating this arm of government should be in the highest degree independent in the exercise of their judgment in the job of work they have to do. The general broad policy of the bank of course must be in harmony with the desires of a majority of this parliament. If it is not, then the government of the day, with the aid of its majority, can come to parliament and propose and carry

through such changes in the legislation as, in the view of the majority, may be desirable at the time; and to that extent what my right hon. friend said with respect to a government led by the hon. member for Lethbridge of course would be true. One would expect that if the people of Canada sent to this parliament a majority of members who believed in the theories of the hon. member for Lethbridge and his followers, that majority would so amend this legislation as to bring it into line with those theories. That is democracy.

The machinery which this bill proposes to set up does not make rapid transition easy, it is true, because in the bill we are providing that the directors are to be appointed for a period of, speaking from memory, three years; but there would be nothing to prevent a government possessing a majority in this parliament from coming to parliament and amending even that provision of the law. There is no doubt about it; by this action, and indeed by the action we took in 1936, we do take the very great responsibility of initiating, as an arm of government, a national institution for the control of credit and currency under aegis of this parliament. We did that in 1936, and this does not change the fact in the slightest degree. It does endeavour to quiet controversy as to whether or not that was effectively done in 1936. I am of opinion that it was. Personally I believe it was done in a better way than the method provided by this bill; but I do believe it is much more desirable that my fellow countrymen should be satisfied with the constitution of a national bank than it is that my particular ideas should prevail as to the manner in which national control should be made effective.

That is why, as clearly as I can express it, I am explaining the introduction of the resolution now before the committee. I have no apologies to make, because I believe that by the control of currency and credit through this arm of government we are assuming a responsibility in this parliament in connection with which we must build up a tradition of non-partisan administration. My right hon. friend the leader of the opposition expressed his fears in regard to partisanship entering into appointments by a bank which was controlled by the government. Of course that danger exists, and it can be obviated only by high-minded men in the seat of government refusing to permit that to be done. For my part I say here in this house what I have said to scores of correspondents who have written me with respect to positions in the Bank of Canada: "I have nothing whatever to do with appointments to the Bank of Canada. Under the law the management is responsible for such appointments. Communicate with the proper officials of the bank in the same manner that you would with respect to obtaining a position in any other business institution." There is nothing to compel a Minister of Finance to do that; but I am endeavouring, as I believe my right hon. friend was sincerely endeavouring, to follow that line in relation to the bank. The only hope we can have is that men will continue to follow it until such a tradition of non-interference in matters of that kind is built up that it will be difficult for anybody to break it, a tradition which in fact would enable a management of the bank properly to repudiate such interference, and successfully appeal to this parliament against it. That is all we can hope for along that line. I can only give the personal pledge that, so far as I am concerned, there will be absolutely no interference of that kind.

[Mr. Dunning.]

Mr. McGEER: May I say as a member of that proud group classed as monetary reformers, that we welcome the concession made by the Minister of Finance to-night in conceding that in money matters even the Minister of Finance, the Bank of Canada and the government of the nation should bow to the will of the people. I am amused at the concern expressed by the leader of the opposition as to whether or not the establishment of complete public ownership is going to make the Bank of Canada an effective arm of government. That was an issue I thought was very clearly and definitely settled during the campaign of 1935.

Mr. BENNETT: I did not think this was going to make it an effective arm of government.

Mr. McGEER: I understood the right hon. gentleman to say that he was afraid it might make it that.

Mr. BENNETT: Surely the hon. member's hearing is better than that.

Mr. McGEER: I must confess that I did not hear the right hon. gentleman very well, although on several occasions I asked him to speak up. Certainly I have no desire to misquote him.

Mr. BENNETT: I did not say that. I said I hoped the effect of the legislation would be to make the bank an arm of government, and I agreed with what the minister had said and hoped that it would not become a department of government.

Mr. McGEER: To guarantee that the bank would have no chance of becoming a department of government, in 1934 the present leader

of the opposition enacted the Bank of Canada Act which established the bank as a purely private institution, free from the control of the government. And the issue which came up during the discussion of the Bank of Canada measure made very clear the distinction between the Conservative and Liberal policies on that all-Canadian public matter.

For instance, at that time the Hon. J. L. Ralston was Liberal financial critic, and in dealing with that very point he said:

> The control of credit and currency is the biggest and most important public utility in the activities of the nation. There are certain things which should be under public ownership or public control, and the first and most important of these is the institution, the Bank of Canada, which controls, which guides and which directs the whole economic life of the nation.

There was no question as to the stand of the Hon. Mr. Ralston on that occasion. It was in direct conflict with the policy of private ownership which the government of that day had established. The then leader of the opposition, the Prime Minister of to-day (Mr. Mackenzie King) supported that conclusion with these statements:

> Once a nation parts with its currency and credit, it matters not who makes the nation's laws. Usury once in control will wreck any nation. Until the control of the issue of currency and credit is restored to government, and recognized as its most conspicuous and sacred responsibility, all talk of the sovereignty of parliament is idle and futile.

These declarations by the Hon. Mr. Ralston and the then right hon. the leader of the opposition were, first, that the control of currency and credit should be recognized as a public utility service, under the direct control of the government and, second, that it was a duty of the government, not a duty of private monopoly, to control the issue of currency and credit to be issued in terms of public need, not of private gain.

I am satisfied that this is a step towards the fulfilment of those promises, which were the promises upon which some of us won our elections, and which indicated that the policy of the Liberal party was that if returned to office it would establish our parliament as a Canadian democratic institution which would be superior to the private money system.

Mr. DUNNING: Hear, hear.

Mr. McGEER: I am glad to hear the leader of the opposition say "Hear, hear."

Mr. BENNETT: I did not say that. It was said by the Minister of Finance. He is somewhat more Tory than I, so I think it is quite all right.

Mr. McGEER: I am free to confess that for a little time that was so. And I never dreamed it would be my misfortune to sit in a Canadian House of Commons and see the leader of the opposition, a Conservative, more Liberal than some of the Liberals who were sitting on the treasury benches.

Mr. DUNNING: You haven't yet.

Mr. McGEER: But this action on the part of the minister leads me to believe that he is beginning to see the light, and that democracy, if it is to rule, must be superior to the private money system.

Mr. DUNNING: I always said so. The hon. member could not quote a word of mine to the contrary effect said anywhere at any time.

Mr. McGEER: What I want to say to the Minister of Finance is this, that the other day when I heard him deal with monetary reform I was wondering if he had in mind some of the statements made by the present Prime Minister, the head of the Liberal party, in the house in 1933 and 1934.

Mr. BENNETT: It was his colleague, the Minister of National Defence (Mr. Mackenzie).

Mr. McGEER: Does he remember what the Minister of National Defence had declared, as a financial reformer, in the Vancouver campaign during the election of 1935? The Minister of Finance was not in the house when that great debate took place. So far as I know, he was not in the heat of the campaign of 1935. Possibly monetary reform has not become an issue down in Prince Edward Island, the little province by the sea, which he represents in the house, and which is a long way away from the rigid, virile and active reformer group which first sent him to Ottawa.

I would say to the Minister of Finance that the great issue is this: Is the question of the control of the issue of currency and finance going to be advanced by this extensive use of Canadian moneys which are going to be used to purchase back at a profit a part of the concession which was made to the private money system by the Conservative government in 1934?

Later on, on the second reading of the bill I hope to expose the details of the concession as the most iniquitous concession passed or approved by a Canadian parliament since confederation. I am quite aware of the declaration that the Bank of Canada has control over the issue of currency and credit, and I shall deal with that issue to-night. To make the matter clear, I wish to make the state-

ment, first, and then prove it, that under the present practice neither the government of Canada nor the Bank of Canada exercises a single bit of control over the volume or currency or credit that is placed in circulation by the country through the chartered banks, who are the only ones that can put currency and credit into circulation.

To deal with that subject, I want first to take some statements made to the house by the Minister of Finance, which are in accord with the public statements made by the governor of the Bank of Canada to the people of Canada. The address of March 8, delivered by the present Minister of Finance, is now in circulation as an address on monetary policy. At page 1 of that pamphlet his words are as follows:

> Parliament has set up an institution, now controlled by the government, charged with the specific duty of regulating the volume of currency and credit in the best interests of the economic life of the nation.

That is a broad statement. It indicates that through the Bank of Canada we are serving the economic life of the nation by controlling and regulating the issue of currency.

Again on page 4 that declaration is amplified by this statement:

> Recognizing that the regulation of the country's credit and currency was so vital a sovereign function that it could not be left in the control of a private institution, this government in 1936 amended the Bank of Canada Act to give the dominion government effective control over the bank by majority ownership of the capital stock and majority control of the board of directors.

Effective control over the Bank of Canada does not necessarily mean effective control over the chartered banks, which are responsible for the issue of currency and credit.

Mr. BENNETT: They are not solely responsible for currency.

Mr. McGEER: No, but the thing that we issue to-day as a medium of exchange for both government and people is not Bank of Canada bills for out-of-pocket transactions, but as the leader of the opposition knows, bank deposits, controlled by cheques. That is what our banks are using to-day to purchase government interest-bearing bonds, and I want to deal with that a little later.

At the end of that statement the right hon. leader of the opposition is quoted as stating, "No wonder you laugh," and the Minister of Justice (Mr. Lapointe) replied, "I cheer." I am quite satisfied of this, that there are many of us on this side of the house and elsewhere throughout the dominion who would gladly swell the chorus of cheers of the Minister of Justice if we believed, as he believes, that through the machinery presently existing, the Bank of Canada, we were in control of the currency and credit of the nation. But I for one do not see any reason to cheer yet, even with the complete ownership of all the stock of the Bank of Canada, although I think that is a step in the right direction. I want to give my reasons for that, and I hope my remarks will not be taken in a sense other than that I wish to contribute to the fulfilment of the great promises which were made to the people of Canada by the Liberal party, upon which I believe they were elected, and through which I believe we can find a way to make a better, greater, bigger and happier Dominion of Canada.

In showing how the alleged public control of currency and credit is operated in the best interests of the economic life of the nation, the Minister of Finance gave this considered explanation:

> The Bank of Canada exercises its control over the chartered banks by operating on the cash reserves of the banking system, either by conducting so-called open market operations or by altering its rediscount rate, or by both.

And then he added:

> These are the major weapons which the central bank may use in carrying out its primary function of controlling the volume of credit and currency in use in the country.

Those are the two major weapons, and I propose to bring to the attention of the committee that neither one of those weapons is available as a medium of the exercise of one bit of power either by government or by the Bank of Canada.

During the course of his address the following interesting exchange took place between the Minister of Finance and the right hon. leader of the opposition:

> Mr. Dunning: The second well known mechanism by which the central bank exercises control is the deliberate raising or lowering of its rediscount rate. High rates, of course, tend to contract business enterprise, and low rates tend towards expansion.
>
> Mr. Bennett: But there are no rediscounts in Canada.
>
> Mr. Dunning: The rediscount rate is in effect; I shall come to that in a moment.

But the Minister of Finance never did deal in that address with the issue which the leader of the opposition raised, namely, that although we have a rediscount rate there are no rediscounts in Canada.

Mr. BENNETT: There was only one since we were established as a bank.

Mr. McGEER: The right hon. gentleman knows just as well as I do that the redis-

count rate went out when England set up a managed currency system, and that was all abandoned.

We are told in this house that it is one of the major weapons through which we have fulfilled the promises that were made by our governments in 1935, and upon which we were elected, to create a new condition for the circulation of currency and credit to serve the economic life of this nation. I wonder if the Prime Minister, the members of the government and the members of this house are aware that our chartered banks are not borrowers and do not borrow legal tender cash from the Bank of Canada. Consequently the rate of interest fixed by the bank, that is the rediscount rate, has no bearing on the credit policy of our Canadian chartered banks. The reason why our chartered banks do not borrow Bank of Canada bills is that the Bank of Canada by purchasing gold and other securities has supplied the chartered banks with more Bank of Canada bills free of any interest charge or other charge whatever than they need to hold as legal reserves to support the bank deposits they have on issue. As a matter of fact, under section 59, subsection 4 of our Bank Act, our chartered banks are now privileged to take a five dollar Bank of Canada bill and to exchange on the security of that five dollars, $100 of bank deposits written into the bank's books by a mere stroke of the pen, for either a one hundred dollar treasury bill or a one hundred dollar interest-bearing bond. That was the concession which was made to the chartered banks by the government of 1934, and they are not missing the opportunity; for to-day they hold $1,155,000,000 of such securities, an increase of $471,000,000 since that great concession was made when the Bank Act was amended to reduce gold reserves to twenty-five per cent and to reduce cash reserves to five per cent. To-day the chartered banks of Canada—

Mr. DUNNING: Would my hon. friend please distinguish between the chartered banks and the national bank?

Mr. McGEER: I say the chartered banks hold legal tender currency, which they own outright, for which they pay nothing, which they have secured freer than they used to secure the right to print their own currency, because the cost of printing them is now borne by the Bank of Canada, to a total, according to the May report of the Bank of Canada, of $247,000,000, $199,000,000 of which is on deposit with the bank and the balance is held in the bankers' tills. That is over and above the $102,000,000 which the Bank of Canada has on issue and in circulation with the public. What does that mean? Without borrowing a single dollar from the Bank of Canada, the chartered banks can secure $2,800,000,000 of bank deposits, and with their surplus reserves, which are to-day idle and unemployed, they can increase those bank deposits to $4,800,000,000. How preposterous then to say that the bank rate policy, which includes a change in the rediscount rate, is one of the major weapons by which we control, through the Bank of Canada, the issue of currency and credit in this nation, when that part of the bank rate policy has no operation upon the existing deposits or upon the $2,000,000,000 of deposits which our chartered banks may use! I want to say this: I cannot blame the Minister of Finance for that technical explanation, but I am satisfied that somebody in his department was responsible for it.

Mr. DUNNING: Will my hon. friend permit one question?

Mr. McGEER: Yes.

Mr. DUNNING: Under the existing conditions, whether in this country or in the United States or in Great Britain, how does he propose to make any rediscount rate effective? The other weapon is the one which is and must be used under existing conditions, in all countries. I regret that I did not follow up the interruption on that occasion made by the leader of the opposition. I intended to say then just what I am saying now, that the conditions which create that tremendous volume of available credit in all three of these great countries have for the time being rendered any rediscount rate an ineffective weapon, and the other weapon is the one which is used by all three systems of central banking.

Mr. McGEER: I should like to deal with that phase, because that is quite true, but the explanation is very superficial which comes in the form of a question to me. I am not dealing with how this thing should be done; I am dealing with the statement made to the house that this was one of the major weapons by which it is being done now in Canada.

Mr. DUNNING: No; I did not say that.

Mr. McGEER: Well, of course I cannot afford a disagreement, but the speech on the address of the Minister of Finance is on record.

Mr. DUNNING: Yes.

Mr. McGEER: And while I may be wrong, I am free to confess that was the honest interpretation which I took out of that statement. I understood it was made to the

house to indicate to all hon. members that there was effective control over the currency and credit issue at this time in the Dominion of Canada.

Mr. DUNNING: I believe there is.

Mr. McGEER: Well then, it cannot be through the bank rate. It must be, then, through the other major weapon, open market operations.

Mr. DUNNING: That is it.

Mr. McGEER: The Minister of Finance agrees to that proposition. Now I want to show the committee that the open market operation is even more innocuous and less a factor in the control over currency and credit issue than is the bank rate policy. Let me point out that the Bank of Canada has issued through the open market operation, that is in the open purchase of gold and other securities, a sufficient amount of Bank of Canada bills to give the chartered banks $103,000,000 outright, which they own outright in excess of the reserves required for the bank deposits they have on record. The Minister of Finance went on to deal with that. But before I proceed to deal with the open market operation, I want to draw the attention of the Prime Minister to the fact that one of the results of the open market operation has been to give the chartered banks, free of charge, a sufficient amount of Bank of Canada cash to release them from the controlling influence of any change in the rediscount rate by the Bank of Canada. The result of this is that one of the major weapons which the Bank of Canada employs, according to the statement of the Minister of Finance, namely the change in the rediscount rate, to regulate the volume of currency and credit in use in the country, is destroyed by one branch of the open market operation, namely the purchasing of securities on the open market with Bank of Canada bills.

If the rediscount picture is out of the picture, let us deal with this open market operation. Let us for the purpose of practical illustration assume that the Bank of Canada went into the market and bought $10,000,000 worth of securities and that the $10,000,000 were put into circulation as we were told by the Minister of Finance, though unfortunately, no matter from whom the purchase is made, the money would find its way into the chartered banks' tills. What would the chartered banks do with that $10,000,000? Would they, as he suggests, increase their bank deposits by making new purchases and new loans to the value of $100,000,000? They would not do any such thing. They would do exactly what they are doing now; they would increase their reserves of $103,000,000 by $10,000,000, and the amount of currency and credit in circulation in the country would not be affected by a single dollar. Of course my hon. friend says, "Oh, but the banks would be very foolish to have $10,000,000 of Bank of Canada bills that they could use as reserves of bank deposits of ten times that amount, without using them." But what I want to point out to this committee is that they are already doing that very thing, according to the May report, with $103,000,000. To talk about controlling the issue of currency and credit, in the face of that fact, by either the rediscount rate or the purchase of securities, is to state something that the facts of the Bank of Canada report disclose is contrary to actual banking practice in the Dominion of Canada to-day.

Mr. DUNNING: Oh, that is awful.

Mr. McGEER: My hon. friend shakes his head. Well, I may be wrong.

Mr. DUNNING: I gave figures.

Mr. McGEER: But what I am placing before the committee is an argument based on facts, not on theories.

Mr. DUNNING: I gave figures of the expansion.

Mr. McGEER: Oh, yes, but that did not have anything to do with expansion, surplus Bank of Canada reserves.

Mr. DUNNING: Oh, yes, it did.

Mr. McGEER: What I say is this, that to-day the Bank of Canada has idle, unemployed and being hoarded on deposit with the Bank of Canada, $103,000,000. Yet we are told that another issue of $10,000,000 will affect the volume of currency and credit not available for loans but in circulation serving the economic life of the nation. It cannot serve it while it is being hoarded by our chartered banks.

Mr. DUNNING: They get no interest, you know.

Mr. McGEER: They do not even pay for the printing of the bills. Yet my hon. friend says that they do not pay any interest. I have been a little suspicious that we as a Liberal party and as a nation have been suffering from the very monetary policy which the people of Canada overwhelmingly repudiated in 1935. The rediscount rate is out; the open market operation by buying is out; let us see what would happen if—did the minister speak?

Mr. ILSLEY: The hon. gentleman has certainly disposed of it. He says it is out.

Mr. McGEER: I never hope to convince the Minister of National Revenue, but I am submitting that the facts I have offered to the committee should, to one of ordinary intelligence, indicate that they are valid. It may be that this is not the idea of the Minister of National Revenue, and he has just as much right to his opinions as I have to mine. But I want to say to him, with due deference to his present position of authority, that I have given this problem a great many more hours of thought and study than he has given it.

Let me now deal with the other factor. We are told that if the Bank of Canada went on the market to sell securities—what would happen? The assumption is that the Bank of Canada, by selling securities, would have payments for them in its own legal tender cash, namely Bank of Canada bills. Therefore there would be withdrawn from circulation, first, the Bank of Canada reserves that are in excess of reserves legally required to support existing deposits amounting to $103,000,000. But what would be the result if the Bank of Canada continued to sell securities after those reserves were exhausted? Then the Bank of Canada would have to take from the chartered banks the amounts required legally to sustain existing bank deposits. That would compel the Bank of Canada and the chartered banks to withdraw loans now in circulation. What would be the result of that? It would be disastrously to precipitate the present recession into a major depression. If I am right on the figures as I have interpreted them, which I have taken from the Bank of Canada report, this elaborate control that the Minister of Finance so clearly outlined to us means nothing under the rediscount rate, means nothing under the sale of securities, and only means that there is left to the Bank of Canada power to precipitate a disastrous and appalling, not recession, but depression of the worst kind.

Mr. DUNNING: To control overexpansion, the power is there.

Mr. McGEER: Well, I cannot agree with that, because I suggest that the facts do not support it. You could withdraw, of course; there is no doubt about that. One of the great lessons in monetary reform, which the Macmillan committee taught the British parliament and upon which the British parliament has acted, was that the rediscount rate, the bank rate policy, was only effective in precipitating a depression and not effective in restoring prosperity or maintaining stability. What has been abandoned in England since the British Empire currency policy of 1933 was adopted—and we adopted it in this house—the rediscount rate and the open market policy, is recognized as being a minor, inferior and ineffective method of control; and direct control by the government is recognized as the only policy available. It is quite true that they have not taken over the Bank of England, quite true that they have not taken over the chartered banks. But I listened to the present Prime Minister of England and to the governor of the Bank of England, and I heard the governor of the Bank of England declare:

> We are glad as bankers, and I speak for the Bank of England and for the bankers of England, for the measure of freedom which we enjoy in this country. We shall exercise that freedom in the only proper way that we can, and that is in support of the government; and if the government through the proper channels will make known to us its policies and what they wish us to do in augmenting those policies, we will in good will and loyalty comply with those requests, as though we were compelled so to do.

There is not a policy of legal domination; but I am satisfied that if the banks of England failed to cooperate with the government in the prosecution of its policies, nationalization would follow without delay, because I am sure that to-day in England neither the House of Commons nor—whatever may have been its constitution in the past—the House of Lords is controlled by the gold mongers and debt dealers of Lombard street. They have made the monetary system in England the servant of the British government and the British people, and the bankers in acquiescing are now finding that government directed policy and a new reconstructive program, with cooperation between the banks and the government, are infinitely better, even for the banks, than the more restricted policy of their own design.

The Macmillan report, if it is read correctly, was a major report looking to international trade recovery through international cooperation. But if international recovery and cooperation did not come, then it looked to government spending and government control, with a managed currency system. They said that it was not possible or indeed practical to regard our monetary system as an automatic system grinding out the right result by the operation of some well-worn rules of thumb. We were told by the Minister of Finance that the major weapons of the central bank to control the volume of credit and currency in the country are the rediscount rate and the open market operations. Well, the automatic system, whereby the chartered banks were supposed to create and issue, and circulate or withdraw bank deposit money according to changes in the volume of Bank of Canada bills issued, was abandoned. They found it would

not work, and the automatic system gave way to what is now recognized—the Minister of Finance himself admitted it—as a managed paper standard in which the value of the currency is not maintained and stabilized by convertibility into gold but is maintained by management on a basis of supplying the demand which the progress of the nation asserts.

Mr. DUNNING: Which is exactly what we are doing to-day.

Mr. McGEER: Then why is this nation embarrassed for want of money in every department of government?

Mr. DUNNING: It is not.

Mr. McGEER: Yes, in the provincial governments and municipalities as well. Why have a confiscatory taxation system? Why can we not build highways to serve the tourist trade? Why can we not get on with the rehabilitation of the railways? "No money" is the cry everywhere.

Mr. DUNNING: My hon. friend quotes England. Will he tell us what England is doing with respect to that matter? He quotes England one minute and then comes back to me.

Mr. McGEER: Let me tell the Minister of Finance this. During the last five years England has spent $5,000,000,000 on battleships and guns, and in addition to that huge expenditure she carries her line of communication from the heart of the empire down through the Atlantic, past Gibraltar, through the Mediterranean into Palestine and Egypt and into almost every part of Europe, on through the Red sea and across India to her great base at Singapore and on to Australia and New Zealand.

Mr. DUNNING: That is not answering my question.

Mr. McGEER: She is carrying that load of responsibility and carrying it successfully. Well, then, let me ask the Minister of Finance this question: If England can invest $5,000,000,000 in battleships and guns which can never return a dollar of profit, why cannot we invest a few hundred millions to put unemployed Canadians to work building highways which will return the greatest profit in any department of trade that we can develop? The Minister of Finance says that I quote what England has done. Well, England pays the entire bill for unemployment relief. England pays the entire cost of health insurance and much of the health service.

An hon. MEMBER: By taxation.

[Mr. McGeer.]

Mr. McGEER: Not by taxation. She balanced her budget this year by borrowing over $623,000,000. The situation in England is much different from ours. England must import food; she must import the means of shelter; she must import materials for industry; she must import materials for armaments; she must buy her gold abroad. In Canada we produce all these things, far in excess of our own needs, with an exportable surplus that gave us a favourable balance of trade of $627,000,000 according to the budget speech.

Mr. DUNNING: No, no.

Mr. McGEER: How much was it?

Mr. DUNNING: Balance of payments.

Mr. McGEER: Well, I think that included tourist trade and physical trade and sale of gold, making up $627,000,000. But whether it was balance of payments or balance of trade does not make much difference; it was a gross international trade, gross revenue bigger than our total national expenditure. Yet England, facing an unfavourable trade balance, an unfavourable balance of payments—

Mr. DUNNING: No.

Mr. McGEER: Well very close to it, a very small margin. My figures show that at the present time she is suffering an actual unfavourable balance. If England can do what she is doing under a managed currency system, why cannot we, in our more favourable position, do more than we are doing? The reason I am presenting these facts is in the hope that the government, having the present major weapon, may see its way clear to establish, not the mere ownership of the Bank of Canada, but such public ownership as will make it possible for that bank as an independently controlled arm of government, free as far as possible from partisanship, to be an effective instrument in maintaining effective circulation in the country.

I have said that the management of bank rate policy, that is both bank rate and open market operations, is recognized as obsolete in Great Britain. That was confirmed in the March, 1938, letter of the Royal Bank of Canada, which states:

> The Right Hon. Reginald McKenna, chairman of the Midland bank, pointed out that between 1925 and 1931 there were sixteen changes in the bank rate, but that in the last five and a half years the rate had remained stable at two per cent. Since the rate no longer constitutes the chief instrument of control this comparison may not have great significance. Mr. McKenna added that "Under monetary control bank deposits rose from £1,800,000,000 in 1931 to nearly £2,300,000,000 in 1937." Mr. McKenna also added "A few

years ago the very conception of a purely managed currency was something new. In the light of our present knowledge a managed currency can no longer be regarded as a mere temporary makeshift while the gold standard is in abeyance.

Dealing with another phase of the inadequacy of bank rate policy, which includes open market operations, the Macmillan committee report says, in section 221, page 98.

For consider how bank rate policy works out in such a case. Its efficacy depends in the first instance on reducing the profits of business men. When in the effort to minimize this result, output and employment are contracted, it depends on decreasing the amount of business profits and increasing unemployment up to whatever figure is necessary to cause business men either to decrease their costs by additional economies or to insist on, and their workers to accept, a reduction of wages. But public opinion does not easily acquiesce in such a process. And the reduction, if and when effected, will fall unequally and unfairly on those sections of the community who are least protected by contract, least able to defend themselves, and often least able to afford the sacrifice.

Mr. DUNNING: Hear, hear.

Mr. McGEER: The Minister of Finance says, "Hear, hear," but we were told that that was one of the major weapons of control by which we regulate the volume of credit and currency in the country. As I have pointed out, that is the only power you have under your present system of control. I commend that section to hon. members to read for themselves; they ought to be able to read it as well as myself. The section goes on:

Moreover, those who are in charge of our monetary system will, naturally and excusably, be reluctant to carry through so ruthless a policy to its proper conclusion, with the result that we may continue for a long period in a depressed condition with severe losses and severe unemployment and yet with not enough of both to compel by force majeure the necessary readjustments of incomes.

Moreover, once such a condition of depression has become firmly established, a policy of dear money will no longer be necessary to ensure its continuance for it will contain within itself the seed of its own perpetuation.

What was the alternative suggestion as to the control that should be exercised? If hon. members will go through the report, they will find at page 136, section 316, this statement:

The decline of new enterprise has reacted adversely on profit and prices, and the low level of profits and prices stands in the way of new enterprise.

It is for that reason that some of us think that in the domestic field it may be necessary to invoke governmental enterprise to break the vicious circle.

What is the governmental enterprise that has been invoked in England? Expenditure on social services, a great program of aid to housing, a new program of swelling national defences, a vast program of aid in the rehabilitation of industry, and a thousand channels, even including cooperation with the governments of Canada and New Zealand to subsidize a Pacific ocean service; in all these ways, not by one or two things such as a housing program or a little contribution to municipalities, but in a hundred ways the government has taken control of the monetary system and is putting consumers' buying power into circulation not merely in the form of aid to those in need but as a means of sustaining the economic blood stream of industry and commerce of the capitalistic system that the government of England is charged to sustain, as we as a Liberal party are charged to sustain the industry and commerce of a capitalistic Canada. I say to the government and to hon. members that if we fail to fulfil that sovereign obligation of government, we shall have failed our country at a time when England, after years of experience, has shown the way.

I do not want to be critical. I quite appreciate that in a house consisting of 245 members no man can make any contribution who does not command some respect from his fellow members. I do not want to speak as a crank or one who thinks there is efficacy only in more spending of money. I have no faith whatever in the theories of the social credit party, because I am convinced that the operation of that program would do infinitely more social harm than economic good. In 1934 the Liberal party in this house declared that the control, issue and circulation of the currency and credit of this nation were the most conspicuous and sacred responsibility of government, and that in the exercise of that control the government alone could demonstrate that parliament was sovereign. I believe this parliament is taking a great step forward in the economic history of this nation. The ownership of the Bank of Canada is only a step; the establishment of a policy that will fulfil the terms of that ownership is the next step; but there is no retreating from that step once it is taken. This is the first step in the emancipation of Canadian democracy from the slavery of orthodox finance, a system that has given us the experience of seeing every contribution of science to progress stalemated and set back by what? By a constant increase in our mountain of unpayable, interest-bearing debt.

No man in parliament, no government, no responsible authority should ever disdain the experiences of history. I am free to confess that in monetary history there are many

pages which indicate that the greatest caution must be exercised in the management of a currency to serve a nation. But we are not starting blindly when we follow the lead of England; and by now, after seven years of depression, with riots in our peaceful cities because men claim, whether rightly or wrongly, that they have a desire to go to work, we should know what we are doing. We have jobs in Nova Scotia crying to be done. Why, the highways down in that province, Mr. Chairman, are not built for the cars we are driving to-day, capable of eighty miles an hour. They are built for the horse and buggy or the model T Ford. We have even worse roads in British Columbia. It does not matter where you go in this dominion; there is no national highway system, and that is one of the things in which you can invest successfully. No method of increasing the volume of international revenue offers greater opportunities than the development of a real highway system in the Dominion of Canada. I wonder if we are not amazed to see the premier of my own province going to Washington in connection with the construction of a highway through to Alaska. What will he get with which to build that highway? He will get printing-press dollars, printed by the United States government, that are not backed by any gold reserve; because neither bank deposits nor the printing press currency of the United States can now be converted into gold in that country.

It is all very well to go back to the old story "Why, that would be inflation." On the second reading of this bill I hope to place before the house the results of the inflation established as a possibility on the part of the chartered banks, but I do commend to the Prime Minister and his government serious and fair consideration of my statement to-night that the major weapons of control, by which we were told the government through the Bank of Canada would regulate the volume of currency and credit in the interests of the economic life of the nation, are not effective; because I am satisfied that the majority of the members of the government will not permit that statement to go unchallenged, if my conclusions, from the facts I have analysed to-night, are justified and correct.

Mr. LANDERYOU: I have listened with a great deal of interest to the splendid address delivered by the hon. gentleman who has just spoken. He states that he has no faith in social credit, but I find it difficult to see any difference between the proposals he has given the committee and the principles enunciated by social credit. With him we ask the government to fulfil their pre-election promises. We believe that the ownership of the Bank of Canada, though a step in the right direction, is not sufficient. We listened to the Minister of Finance tell us that the government had established complete control of the issue of money and credit, and we expected that the policy of the bank would be such that money and credit would be issued in terms of public need.

To give a simple illustration of what I mean by issuing credit in terms of public need, I say to the minister that we can and do produce in Canada hundreds of thousands of gallons of milk, more milk than we can possibly consume in this country. On the other hand, throughout the land there are thousands of little children who, these hot summer days, want an ice-cream cone; but because they have not that little round disc that we call a nickel, that has very little actual money value as far as the metal in it is concerned, they cannot have that cone. All we ask is that the children of this country be allowed to have the nickels that are necessary to purchase the ice-cream that we can produce in such large quantities.

As another illustration, I might point to the number of people in this land and in the United States who own motor cars and who desire to visit different parts of this country. They would do so if our highways were greatly improved. There are thousands and thousands of men willing to work on the highways; there are great deposits from which we can manufacture the cement required, and there are plenty of gravel and sand pits available. There is no shortage of material; the only thing we lack is the money or credit with which to pay these men for their contribution towards the development of Canadian highways.

I could cite illustration after illustration to show that the needs of the people of Canada are not being satisfied; with regard to health and education; the needs of municipalities in connection with providing services to the people; the needs of the provincial governments in connection with social services, and so on. We believe that the government should advise the experts, who, the minister says, will staff the bank, so to regulate our monetary system that it will actually reflect our collective ability to produce goods and services in this country.

As reported at page 3903 of Hansard the Minister of Finance is reported to have said:

> There are some, of course, who appear to believe that the government should not pay interest at all or, indeed—

Mr. DUNNING: May I respectfully call the attention of the chair to the fact that the hon. member is now entering upon the budget debate. He is now quoting from my budget speech. Under the rules of the house that speech would come before the house in the budget debate, and I submit the hon. member cannot anticipate that debate on this discussion.

The CHAIRMAN: In my opinion the point of order is well taken.

Mr. LANDERYOU: Then I shall not read it. I simply wished to refer to the statement of monetary policy, and the reference made by the minister to monetary reform in general.

Mr. DUNNING: There will be plenty of opportunity in the debate on the budget.

Mr. BENNETT: So far as the point of order is concerned, there is no reason why he should not read it at this time.

Mr. LANDERYOU: The minister's remarks with respect to monetary reformers was to the effect that he was not going to issue money and credit debt free. He was not going to use the Bank of Canada, or any facilities he might have, to create money to be used to lower the debts of Canada.

Some time ago I asked the government if they had any plan which, if pursued, would pay off Canada's national debt in a period of twenty years, thirty years, or fifty years. The minister answered that it was a matter of government policy, and that he would not answer the question. But that question must be answered. It is a hoary fallacy to believe that we can borrow ourselves out of debt, or tax ourselves to prosperity. The municipal debts of this country are rising at a tremendous rate. Over $1,400,000,000 is owed by the municipalities. The provincial debt is increasing at an alarming rate, and has now reached a total of over $1,700,000,000; the national debt of Canada is over $3,000,000,000, and that amount has been added to in the last fiscal year. In the past we have financed through this debt creating system. The only prosperity we have ever enjoyed in Canada has been during a period when the greatest volume of private and public debt was amassed, and at a time when municipal, provincial and federal governments were spending large sums of money. Under that debt creating system we have a period of prosperity; but once that credit is restricted, and once we have reached the saturation point so far as borrowing is concerned, we have arrived at a critical situation.

To-day many municipalities are bankrupt, and many provincial governments are facing bankruptcy. The federal government claims to have complete control over the issue of money and credit, and I suggest that it provide municipal and provincial governments with debt free money, or at least make provision for lowering private and public debts. We are going to watch with a great deal of interest the policy pursued by the experts who will be staffing the Bank of Canada. Once more I will say that this is a step in the right direction, and we are pleased the government has seen fit to take over the complete ownership of the Bank of Canada. We now await the fulfilment of the promises made by the Liberal party. There might be a difference of opinion as to the methods to be adopted. The suggestions by the social credit group might not be accepted by the Liberal party; but there can be no difference of opinion on the fact that the purchasing power of the people must be raised if we are going to be able to raise the standard of living.

Mr. DUNNING: Would the hon. member be good enough to permit me to introduce the bill to-night. I should like to do so, unless someone else wishes to speak. Hon. members will have ample opportunity to discuss the bill, and the hon. member's right to speak would be preserved until that occasion.

Mr. LANDERYOU: It is almost eleven o'clock. I shall defer any further remarks until the bill is introduced.

Resolution reported, read the second time and concurred in. Mr. Dunning thereupon moved for leave to introduce Bill No. 160, to amend the Bank of Canada Act.

Motion agreed to and bill read the first time.

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

Tuesday, June 21, 1938

The house met at three o'clock.

REPORTS AND PAPERS

CHARGES RESPECTING REMOVAL OF STONE AT KINGSTON TO PROPERTY OF A. E. STANSBURY

Hon. IAN MACKENZIE (Minister of National Defence): As I promised the other evening during the discussion on the estimates of the Department of Labour, I desire to table copy of report under date May 26, 1937, of Major H. Stethem, Royal Canadian

Dragoons, to the staff adjutant, Royal Military College, in regard to the removal of stone; also, dealing with the same subject, copy of night letter, dated June 15, 1938, from commandant, Royal Military College, to Major R. C. V. Bessonette; copy of night letter, dated June 16, 1938, from Major R. C. V. Bessonette to the commandant, Royal Military College, showing that permission was given to remove the stone in question.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 161, for the relief of Marjorie Ruth Nicholson Lowe.—Mr. Walsh.

Bill No. 162, for the relief of Anna Vereszczak Finchuk.—Mr. Jacobs.

SASKATCHEWAN ELECTION

REFERENCES BY MR. BENNETT TO STATEMENTS REPORTED TO HAVE BEEN MADE BY MR. MCNIVEN—QUESTION OF PRODUCTION OF DOCUMENTS

On the orders of the day:

Right Hon. R. B. BENNETT (Leader of the Opposition): A few days ago the hon. member for Regina City (Mr. McNiven) questioned the accuracy of some reports to which reference had been made during the course of debates which took place in his absence. I was not in the chamber when he began his explanation, but I promised that I would produce the documents. I find that under the rules I have no right to produce the papers in view of the fact that the hon. member has denied the accuracy of the report a part of which I referred to. I shall therefore have much pleasure in showing the press reports privately to the hon. member. But I desire to make this statement in view of what took place before I came into the chamber.

THE BUDGET

DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Thursday, June 16, consideration of the motion of Hon. Charles A. Dunning (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Hon. J. EARL LAWSON (York South): Mr. Speaker, one would indeed be insensible of feeling were he not moved by the applause which has just greeted him from all sides of the house as he rises in his first attempt in the role of so-called financial critic of the government. I do most sincerely appreciate the generosity and the expression of goodwill of hon. members of this house.

It was with mixed feelings of gratitude and disappointment that I listened to the hon. Minister of Finance (Mr. Dunning) deliver his budget the other day: gratitude to find that the minister had become converted to so many Conservative doctrines and policies, with which I will deal later, and disappointment to find no provision in that budget to give relief to the hard-pressed taxpayer of this country. The minister's diction was perfect, his articulation modulated, and I admired the agility of mind with which he could take a given set of facts and weave them into an argument to explain the prevailing conditions in this country, when in fact those very facts demonstrated clearly the shortcomings of this government to meet the needs of the people.

I do, however, congratulate the Minister of Finance on bringing down a budget at all. Most of us read in our school books the story of the Spartan boy who stood with stoical face while a wolf concealed beneath his clothes gnawed at his vitals. So long has the delivery of the budget been delayed this year that the business community has become very fearful that the wolf of the laissez-faire policy of this government had consumed the vitals of the government and that we would not have a budget at all. Every year preceding the delivery of the budget there is, for a few weeks, a slackening in business and industry because of the uncertainty of business men and industrialists as to the conditions under which they will have to carry on their business for the ensuing year by reason of tariff or taxation changes. This year that uncertainty has been emphasized and continued until it has grown into a major factor in the slowing-up processes of recovery which were going on in this country while the government was pursuing the mirage of a consummated trade agreement. Later on I shall have something to say with respect to the government's trade agreements.

The minister's explanation of the business decline in Canada during the past eight months or a year, with its consequent result of declining income, must have seemed naive to some of the Liberal members of this house. In order to convey to the country the idea that the policies of this government had saved the dominion from a recession to the same extent as that experienced by other countries, the Minister of Finance made this statement as reported at page 3893 of Hansard:

> In the last four months of 1937, our nearest neighbour experienced a decline in business activity more drastic than that which followed

the collapse of 1929. World production, trade and prices have also declined but less rapidly than in the United States.

Then further on:

In December a moderate decline set in and by April—

That is, of 1938.

—the index of the physical volume of business in Canada was about 9 per cent below that for April, 1937.

I advanced that argument in this house in 1934 when the Conservative party was the government and the Liberal party was the opposition. It was in the budget debate. I compared the drop in the trade of the world and of the United States with Canada, having regard to the peak year 1929, and the year for which we then had statistics, 1933, and comparing the year 1929 with the year 1933 I pointed out to the house that whereas world trade had dropped 68 per cent, and whereas the trade of the United States had dropped 65 per cent, the trade of Canada under the then Conservative government had dropped only 62 per cent. That argument was derisively received by the members of the then Liberal opposition, and one need only read the pages of Hansard to ascertain their criticism of it. Well, what is sauce for the goose is sauce for the gander. If the fact that Canada's business activities have maintained a higher level than those of the United States or the world during 1938 is attributable to the policies of the government in power in this country, then a similar condition which prevailed at the depth of the depression must be credited to the former Conservative government.

It was indeed a consolation to have the Minister of Finance at least converted to the views expressed by the Conservatives some years ago, but I should like to point out that if the policy of a government with respect to internal and domestic problems can make the country more resistant to world forces and conditions, then obviously trade agreements such as that made by Canada with the United States are not helpful in maintaining business activity and employment at a maximum level in Canada. The Liberal policy as advocated in the election of 1935 and as advocated by the Liberals when they were in opposition in this house from 1930 to 1935 was trade agreements and more trade agreements. According to the Liberals, our problems of unemployment and excessive taxation could all be solved if we but went out and made trade agreements, throwing open our domestic market to the different countries of the world. How well I remember the present Prime Minister (Mr. Mackenzie King) standing in his place in this house and condemning the then Conservative government for its alleged policy of economic nationalism. He told us not once but time and time again that our policy of economic nationalism would never solve the problems of Canada and that they would only be solved by trade agreements with the different countries of the world and with the United States in particular. Apparently the Minister of Finance has learned that in times of depression trade agreements are but as aspen reeds. I again quote his words from the budget speech which he delivered last Thursday, as reported at page 3894 of Hansard:

Export trade is the chief medium through which changes in economic conditions in other countries affect the Canadian economy. Up to August last business conditions throughout most of the world had been improving and the world price level had been rising.

Therefore I say that Canada's progress upward from the depths of the depression is attributable to the general advance in business conditions throughout the world and to the raising of the world price level. If further evidence be required, I quote again from the budget speech of the Minister of Finance at page 3897 of this year's Hansard:

All who have listened to this recital of the facts in connection with recent developments in our foreign trade will, I am sure, be impressed with how vulnerable our economy is to the impact of external influences, and there may also be some who will question the wisdom of any substantial reliance upon foreign trade. There is no doubt about the high degree of vulnerability in our position.

So we have the Minister of Finance admitting that if we are to seek primarily to trade our products with foreign countries rather than fabricate and consume them at home we shall be dependent upon conditions in those foreign countries for the maintenance of our internal economy and of our own standard of living. Surely that is heresy to the doctrines of Liberalism.

The Conservative party has never advocated that we in this land should be economic nationalists, but we have advocated that to the extent that it is possible to consume in our own domestic market the things which we can produce economically, that domestic market should be protected, and every producer and every manufacturer in Canada should have an equal opportunity to sell his products in his own home market. To the extent that we produce more than we can consume, Conservatives have advocated the negotiation of trade agreements whereby we might accept products of other countries which we cannot produce economically in exchange for the surplus of our own products. Thus

it will be seen that the Conservative policy lessens to the greatest extent the degree of vulnerability resulting from economic conditions in foreign lands, and provides, having regard to world conditions, a maximum of employment for Canadian workers in Canadian factories fabricating Canadian products, and a maximum price in our own markets for our own natural products.

The minister stated that the Canadian economy was not showing any weakness which required corrective processes during 1937. He based the statement on the fact that the rate of decrease in employment was not as rapid as the rate of decrease in the physical volume of business. He said, as recorded at page 3898 of Hansard:

In each of the last two years I have had to refer to the failure of employment to keep pace with the striking gains in business activity and to point out that this was a condition usually met with in the early stages of recovery from business depression. I am therefore pleased to be able to report that during 1937 the increase in the volume of employment was for the first time since 1929 more rapid than the rise in industrial production, and also that since the downward trend in business began last December employment has declined less rapidly than other business indices.

That condition does not reflect strength in the Canadian economy. Increase in employment always trails increase in business activity, and likewise decrease in employment always trails decrease in business activity. If the Canadian domestic market has a given consumption, the moment the goods of the Canadian manufacturer begin to be displaced in that market he does not immediately discharge his employees or some of them. He first endeavours to compete by increased production without increased cost of production, or alternatively he still hangs on producing goods for a while in the hope that the recession is only temporary. That is the reason why we did not feel the impact of the trade agreement made by this government with the United States in 1936. It was not until it got into full swing in 1937 that it began to affect our employment and our Canadian economy.

Some hon. MEMBERS: Oh, oh.

Mr. LAWSON: My friends may laugh, but I will give some figures in a moment. When United States manufactured goods were first given greater opportunities in our domestic market our industrialists endeavoured to meet that competition. The lapse of some months having proven that they could not meet the competition, you have had for the last eight months or a year a constant slowing up of employment in industry, and that slowing up will continue and be accelerated as the operation of the Canada-United States trade agreement becomes more effective. Already you have had a slowing up, as the minister pointed out the other day, the index of employment in this country on October 1, 1937, being 119·6 and on May 1, 1938, 111·5.

The foregoing leads me to a discussion of the trade agreements made by this government. The Minister of Finance has endeavoured to establish the paternity of this government for the empire trade agreements. Again I quote his words, as found on page 3925 of Hansard:

Since the present administration came into office, Canada has been a contracting party to the two most comprehensive trade agreements that have been concluded since the great war. Our agreement with the United States in 1935 and our agreement with the United Kingdom in 1937 resulted in the reduction of effective duties on a wide range of Canadian imports. They also secured the enlargement and consolidation of marketing opportunities for Canadian exports in the two biggest import markets of the world, which in the last calendar year took between them about eighty per cent of Canada's total exports.

Mr. DUNNING: It sounds pretty good.

Mr. LAWSON: It does sound good. But I propose for a few minutes to consider these two trade agreements, not as to their collective results, but as to the results which have flowed from each.

I have previously stated that the trade agreement made by this government with the United States is contributing to unemployment in this country. Now let me consider the figures in connection with the United States trade agreement. My recollection is that the trade agreement came into effect on January 1, 1936, and was adopted in this house in May of that year. Well, I take the exports from Canada to the United States, excluding gold, for the year ended March 31, 1937, and I find that they aggregate $364,354,990. Our exports to the United States for the next succeeding year, ended March 31, 1938, amounted to $343,250,669, a decrease of $21,104,321. Now let us look at our imports from the United States. For the year ended March 31, 1937, these imports amounted to $393,720,662. For the next succeeding year, ended March 31, 1938, they amounted to $487,328,980, or an increase of $93,608,318. In other words, while our exports to the United States decreased by $21,000,000 odd, our imports during the same period from the same country increased by $93,000,000 odd. If hon. members care to examine the book from which I obtained my figures, namely "The Trade of Canada, April, 1938," as issued by our own bureau of statistics, they will find an almost unbroken record for the last year, of our

imports from the United States increasing month after month. No wonder this government is struggling to make a new trade agreement with the United States to avoid the complete destruction of the Canadian market as a result of the last agreement they made with that country.

Now for a few moments let us turn to the empire trade agreements. I was unable to obtain from the bureau of statistics a compilation of figures for exactly the same period of time as those relating to the United States, but I got them to within a month of it. So the figures I am about to give end with the month of April in each year instead of the month of March. Our imports from the British Empire during the twelve months ended April, 1937, amounted to $201,539,570. and our imports for the next succeeding twelve months, ended April, 1938, amounted to $231,208,159. In other words during that year our imports increased by $29,668,589. Now let us look at our domestic exports to the British Empire. For the twelve months ended April, 1937, our domestic exports amounted to $502,290,701. For the twelve months ended April, 1938, they were $519,659,942, showing an increase in our domestic exports to the British Empire of $13,369,241. In other words, while our exports to the United States under the Canada-United States trade agreement decreased by $21,000,000 odd, our exports to the British empire increased by $13,000,000 odd. When one contrasts the benefit of the empire trade agreements to Canada with the detriment of the United States trade agreement, is it any wonder the Minister of Finance on behalf of the government refers to the empire trade agreement as "our agreement with the United Kingdom in 1937"?

The empire trade agreements were made originally by a Conservative government under the leadership of the present leader of the official opposition (Mr. Bennett), in 1932, for a period of five years. They were renewed by this Liberal government in 1937, without any substantial or material change in a single principle.

Mr. BENNETT: Having voted against them in 1932.

Mr. LAWSON: The minister says "our agreement with the United Kingdom in 1937." Shall I ever forget the attitude of the Liberal party in this house and this country at the time of the negotiation of the empire trade agreements? Do you remember how the Liberals derisively upbraided the present leader of the official opposition and referred to "blasting a way into the markets of the world"? Do you recall how the leader of the official opposition was accused then of driving a hard bargain, of lacking in patriotism because he asked from empire countries a quid pro quo for concessions in our tariff? Shall I ever forget that in the final analysis every member of the Liberal party but one rose to his feet in this house and voted against the empire trade agreements? And now the Minister of Finance boasts of "our trade agreement with the United Kingdom in 1937."

A few moments ago I mentioned the criticism levelled against the leader of the official opposition because he had bargained with the United Kingdom and British commonwealth countries in connection with the trade agreements. As I sat in my seat last Thursday and listened to the words of the Minister of Finance I could hardly believe my ears, for this is what he said, at page 3925 of Hansard:

> —"Canada cannot give to-day and bargain to-morrow." It is even more true, Mr. Speaker, in the world as it is to-day that unilateral tariff reductions will not get the wider export markets which our products need and which the government is securing for them.

Surely this is complete conversion to Conservative doctrines and Conservative policies. The pages of Hansard are replete with declarations by the late Sir Wilfrid Laurier that the policy of the Liberal party so far as empire countries are concerned is to make unilateral reductions in tariff and trust to the other commonwealth nations granting us corresponding benefits in their markets. How often have I sat in this house and listened to the present Prime Minister rail against the bargaining policy of the leader of the official opposition and the Conservative party; yet in this budget the official spokesman for the Liberal party says, "Canada cannot give to-day and bargain to-morrow." What? Desertion of unilateral tariff reductions? This is more heresy to Liberal doctrines and Liberal policies. It seems to me I have a recollection of a budget brought down by the same Minister of Finance in this house in 1930. My recollection is that Canada gave unilateral reductions in her tariff in favour of the United States, and this very same minister valiantly defended that action.

Mr. DUNNING: The hon. member is mistaken; it was the United Kingdom.

Mr. LAWSON: The Minister of Finance says "no."

Mr. DUNNING: It was the United Kingdom, not the United States.

Mr. LAWSON: I think I understated it a little bit, because in addition to giving them

to the United Kingdom this country did give unilateral tariff reductions which applied not merely to the United States but to all countries. Can I for a moment forget cast-iron pipe and cut flowers? I heard that so often in the house I know it was a unilateral tariff reduction.

Long before I had personally met the Minister of Finance or had come under the influence of his urbane personality I had heard of him by reputation. I had heard of him as the great free trade Lochinvar who was coming out of the west to teach us of the east the economic doctrine of free trade, which was to sever all our chains of bondage to tariffs and bargaining trade agreements. Oh well, I suppose we of the Conservative party should be happy that the virtue of the Conservative policy has at last converted the Minister of Finance to a declaration that "Canada cannot give to-day and bargain to-morrow."

The minister told us when he came to the question of interest rates that the burden of interest upon the Canadian people had been reduced gradually by voluntary conversion operations resulting last year in a decrease of $5,592,000 in the amount of interest payable by the Canadian people. And he pointed out that by this method, as contrasted with an arbitrary cut in interest rates of 22½ per cent in Australia, Canada had benefited. The minister pointed out that the average rate of interest on Australian outstanding debt was decreased, by the arbitrary method adopted by them, to the extent of 25·1 per cent, while Canada's average interest rate, by reason of the voluntary method adopted by us, had been decreased by 29·1 per cent. In other words, the method of voluntary conversion and refunding was much more beneficial than the arbitrary method in relieving the taxpayer.

Again may I point out that this government is merely carrying out the policy inaugurated by the Conservative party, when we were in office prior to 1935. It was no easy task in those days for the former Conservative government to resist pressure from opposition members in the house, because we were in dark days of depression. The pressure brought to adopt the policy of arbitrarily cutting interest rates was very heavy. But let us not forget that it was a Conservative government which steadfastly refused to subscribe to a policy of repudiation, and to-day the people of Canada are reaping the benefit of that stand.

Let me for a moment or two turn to the tariff changes. The budget contains none.

[Mr. Lawson.]

At page 3925 of Hansard the minister is reported as follows:

> For reasons which I believe will commend themselves to the house, I am not proposing any amendments to the customs tariff in the present budget resolutions.

I do not know whether the reasons for the failure to make tariff changes will commend themselves to the house, but I am pretty confident the reasons will not commend themselves to the people of Saskatchewan. I am confident the people of Saskatchewan will now come to the same conclusion as that to which many hon. members had previously come, that despite the injury which might be done to Canadian business by delay in bringing down the budget, this budget with no tariff changes in it would not be received until after the electors in Saskatchewan had gone to the polls.

I am sure the reasons will commend themselves to the hon. Liberal member for Brantford City (Mr. Macdonald) and to the hon. Liberal member for Renfrew South (Mr. McCann), in view of the speeches they made in the house in favour of the maintenance of the tariff on agricultural implements and cream separators. But I wonder if the reasons will commend themselves to the hon. Liberal member for Lake Centre (Mr. Johnston) who, in advocating reduction in the tariff on agricultural implements, is reported as follows at page 1243 of this year's Hansard:

> Serious consideration should be given to the matter of removing all duties on the general line of farm implements.

I am wondering if the reasons will commend themselves to the hon. member for Portage la Prairie (Mr. Leader) who, speaking with respect to the tariff on agricultural implements, is reported to have said the following at page 2403 of this year's Hansard:

> The present tariff of 7½ per cent is the lowest on record, if excise taxes and some other imposts put on through the regulations of the revenue department are not taken into account. But in the face of this reduction in the tariff we find the implement companies increasing their prices in 1936, and again in 1938. To me this looks like a challenge to the parliament of Canada. What are we going to do about it?

In his budget speech the Minister of Finance answers, "For reasons which will commend themselves to this house,"—nothing. And again, the same hon. member for Portage la Prairie is reported in these words at page 2416 of Hansard:

> We maintain that there is a great difference between the two old political parties on the tariff. The Conservatives stand for high protection, and the Liberals for low tariff; if there is no difference between a low tariff and a high tariff we should know it, and the way

to find out is to strip these companies who have defied parliament of all tariff protection, and let them stand on their own feet.

To the hon. member for Portage la Prairie this budget will be an awakening. Those of us who are on the Conservative side realized years ago that the Liberal party when out of power preached freer trade in western Canada and tariffs in eastern Canada, but that when in power it nibbled at the tariff a little bit here and a little bit there, with respect to certain industries, thus unbalancing the whole protective structure of the country.

I wonder if the reasons will commend themselves to the hon. member for Huron North (Mr. Deachman) and the hon. member for Halton (Mr. Cleaver). The hon. member for Halton is reported at page 2611 of this year's Hansard as follows:

As to the 7½ per cent duty on implements—

He was referring to agricultural implements.

—I would be quite content that it should be referred to the tariff board for hearing, but I submit, Mr. Speaker, that the evidence would abundantly justify the entire removal of the duty.

Will the reasons commend themselves to the hon. Liberal member for Macdonald (Mr. Weir) who said, as recorded at page 2571 of this year's Hansard:

And lastly, because of the monopolistic character of the industry, and also because the tariff is being belittled as a price-governing factor, the government should remove the duty and thus allow the freest competition possible so far as prices are concerned.

I wonder if the reasons will commend themselves to the hon. member for Lisgar (Mr. Winkler) or to the hon. member for Dauphin Mr. Ward). The latter member is reported on page 2636 as having said with reference to the Minister of Finance:

I hope he will wipe out the duties on farm implements, and also on cream separators. I hope he will go a long, long way—as far as he has ever gone before—in reduction of tariffs.

What disillusionment there has been for the hon. member for Dauphin, and what a blight to his hopes!

Mr. FRASER: They will still vote for the budget.

Mr. LAWSON: Those are the truest words that ever were spoken. That interjection by the hon. member for Northumberland (Mr. Fraser) proves completely the point I made a few moments ago as to what they preach in the west and what they preach in the east. The hon. member interjects, "They will vote for the budget." Of course they will.

I cannot leave this subject without asking if the reasons will commend themselves to the hon. Liberal member for Melville (Mr. Motherwell), the former Minister of Agriculture in the Liberal government. He said, as is reported on page 2667 of Hansard:

I should judge from the speech of the Minister of Agriculture, however, that the interpretation thereof is that the government is considering the matter very carefully—

They were dealing with agricultural implements.

—and is evidently on the point of some important decision with respect to it.

Well, we have the important decision—do nothing. Is it any wonder that the electorate of this country is deceived when the former Liberal Minister of Agriculture cannot interpret clearly the words and policies of the present Liberal Minister of Agriculture?

No record in this matter would be complete without reference to the hon. Liberal member for Rosthern (Mr. Tucker). That pleasing and voluble gentleman has just returned to this house from his crusade in Saskatchewan on behalf of the provincial Liberal party.

An hon. MEMBER: Successful.

Mr. LAWSON: Yes, it was successful. I am ready to give him credit for that if you will just bide your time. The hon. gentleman returned with a fresh laurel wreath upon his brow. He made a plea to this Liberal government in connection with the tariff on agricultural implements. Let me read what is reported on page 2674 of Hansard of this year. He said:

I beseech the house to pass this report. I suggest that the government go further and take the duty off agricultural implements. They should then watch things very closely, and if prices do not come down at least to a figure comparable to prices in 1932,—

Mark you, that was when a Conservative government was in power.

—when costs were lower, other decisive action should be taken to see that justice is done to that fundamental industry which is now so depressed in this country, the farming industry.

I am afraid my hon. friend will have to doff his new laurel wreath, hie him back to the province of Saskatchewan and use all his eloquence and persuasion this summer to convince the electors of that province of the soundness of the commendable reasons of the Minister of Finance for not reducing the tariff on agricultural implements.

This budget is outstanding, not for what it contains, but for what it does not contain. No provision of any kind is made therein for the domestic policy, discussed by the Minister of Finance, which will create for Canada an internal economy capable of resisting in a

large measure the shock and impact of financial and economic conditions in other countries. It was at least gratifying to learn from the budget that the Minister of Finance realized that it was necessary to have a policy in respect to internal problems. I quote him again, as reported on page 3897 of Hansard:

> A fundamental fact that in this modern world no nation can live unto itself alone does not lessen, indeed it reinforces, the necessity for Canada to devote its maximum energies to the solution of its own internal problems. Concentration upon its domestic problems is the primary duty of any nation.

Fine sounding words and a pious declaration! What has this government done about it? The government has been in office three years. It has brought down three budgets. We are now at the end of the third session of this parliament, and what, I ask, has this government done to meet its primary duty of solving our domestic problems? The answer is—nothing, except a belated housing scheme brought down within the last three weeks, combined with an exemption from sales tax, provided in the budget, on the major commodities used in the building industry and even this scheme with respect to housing cannot become effective until the legislatures in the different provinces have met.

If I were to ask the women of this country, particularly the married women who have the responsibilities of a family, what they most desired in this life, I am confident that after mature consideration they would answer —security. They want security for the home; security for the job of the husband; security for a continuation of income into the home when the husband is out of employment; security for their children as to the possibility of profitable employment on attaining a working age. Surely that is a domestic problem which should be the primary duty of any government. What has this government done about it? Nothing.

If I were to ask the youth of this land what was their primary desire in life, I am confident that, after mature deliberation, they would answer—a chance, or an opportunity. They want a chance at a job; a chance to earn a living; a chance to marry; a chance to have a home; a chance for advancement in the social strata as a reward for merit. Surely the solution of that domestic problem is the primary duty of any government. What has this government done about solving that problem? Absolutely nothing, except a very limited youth training project.

If I were to ask the farmers of this country what they most desire, I am confident they would answer—a steady market with a reasonable price level. Obviously you cannot give them a steady market with a reasonable price level by trade agreements, because then you are affected always by the conditions in foreign lands. The present operation and effect of the trade agreement made by this government with the United States conclusively proves the instability of a foreign market so far as maintaining prices in Canada is concerned. Foreign markets are all very well for our surplus products, but let the farmers of this country never forget that the finest market they will ever have, with the steadiest level of prices, is the hungry mouths of the city workers and factory toilers in this country, provided they have the pay envelopes from which to purchase farm products. What has the present government done to obtain for the farmer a steady market and a reasonable price level? Just nothing.

Supporters of the government will say to me—I am surprised that they have not already done so—"Well, what do you propose should be done to fulfil the primary duty of the government to the nation to solve its domestic problems?" I frankly admit that at this time and on this occasion, with a great Conservative convention to be held within two weeks which is to determine the policy of the Conservative party, I am not at liberty to enunciate a policy on behalf of the people of the Conservative party. But this I do say: if you are to give security to the women and the workers in this land, if you are to give an opportunity to youth, if you are to give a reasonably stable market with reasonably consistent prices to farmers, you must wipe out the growing spirit of provincialism and sectionalism in this country and you must obtain a maximum of cooperation between the provincial governments and this dominion government and a unity of purpose of the Canadian people.

During the campaign of 1935 I heard a great deal about the cooperation that this government was to obtain between the provincial governments and the dominion government if the Liberal party were returned to power. Need I quote the speeches of the present Prime Minister when he went about this country and said to the people, "You have a Liberal government in power in all the provinces but one, and if you elect a Liberal government to power in the dominion you will then have governments with common ideals and common policies; you will get a maximum of cooperation; we shall be able to sit around a table in conference and agree and find a solution of your problems." Well, were they able to obtain cooperation? Were

they able to obtain an agreement for the necessary amendment to the British North America Act, which amendment could have preserved every minority right in this country and yet have allowed a national law for unemployment insurance, for minimum wages and for maximum hours of labour? They were not. Have they have been able to get cooperation from the Liberal government of Nova Scotia to facilitate the marketing of coal mined in that province, in the thickly populated centres of Ontario and Quebec? They have not.

An hon. MEMBER: They have.

Mr. LAWSON: No, they have not, if the hon. member will permit me. You have not changed the statutes one whit since you came into office. Has this government been able to get cooperation with the Liberal government of the great industrial and agricultural province from which I come, the province of Ontario? So estranged is the government of that province from the government of the dominion that the Liberal premier of Ontario publicly declares that he is no longer a Mackenzie King Liberal. No, if cooperation is essential to the performance of the primary duty of any government to solve the country's domestic problems, it will never be accomplished by this government.

Now, in concluding, let us consider for a few minutes the financial aspect of this budget. Canada is labouring under a terrific burden of debt and taxation. If we add together the taxation imposed upon our people by the dominion, by provinces, by municipalities, by school boards and other taxing bodies, the figures which result are astronomical. I saw recently in some publication—I cannot vouch for the accuracy of the figures, but I believe they are correct—that out of a national per capita income of $347 a year in Canada the taxation by governmental bodies was $97 per capita. That means that 28 per cent of the per capita earnings of the Canadian people are paid in taxes each year. True it is that this dominion government cannot control the taxation of other taxing bodies, but surely this government can set an example and give encouragement to other taxing bodies by some effort at making tax reductions of its own.

One of the fourteen pledges of the present Prime Minister to the electorate in his campaign speeches of 1935 was that there would be retrenchment in public expenditure, a reduction of the principal of the public debt, and a reduction in taxation. What has the government done about it? Let us look at the record as shown by this budget.

According to the figures given us by the Minister of Finance, the total revenue collected by this government in the last fiscal year is the largest ever collected by any government in this country in the same period of time. I want to compare the figures at the end of the fiscal year, March 31, 1938, with those at the end of the fiscal year, March 31, 1936. I pick 1936, Mr. Speaker, because this government was elected to power in October, 1935, and took office in November.

Mr. MACKENZIE (Vancouver): October.

Mr. LAWSON: Was it October or November, 1935?

Mr. MACKENZIE (Vancouver): October 23, 1935.

Mr. LAWSON: I do not think that they can be held accountable for any collection of taxes for the remainder of that fiscal year.

The total revenue collected by this government for the fiscal year ended March 31, 1938, was $516,692,000. Now let me take the corresponding figure for the last year in which the Conservative government was in office. The total revenue collected for the year ended March 31, 1936, was $372,596,000. The government collected last year in taxes—I should not have said, in taxes, but in revenue—

Mr. DUNNING: That is better.

Mr. LAWSON: —$144,096,000 more than the Conservative government in its last fiscal year of office, ended March 31, 1936. And the government tell us, according to this budget, that this year they will spend the vast sum of $530,000,000.

I gave the revenue from all sources. Let me now give the revenue from taxes collected by this government, and I take the same period of time. The revenue received by this government from taxes upon the people for the fiscal year ended March 31, 1938, was $448,652,000; the revenue collected from taxes for the fiscal year ended March 31, 1936, was $317,312,000. If you subtract one from the other you obtain the result that this government collected in taxes from the people for the fiscal year ended March 31, 1938, the sum of $131,340,000 more than was collected for the fiscal year ended March 31, 1936.

An hon. MEMBER: It means an increase in business.

Mr. LAWSON: I do not want to interfere with the continuity of my speech or I would answer the hon. member right now.

Not only has the government collected more taxes but it has spent more money. I wish to read a few figures, and to be fair I will omit from them all capital expenditures, all expenditures upon unemployment and agricultural relief. I find that the government spent in controllable expenditure for the fiscal

year ended March 31, 1938, $410,954,000 and that the ordinary expenditure, controllable, for the year ended March 31, 1936, was $372,539,000. If you subtract one from the other you obtain the result that this government has increased controllable expenditure during the last fiscal year by $38,415,000; and yet in 1935 one of the fourteen points in the platform of the present Prime Minister was retrenchment in expenditures, reduction of the public debt, and reduction in taxation. Under this government, therefore, the people must struggle along with an ever-increasing burden of taxation.

And now I will answer my hon. friend who said that these increased taxes came from increasing business. Another promise in the Prime Minister's fourteen point program was reduction in the sales tax. In his campaign speeches the Prime Minister decried the fact that the sales tax had once been one per cent and that in 1935 it was six per cent, and he pledged his party, if it were returned to power, to decrease the sales tax. His exact words were that he would cut or drastically reduce the sales tax. Well, he fulfilled that pledge by increasing the sales tax the very first session his government was in power, increasing it from six per cent to eight per cent; and at eight per cent it still remains.

With a view to giving impetus to the building industry this budget exempts from the sales tax some of the principal products used in the construction of houses. That should prove a benefit to a part of the construction industry and I sincerely hope it will. But I will put this question to the Minister of Finance: If the abolition of the sales tax in respect of materials going into the building industry will give an impetus to the building industry, is it not obvious that a reduction in the sales tax would be a boon to industry in general? But it would be more than that. It would be a boon to every citizen in this land, because it would increase his purchasing power. Every time a man buys a dollar's worth of boots or clothing, or any other articles, food or necessities, more than eight cents of that dollar goes to this government in taxes because of the pyramiding of the sales tax.

I well recall how the Conservative government was condemned for imposing a sugar tax upon the people because it was said that it was a burden upon the poor. What has this government done about it? After three years of Liberal government, three budgets and three sessions, we still have the burden of the sugar tax upon the poor. I cannot refrain from reminding the house that during the campaign of 1935 the Conservative government was upbraided from every platform for having put on an excise tax of three per cent. But after three years of this Liberal government, three sessions and three budgets, we still have the excise tax of three per cent. I can, however, hold out a hope to the Canadian people; I can hold out to the Canadian taxpayer the hope that this government, being compelled in the ordinary course of events to account to the electorate in 1939 and again to seek their votes, will reduce many of these burdens in the expectation of being able once more to delude the electorate with promises of a happy future.

As I pointed out a few moments ago, this government collected from the people of Canada in the last fiscal year $131,340,000 more in taxes than the Conservative government collected in its last year of office. This government has the doubtful honour of being the greatest tax collector in all the history of Canada since confederation. They are distinguished for the combination of a laissez-faire, do-nothing policy and the extraction from the people of Canada of the largest amount of taxes ever collected. Therefore, Mr. Speaker, I move:

That all the words after "that" in the said motion be struck out and the following substituted therefor:

"This house regrets that the financial proposals submitted by the Minister of Finance for the fiscal year ending March 31, 1939, fail to make adequate provision for reduction of the excessive burden of taxation now borne by the Canadian people.

Mr. R. J. DEACHMAN (Huron North): I desire to extend to my hon. friend the member for York South (Mr. Lawson) my congratulations on the speech which he has just delivered. He has followed the admirable tradition of the Conservative party which ever since confederation has presented its views with ability and steadfastness to the people of Canada. I am not quite certain whether a Conservative party needs a Liberal party, but I am absolutely positive that a Liberal party needs a Conservative party. I have always held to that point of view. And now I congratulate them again upon their having another convention in order to reorganize their party and do something better than they have done in the past. Years ago, as the date of a Conservative convention approached, I wrote an article in which I expressed my hopes for the prosperity of the Conservative party. I want to give the house to-day the first paragraph of that article, because history has a tendency to repeat itself, and the words I then wrote need only one change, the substitution of Ottawa for Winnipeg as the place of the convention:

Not for worlds would I attempt to call the dead to life for vain purposes. A Conservative party has a place in Canada. Breeching is needed in a set of harness as well as tugs—a fish line has a sinker as well as a cork. Lloyd George remarked not long ago that every man has a little House of Lords in his own mind. So long as Conservative instincts survive there will be need for a Conservative party. We cannot have joy without sorrow, the lilt of laughter without a background of tears, or pleasure without pain. When Conservatism dies Liberalism may prepare its own epitaph. All good Liberals should pray for the success of the Winnipeg convention. Liberalism in Canada needs a Conservative party. It needs something on which it may sharpen its weapons —better far that Liberals should be temporarily submerged in an open fight, with sword in hand and visor down, than that it should pass out in the inglorious occupation of twiddling its thumbs.

Having listened to our distinguished friend this afternoon, I would say there can be no possibility of death by that route. We have in the Conservative party one leader at least who stands by the old traditions. His attitude to-day was perfect. It was the same remedy as was offered in 1878; it was 1930 repeated over again; it was emphasis piled on emphasis to suggest that what this country needs is more conservatism, more high tariffs, reliance upon our home market, development of our home industry, and nothing else.

The hon. member spoke of our vulnerability, from the trade standpoint, our danger from outside nations. He thought invulnerability would be secured if we piled our tariffs high enough. I wonder if he happens to recall the existence of a nation called the United States of America. It is a near neighbour of ours, and is sometimes quoted in Conservative literature. Does he recall the fact, which I think I have mentioned once before in this house, that in the campaign of 1930 the right hon. leader of the opposition (Mr. Bennett) in one of his great efforts referred to the progress of the United States, and said: We see her now marching forward to the tune of America first; and then a few short months later the only tune heard across the line was: Brother, can you spare a dime? I wonder if he recalls that when the depression came, the United States of America was the first to face the crash. We passed through a period of depression, moved upward in the scale towards a greater measure of prosperity, and then there came another recession or depression. Who led in that downward march? Again the United States of America. It had placed its reliance upon tariffs; it had built for invulnerability and made itself the most vulnerable nation in the world. I wonder whether, looking over the map of Europe to-day, he will recall that the peoples with the highest tariffs are the peoples who are now under despotisms—a natural and obvious route, inescapable, because the removal of tariffs raises the standard of living, and when the standard of living sinks below a certain level there is a tendency to revolt and to try something else. So some of the greatest protectionist nations, frequently pointed to in the past as among those which had made the most progress under protection, now stand, as Germany and Italy, unable to carry on a democratic government, facing difficulty and creating a strong disturbing influence in the world.

The hon. member referred to the development of home industry, his main argument for protection, I propose to cite the income of the Dominion of Canada at the present time; and no matter what has happened, the income seems to be doing fairly well. In 1930 the total income of the Dominion of Canada was 5,173 millions of dollars. In that year the Liberals of Canada went out of office because the income was not large enough. The Conservative party came in, and the income dropped to a low level of 3,193 millions of dollars in 1933. When I hear a speech such as that delivered by my hon. friend this afternoon I wonder why in those solemn years he did not call upon his gods to arrest the decline of two billion dollars in income in those three years. If a high tariff means something, why did the tariff not work? I wonder what was the reason. Yet I got a suggestion of a possible answer from my hon. friend this afternoon. He told us that it took some time for the reduction in tariffs against the United States to work an injury to the people of Canada. At the same time he thought it took three or four or five years before the new gospel of high and higher protection, the Conservative doctrine, would relieve the situation which then existed. Well, in 1935 there was a change of government. The income that year was 4,094 millions of dollars. I have these figures from the bureau of statistics to-day. It went up in 1937 to 4,870 millions, an increase in the national income between 1935 and 1937 of 776 million dollars. I am not anxious to claim the credit for the Liberal government for all of that increase. I believe in making the statement as fair as possible. I have a suspicion that in this house, on rare occasions, both parties claim credit for things for which they were not wholly responsible. But when I have shown the decline of income under the Conservative policy of high protection, and the increase under a Liberal administration, at least you cannot logically decide that it would be the part of wisdom to have a higher tariff than we have. We have done better since reductions have been made, relatively small as, in my humble judgment,

these reduction have been; I am also going to suggest later that they ought to have been greater.

Now my hon. friend says that we need a steady market, and that that market can be built up at home. What you need, he says, is the hungry mouths of the workers in the factories to provide the market. But the trouble is that under Conservative administration the mouths were too hungry and the difficulty was to satisfy the hungry by giving employment. We have changed and improved that since we have adopted a different policy, and have once more started on the upgrade.

My hon. friend referred to the position of the farmer. I am particularly interested in this subject, and I want to point out precisely what has happened. I should like my Conservative friends, if they are in the house now, to listen to these facts, which record the actual transposition which has taken place between 1930 and 1937. In 1930 it took 106 units of farm products to buy a dollar's worth of manufactured goods. Then the Conservative party came into power. The following year it took 132 units. They were not doing too badly for the manufacturers, were they? In 1933 it took 144 units, the next year 137 units and in 1935 it took 124 units. When the Liberals came into office it took 114 units; in 1936 it took 106 units; and in 1937 farm products and manufactured products were back upon a basis of parity of exchange. You could take 100 units of farm products and exchange them for 100 units of manufactured products. Yet my hon. friend from York South suggests that the sober, thoughtful farmers of the Dominion of Canada, looking at these facts and considering not only their own interests but the interests of the nation, should crawl back under the banner of Conservatism under which they lost their income and were reduced to lower levels than at any previous time in the history of Canada.

Then my hon. friend suggested that there had been an increase in expenditure during the last year and that we had taxed the people of Canada more than we did previously. Well, Mr. Speaker, it is the old story; with business expanding more revenue was collected. I suggest that you look back once more at the position of the farmer; when he was paying 144 units of farm products for 100 units of manufactured products he was not in a position to buy a very large volume of goods in the open markets of this country. But without any change whatever in taxation a point of equality was reached as between manufactured and farm products, and what followed? The farmer was able to buy more manufactured goods; there was more employment in the cities. The farmers, having a larger available sum with which to buy products in the markets of the world, purchased them, so that revenues from the tariff, from the sales tax and from all other impositions steadily moved upward. More revenue was collected because of the greater capacity of the people to buy goods, yet you have the challenge thrown out by the Conservative financial critic to-day that we increased the taxes on the Canadian people. In point of fact the prosperity of the Canadian people increased under a more Liberal policy than had existed previously, and with that increase in wealth came greater capacity to pay and therefore larger revenues. Well, I see no hope for anything so far as my hon. friend is concerned. He has nothing to suggest. In his opinion it is simply the old, old story of higher and higher peaks of taxation, more and more tariffs and relatively less revenue.

Now, passing from my hon. friend from York South, I want to congratulate the Minister of Finance (Mr. Dunning) upon at least one thing in his budget, a feature which under his administration has been greatly developed. In this connection I do not desire to withhold credit from some of the Conservative financial leaders as well; but this year, as last year, my hon. friend presented a budget that was very simple, very clear and very direct. It is quite possible for any ordinary man to understand it, and I only wish every province in Canada and, indeed, every financial institution would adopt a similarly clear method of presenting their stories so that the man on the street, the man in parliament, the leader of thought and opinion, would be able to get a clear understanding of the financial situation. Then there would be less lax thinking. Not many years ago I heard three cabinet ministers state the amount of the debt of the Dominion of Canada, and each gave a different figure. If it is possible for men trained as they were to give different figures in regard to a simple matter of that kind, what about the ordinary man who has only an occasional opportunity to read these things and who therefore lacks the training that would enable him to understand them?

I want also to congratulate the Dominion of Canada, because I think the budget speech revealed the amazing capacity of the dominion to come back after such disasters as those through which we have passed. I wonder what any man standing here in 1914, when we had an export trade of $455,000,000, would have thought if it had been suggested that within four years our export trade would rise to over $1,500,000,000? I wonder what he would have thought if someone had said that within that time we would send five hundred thousand

men to the field of battle. Yet after the war, after a peace that was worse than war and after fiscal policies which were worse than the peace, we have survived and in 1938 have an export trade of over a billion dollars. Sometimes we are too much in the habit of speaking of our export trade in terms of dollars. If we consider the physical volume we find that between the depths of the depression in 1933 and 1937, which is the last year for which I have the physical volume of business, there has been an increase of 47 per cent in the export trade of the dominion. And this was accomplished in a period during which drought interfered with the development of our export markets. From the standpoint of bushels our wheat exports declined approximately 58 per cent. From the standpoint of dollars the difference between the average for the periods 1926-29 and 1935-38, in our exports of grain and flour, amounts to almost $300,000,000 a year. A country which can face losses and disasters such as these, at least part of which arose from no fault of its own, and can do it after it has suffered restrictive tariffs such as were imposed in the five years which followed 1930, must be a nation of striking force, a nation of which we may well be proud. It has shown the ability to suffer those setbacks and come back in a way that probably no other nation in the world could come back. Confucius, the great Chinese philosopher, once remarked that man's greatness is shown not in never falling but in rising every time he falls. I think the same might be said of a country. A nation shows its capacity by its ability to come back, by its resiliency, by its power to recover, and in that regard Canada stands out as a leader among the nations of the world.

These things are matters of encouragement, but there is always a serpent or two in the garden of Eden. The return to normal production has not given us the volume of employment which might be desired. There is no question whatever but that there is maldistribution of income in Canada. In part that is due to the destruction of our agricultural production by drought and also to the wide spread which I quoted a few moments ago as between agricultural and manufactured products. I want to give the figures, because I think this is something the house ought to consider; and I do not give them in any partisan sense. I deplore the tendency to place party above everything, and to try to create the impression that Conservatives or Liberals alone are perfect. There is a problem here which is too big for that, and I ask hon. members if possible to separate the political from the economic aspect, and to listen for a moment to what has happened in Canada, to that which represents the problem of the people of Canada. And whether it be Tory, Grit, C.C.F. or Social Credit, unless you reach the bottom of this problem you still leave the future of Canada in a position which to say the least is insecure indeed.

The year 1926 is generally considered the base year in Canadian statistics. I should like to place on record the money income in that year in different sections of Canadian industry, and then to place opposite it the real income. Because the money income expresses only the amount of dollars received, whereas the real income represents the amount of actual purchasing power which the people in different forms of employment receive for their work.

In the period 1931-35 the total wages in manufacturing industries was 16·8 per cent less than in the year 1926. But because of the difference in the cost of living the real wage, or the purchasing power of wages paid in Canadian industry, in the average year of 1931-35 period, was 2·3 per cent more than it was in 1926. Per capita money wages fell 9·7 per cent, whereas in real wages they were up 8·9 per cent. The share of capital—and by that I mean the amount left after deductions for salaries, wages and raw material—the sum out of which it had to pay interest, overhead and profit was 11·2 per cent below the 1926 level, in terms of money income, but was 9·5 per cent more in terms of real income.

I should like to point out that in those three, namely total wages paid, per capita wages and the share which went to capital in Canadian industry, there was a decline in money income, but an increase in real income during the period of the depression, as compared with the year 1926.

Now let me give the other side of the story. While those people were prospering there were some others who were not doing so well. I submit this fact, that you cannot have one-half of the people slaves and the other half free. I mean you cannot have one-half of the Canadian people cared for in a period of depression, while leaving the other half to chance. Raw materials declined in money value. This item represents raw materials used in Canadian industry, and therefore includes a certain percentage of imported products. Those who were selling raw materials got 32 per cent less money for them, and in real value received 17 per cent less than in 1926.

The share received by agriculture was 49 per cent below the amount received in 1926,

but the real income in agriculture fell by 36 per cent. Railway earnings, expressed in terms of money income, dropped 38 per cent, and in real income 23·6 per cent. Railway wages and salaries were 30·5 per cent lower, but expressed in terms of real income were 14·8 per cent lower. The per capita income received by the railway workers declined 6·3 per cent in money income, but was increased 15·4 per cent in purchasing power.

The problem I place before the house is a simple one. What are we going to do with the problem embodied in this small statement of facts? Is the House of Commons going to say, "All is for the best in the best of all possible worlds," when we find that during the five years of depression the burden fell upon the basic producer, and the farmer? So far as industry was concerned, the burden fell upon the railways, and that is the reason for our railway problem to-day.

That was the condition, while certain other classes in the community received fair recompense for the services they rendered. I have no panacea for these problems, but I do say that the House of Commons ought to consider them. I venture the further suggestion that if we are going to maintain the tariffs of to-day, which are lower than the tariffs of 1935, we will have to face the problem in an intensified form in the years which are to come, and the challenge made then will be keener than the challenge made to-day. We still have hopes. We who hold the view that the Liberal party will go forward with the expansion of markets, the reduction of tariffs, the idea of equality of opportunity for the different classes in the dominion and an enlarged opportunity for youth—as my distinguished friend would put it—we still have hopes!

It is sometimes said that in connection with these matters I am somewhat extreme—that is the word. I like to hear that. Well, I will venture to prove that I am not extreme. I want to show to the house not only that I am not extreme but that there are a few hon. members, on both sides perhaps, who in these matters are extreme, if there is any possibility of defining that term. For years, as many hon. members know, I appeared before the tariff board representing the Consumers' League. I asked for reductions in tariff, but never once in that period did I ever ask for a reduction in tariff below the wage content of the product produced.

Taking the census of industry for 1936 we find that total wages paid out in Canadian manufacturing industry represented 14·6 per cent of the value of the products produced. Salaries constituted 5·7 per cent. The average rate on dutiable imports into this country in 1936 was 26·7 per cent. If imports come from foreign countries outside the British Empire they are subject to a 3 per cent excise tax, and that 3 per cent is applied to the duty paid value. Therefore one has to add 3·8 per cent to the 26·7 per cent. Then we have the sales tax, and the sales tax must be applied on the duty, because the tax upon a duty is an added duty. Adding these we find a total of 32·8 per cent representing the average tariff in Canada on dutiable goods. In those goods we have a wage content of 14·6 per cent. Am I extreme when I say a tariff rate of more than twice the value of the wage content in the product, and one which represents more than 50 per cent in excess of the entire wages and salaries, is too high a tariff for Canada, and something which calls for a sharp reduction?

Let me put this before you in another way. You have a factory in which you are manufacturing goods. You produce one million dollars' worth of goods in a year. Your wage bill is less than $150,000. If you import the products which are manufactured in that factory, under a Liberal government you would pay 32·8 per cent or $328,000. Is it enough? Well, I venture to suggest that it is substantially lower than it was under the Conservative government, but to me that is scant consolation. It is substantially higher than it was under the former Liberal government. I believe as Liberals that we should do something to get back to the days when we had a measure of freedom and when trade was not restricted as it is to-day.

Let us apply this to textiles. In 1930 the average rate on dutiable textiles from the United Kingdom was 20·3 per cent, leaving out the sales tax, excise tax and all those other things. In 1935 it was 29·3 per cent and in 1937, the average rate was 26·1 per cent. That is a reduction of a little over three per cent from the top level of 1935. The average rate on dutiable goods from foreign countries was 28·9 per cent in 1930, 36·6 per cent in 1935 and 34·8 per cent in 1937. I submit that those rates are too high and that something ought to be done about them. I am not an extremist when I point out these things to the house. I am a Liberal and I am simply calling attention to rates which are too high. Unless these rates are remedied they will not only destroy the industry of the dominion but will bring about a tragedy almost as great, the destruction of liberalism itself.

Here are some other rates which I am sure will be interesting to some of my hon. friends. I have taken the average rates on art silk from four countries, and it will delight

the hearts of Conservatives to know that these are countries with which we have favourable balances of trade. Here is the way we have used them in the last few years. The average rate on art silk imported from Belgium, China, Italy and Japan is 103 per cent, not including excise tax, sales tax and other taxes. Am I an extremist when I point out these things? I contend that I am only a rationalist trying to argue what is sound and reasonable in a world which has gone tariff mad. But I have substantial support for my argument. I should like to quote one or two distinguished gentlemen. Sir Arthur Salter, in his book entitled World Trade and its Future, makes the following statement which has particular reference to the difficulty which we face in Canada to-day:

> Always, as the negotiations proceeded, one felt that the dominant consideration in the mind of each national representative was not a conception of his nation's interests as a whole, mistaken or not, but a calculation of pressures to which the national government would be subjected by organized interests in the respective parliaments.

In other words, we are not suffering to-day from these extreme tariffs because the leaders of thought and opinion want them. We are not suffering because the people of the Dominion of Canada or the people of the world want them—they do not. We are suffering because of the pressure brought to bear by definite groups upon the parliaments of almost every country in the world. These groups, pressing their will persistently and steadfastly, deny to the people of the world the opportunity to come into the inheritance which is theirs. Sir Arthur goes on to say:

> Consequently the net result of the Genoa resolutions was rather to endorse and consolidate a system of trade barriers which everyone, looking at it as a whole, recognized to be injurious to world recovery, and those passages in them which recommended reductions remained as merely pious hopes without practical effect. And in general this was the experience of other conferences of this period, though a few organized at Geneva for more modest and specialized purposes secured the removal of some of the least defensible forms of trade obstruction.

I come now to the argument made by another distinguished gentleman. I quote from the report of the imperial economic conference of 1932. At that conference the present right hon. leader of the opposition had this to say:

> When we reach an agreement—

He was referring to the empire agreements.

> —by which our products pass more freely from one empire country to another, we drive clear channels through the stagnant pools dammed up by the world upheaval, and naturally we will carry past the boundaries of the empire and to its benefit, establish once more again throughout the world that commerce which is its very life blood.

I heard the hon. member for York South tell us that what we needed was a more or less self-contained economy, one in which we could be free from contact with the outside world. We were to be made invulnerable, but we have the leader of the Conservative party, the Prime Minister of that time, telling the assembled delegates that the way of escape was not by restriction, but by breaking down these barriers and restoring a larger measure of freedom of trade within the countries.

Mr. SPEAKER: I regret to state that the hon. member's time has elapsed.

Some hon. MEMBERS: Go on.

Mr. SPEAKER: It must be with the unanimous consent of the house.

Mr. DEACHMAN: I come now to another point. I only want to show the unity of thought that exists among men of different political beliefs and diversified thought. First I quoted the words of Sir Arthur Salter. Then I quoted my right hon. friend the leader of the opposition. I should like now to quote the right hon. Prime Minister of Canada (Mr. Mackenzie King). At the special session of 1930 he moved the following resolution:

> This house regrets that the government has seen fit at a special session called to deal only with unemployment to propose great increases in customs taxation on a wide range of commodities under circumstances which prevent this house and the country from securing adequate information regarding the proposals and prevent proper parliamentary discussion of them.
>
> In the opinion of this house the tremendous increases in taxation proposed will not end unemployment,—

They did not.

> —but will inevitably increase the cost of living—

They did not increase the cost of living very materially, but they increased it above what it would have been if greater freedom of trade had been given to us. I continue:

> —and will also increase the cost of production in the primary industries, agriculture, fishing, mining and lumbering, thus making it more difficult for Canadian producers in these industries to meet world competition in marketing their products.

I have quoted the attitude of certain leaders of thought in the Dominion of Canada and elsewhere. I find myself in exact agreement with their views. Why should I be regarded as an extremist when I say that we should do these things? Why should anyone say that I am an extremist when I accept the policy

which these men accept? Why should I be called an extremist for thinking as does every leader of thought, not only in the dominion but throughout the world? These are important things and things which should be considered very carefully in the present disturbed condition of the world.

I want to turn to one other matter. At the present time the members of the government are faced with a difficulty. They are trying to do something which beyond question ought to be done. They are trying to break down the barriers of trade. I confess that I do not hold with the convictions which the Minister of Finance has expressed in regard to unilateral tariff reductions. I hold to another view. I believe that tariff reductions aside from treaties should be made. It depends, of course, on the way that they are carried out. We are confronted with great difficulties in that regard. But if it can be successfully done, and if this proposed agreement becomes a broad measure, leading to a wide reduction among these nations and carrying through to others by means of the most favoured nation treaties—if that is accomplished, beyond doubt it will be the greatest economic event of the present century. I do not think there is a doubt that it can be done, and if this government will bring it about, then indeed the Minister of Finance will have accomplished something which is an important Canadian event and an important world event.

We have reached a stage in world history when, I venture to suggest, no longer can any country in the world have a high standard of living and at the same time maintain a high tariff. I will give one example. Take a country like Baffin Land, whose population consists entirely of Eskimos, producing nothing but sealskins and blubber. They can have a comfortable standard of living, within their own conception of a standard of living, consisting of sealskins and blubber. They may have a national policy and vote for blubber and protection. But if they want to enlarge their standard of living they must market the products which they produce—exchange them for the products of other countries. I move from Baffin Land to Saskatchewan. The main products of that province are cattle and wheat. The people cannot live upon a high standard on cattle and wheat alone, so if they are to increase their standard of living they must provide a measure of freedom of exchange; they must have an opportunity to exchange the products they produce for the products which other people produce. Exactly the same state of things, in varied measure, exists so far as the people of Ontario or the maritimes or British Columbia or any other province are concerned. If you would increase your standard of living you must have greater freedom of trade.

What does an increase in the standard of living mean? It means only one thing—the maintenance of high wages or a greater purchasing power; and when you restrict your trade by tariffs you are in fact voting for nothing else than a reduction in your real wages.

Mr. ROWE (Dufferin-Simcoe): Mr. Speaker, on a point of order, I am reluctant to interfere with an interesting speech, but I think it is a very early stage in the debate to establish the principle of unduly extending, beyond the conclusion of the point being made by your honour, the time allotted to the hon. member speaking.

Mr. SPEAKER: I myself raised the point a few minutes ago, but all hon. members seemed anxious to hear the hon. member for Huron North speak somewhat longer, and that is why I allowed him to proceed. As a rule, hon. members should speak no longer than forty minutes.

Some hon. MEMBERS: Question.

Mr. M. J. COLDWELL (Rosetown-Biggar): I must say I regret that the hon. member did not conclude his speech in this debate. It was the latter part of his speech in which, I think, many of us were particularly interested.

I would join with those who have congratulated the Minister of Finance (Mr. Dunning) upon the manner of his presentation of the budget, the comprehensive survey which he has made. Congratulations should also be extended to the hon. member for York South (Mr. Lawson), who made an excellent criticism of the minister's speech. And of course we always listen with a great deal of interest when the hon. member for Huron North (Mr. Deachman) explains his views on tariff and financial matters.

In the budget speech and in the budget there was one particular thing which stood out very clearly, namely, that a vast proportion of our revenue is raised by taxes which bear heavily on the great masses of the people. We find, for example, that by way of customs import duties we collected $93,456,000; from the sales tax, $138,054,000, and from excise duties, $52,037,000, a total of $283,547,000. If, in addition, taxes on manufacturers' importations are added—and they ought to be because they are passed on to the consumers—we must add another $42,765,000,

making a grand total of $326,312,000. Now, break this down, as the minister did in his budget speech, on a percentage basis, and we find that customs duties account for 17·62 per cent of the revenue; sales tax, for 26·03 per cent; excise tax, for 9·81 per cent, making a total of 53·46 per cent for those items. If, as I contend we should, we add the manufacturers' importations, another 8·06 per cent, we have a total of 61·52 per cent of the entire revenue from import duties, sales tax and excise, an enormous percentage taken directly from the consuming masses of this country. It should be pointed out that these items together account for nearly $30 a head for every man, woman and child in Canada. When we remember that members of the Liberal party in this house from time to time have criticized and taunted our social credit friends because they have not carried out their promises, let us also remember that the Liberal party has not carried out its promises by reducing these important items which bear so heavily upon the masses of the people. Calculated on the basis of a family of five persons, it means that approximately $150 a year or $12.50 a month per family is collected in these hidden taxes, to say nothing of the exactions which are permitted by the operations of a tariff. That in itself would account for more than $25 per month per family, an amount of which we have heard so much in the house during this session.

All we get in the budget besides the exemption from sales tax of building materials is an exemption from sales tax of food for fur-bearing animals, repairs for fishermen's boats, harness and harness parts, and gopher poison. The fox farmer gets his feed, the fisherman get his tar, and the prairie gopher gets his poison free of all sales tax. That is about all we have in the budget for these particular classes. What a commentary, I may add, on the budget of 1938!

The minister said that almost half of our total imports come into Canada free of duty. But when we examine that statement we find that these are mainly raw materials or partly manufactured articles for manufacturing industries. Then, of course, we find included the $100 exemption for tourists returning to this country. May I say here, because I wanted to say it earlier in the session, that when the department interprets the word "included" as "contained" in relation to that exemption, in my opinion they are misinterpreting the will of parliament.

After the Minister of National Revenue (Mr. Ilsley) had argued, in a discussion which occurred quite early in the session, that articles brought into this country must be "contained" in the baggage of the tourist, I looked into the matter and found that the resolution of parliament used the words, "included in the baggage", which, it will readily be seen, is a very different matter.

As I listened to the first half of the minister's speech I realized that it was an apology for the announcement which was to follow, the announcement of a policy of doing nothing; this conclusion was irresistible. My mind went back to those days when I listened to the Minister of Finance as a crusader for something approaching universal free trade.

Mr. DUNNING: He still is.

Mr. COLDWELL: Then it is very carefully concealed in this budget.

Mr. DUNNING: Universal free trade would be an admirable thing.

Mr. COLDWELL: But in those days, I would point out, it was not only universal free trade, because in common with many of us in western Canada, the hon. gentleman was preaching free trade as an economic and social philosophy.

Mr. DUNNING: Not for Canada alone, never.

Mr. COLDWELL: Then I greatly misunderstood the minister, as many thousands did.

Mr. DUNNING: The hon. gentleman certainly did. He cannot quote a single speech of that kind emanating from me.

Mr. COLDWELL: That was the interpretation we placed upon the minister's speeches in those days. If not the Minister of Finance, then to the left of him sits the Minister of Mines and Resources (Mr. Crerar). I remember repeating many of the arguments he used in the elections in the old days in the province of Saskatchewan from the platforms of the Progressive party of which he was at that time the leader.

Mr. CRERAR: Is that an argument for free trade?

Mr. COLDWELL: No; but I remember the arguments which were used by the minister at that time in favour of free trade.

Mr. CRERAR: As a matter of fact my hon. friend, in many admirable speeches he made then, never argued for free trade.

Mr. COLDWELL: I repeated many of the arguments of the minister, and I thought at that time I was arguing for free trade, but I find that I was probably in error. And of course I can remember the hon. member for Melville (Mr. Motherwell), who was regarded as a convinced free trader in those days. Yet

to-day we have the Minister of Finance repeating with even greater emphasis what he said last year.

Mr. DUNNING: Two years ago.

Mr. COLDWELL: I quote:

> It is even more true, in the world to-day, that unilateral tariff reductions will not get the wider export markets which our products need and which the government is securing for them.

How, then, does this policy differ from that of the right hon. the leader of the opposition (Mr. Bennett), who declared in 1930 that he would make the tariff work for Canada? He merely put the same thought more dramatically when he said, "I will blast my way into the markets of the world." The Minister of Finance went on to say:

> The United States is not prepared to reduce its tariffs except by way of trade agreements, and the United Kingdom is now pursuing a similar policy.

Then he concludes that unilateral action by Canada is out of the question and that bilateral trade agreements form the policy of the government.

Mr. DUNNING: What would my hon. friend suggest should be done when two customers who take eighty per cent of all we have still definitely have that policy?

Mr. COLDWELL: That was also true in 1930.

Mr. DUNNING: Oh, no.

Mr. COLDWELL: Oh, yes.

Mr. DUNNING: Britain was free trade in 1930.

Mr. COLDWELL: Britain was free trade in 1930 only to a certain extent.

Mr. DUNNING: Entirely.

Mr. COLDWELL: And she was rapidly going in the direction of a very low tariff, because the British tariff to-day is not comparable with the high tariff which we have in Canada at the present time.

Mr. STEWART: And she was taking our products.

Mr. COLDWELL: Yes. I am reminded that she was taking our products. But the point I make is this: How does this policy differ from the brick-for-brick policy which I am sure I heard the Minister of Finance denounce in western Canada some years ago.

Mr. DUNNING: Hear, hear.

Mr. COLDWELL: Well, to-day we are told that we cannot take off a brick unless the United States takes off a brick; and if on the other hand the United States puts a brick on we, too, by the same argument, should put a brick on. That would be a bilateral agreement to the fullest extent.

Mr. DUNNING: You are saying that, not I.

Mr. ROWE (Dufferin-Simcoe): That would be a countervailing duty.

Mr. COLDWELL: Yes. I think, however, the hon. member for York South (Mr. Lawson) covered that point very well to-day. But where are all the Liberals who told the Canadian people of the wicked exactions that were taken through the tariff by the textile industry, the agricultural implement industry and other industries throughout Canada? Where, now, are the threats that were made a few weeks ago in this house by the Minister of Agriculture (Mr. Gardiner) and by others to the farm implement industry? That was before the Saskatchewan election, and those speeches, may I say, were widely circulated during that election. I have on my desk before me the manifesto of the premier of Saskatchewan in which he makes this statement regarding farm implements:

> With the object of reducing the retail price, the government will continue to press upon the federal government the necessity of removing all tariff duties on farm implements. Should such action fail to bring about reasonable reduction the government will further press the federal government to take the necessary action to control the prices of such implements.

There we have a Liberal government in the prairie provinces within the last two weeks promising to use its influence, not for bilateral trade agreements, but for unilateral action, the removal of all tariffs from the farm implement industry. An hon. member suggests that he did not have enough influence. Well, statements of this description at any rate secured for the Liberal party in that province a goodly number of votes, and that, I think, is one factor which is undermining our democratic institutions at the present time. Political parties seek office on specific promises, and then, when they have achieved office, forget all about the definite pledges they have made.

The minister says that unilateral action cannot be taken. Such a statement is as old as the tariff controversy itself. As a matter of fact, the assertion that free trade depends upon its mutuality has always been the favourite argument of high protectionists. Give us universal free trade, they have always said, and we shall always be in complete accord with it. Protectionists have always argued that mutuality must be the key-note of free trade. Every book that I have read on the philosophy of free trade makes that particular point quite

clear. I have heard hon. gentlemen opposite assert that countries which tax our exports to them not only injure us but injure world trade generally. I have heard them further say that every tariff wall is a wall not only against income but against outgo. That has been the argument used by our free traders throughout Canada, and indeed throughout the world—I was going to say, from time immemorial, but that would not be correct—for a century, ever since Cobden and Bright went on the war-path in favour of free trade in Great Britain.

Now a Liberal Minister of Finance says that tariff reductions will not get the wider export markets which our products need.

Mr. DUNNING: No. The hon. member has left out a word, the word "unilateral."

Mr. COLDWELL: I am sorry; it was not intentional. Unilateral tariff reductions will not get the wider export markets which our products need. There we have a statement which has been made by every protectionist philosopher who has written a book on tariffs and protection. That is the reason why I said at the very outset that there seemed to be a considerable change in the outlook of the Minister of Finance from the days when I used to vote for him, incidentally, in Saskatchewan.

Mr. DUNNING: Only very incidentally.

Mr. COLDWELL: Oh, I have done it.

An hon. MEMBER: And you do not regret it.

Mr. COLDWELL: No, I do not regret it. How many Liberals in this house actually believe in the Liberal platform and are prepared to practise what that platform preaches? I should like to find out, and I think the country generally would like to find out. I therefore propose to move an amendment to the amendment, in which I have incorporated the Liberal tariff platform. I move, seconded by Mr. Douglas (Weyburn):

That the amendment be further amended by adding the following thereto:

That this house further regrets that the proposals submitted by the Minister of Finance on June 16 disregard the pledges of the Liberal party to the Canadian people contained in its platform of 1919 and subsequent years, which declared, among other things, that the best interests of Canada demand that substantial reductions of the burdens of customs taxation be made with a view to the accomplishing of two purposes of the highest importance: first, diminishing the very high cost of living which presses so severely on the masses of the people; second, reducing the costs of the instruments of production in the industries based on the natural resources of the dominion, the vigorous development of which is essential to the progress of our country.

That to these ends, wheat, wheat flour and all the products of wheat, the principal articles of food, farm implements and machinery and repair parts thereof, rough and dressed lumber, gasoline, illuminating, lubricating and fuel oils, etc., nets, net twines and fishermen's equipment, cements and fertilizers, should be free from customs duties as well as the raw material entering into the same.

These are not my words; they are the words of the Liberal party which has been in office for fourteen years since those promises were placed in their platform and program. I want to see whether I can find out, and the country, I believe, wants to know and ought to be able to know, just how many persons in this house agree with that platform. I say quite frankly that I agree with the proposals contained in that platform. If it is not the policy of the Liberal party, whose government this is, then let the Liberal party cease to divide the people upon an issue which they themselves have largely made an unreal issue in Canada; because wherever you go on the prairies even to-day the speeches of the times to which I have referred still carry weight, still have an effect, and you will find that instead of discussing other economic issues many of our farmers and people on the prairies discuss the merits of the tariff proposals of the Liberal party and consistently vote for that party because they believe that those proposals are a part of the tariff policy of that party.

Mr. MARTIN: The hon. gentleman did the same thing to-day.

Mr. COLDWELL: Well, I do not know that I did. But the hon. member for Essex East (Mr. Martin) will have an opportunity of pointing that out a little later.

In other words, if there is a Liberal in this house who believes in his party's official tariff program, I contend he should vote for the subamendment which I have just moved.

Just over two years ago I made the statement in this house that in my judgment the tariff controversy in Canada was largely out of date owing to the fact that such promises as this had not been implemented. And I listened with a good deal of interest to the hon. member for Melville (Mr. Motherwell) this session stating that in his opinion all we had succeeded in doing in the years that have gone by is to create a great deal of hard feeling and to divide the people. The purpose of my amendment is to test the opinion of the house regarding that policy.

If the Liberal party and the Liberal government of this country will not give an opportunity to the constituents whom I represent in this house to go into the open markets of the world to buy as well as to sell there, then again, using the words of the hon. member for Melville, we must expect some compensating adjustments. If the farmers of the west and other parts of Canada are forced to buy in what is after all a highly protected market, then they have the right to expect that the product which they produce shall be protected, so that they may receive an adequate return for their labour, or in other words, that their products, as in New Zealand, shall receive a proper minimum price which will enable the producers to buy within this protected market in which they have to operate. One or other of these two things it seems to me is a matter of simple justice: either that our producers should be permitted to buy in the open market, if they have to sell there, or that they should be guaranteed their price level, as the manufacturers and other groups are guaranteed a price level by the tariff to-day.

There are many other aspects of the budget which one might discuss. I was of course interested in what the minister had to say regarding the financial outlook of the government. That, however, can be discussed under the Bank of Canada bill which is now before the house, and if I may do so I would here express a great deal of pleasure that the government have seen fit to bring in a bill to nationalize the Bank of Canada.

An hon. MEMBER: At last.

Mr. COLDWELL: At last. The group with which I am associated has consistently urged this in the house ever since 1921. I should like to see the government go beyond that and exercise greater control over the chartered banks; indeed I should like to see the chartered banks also made public institutions.

The hon. member for Huron North (Mr. Deachman) made a very interesting comparison in the opening part of his speech. He stated that the average real wage of those employed in 1935 was higher than the average real wage of those employed in 1926. He then went on to show that the earnings of capital also increased during the same period, but that the returns to the farmers greatly decreased. That statement regarding our farmers of course is quite correct. On the other hand let us bear this in mind, that the hon. member for Huron North was taking all the farmers collectively, but he was in reality, as I understand, taking only that portion of labour which was employed. Those of us who remember the evidence given before the implements committee, for example, will recollect that the farm implement companies stated that they first dismissed their lower paid and casual employees and endeavoured to retain their permanent employees and officials. Naturally these men received higher wages and salaries, while a number of the other casual employees were forced to go on relief and had no wages. So if you take labour in the mass, I think you will find that it suffered tremendously during the depression. The farmer, of course, and particularly the western farmer, suffered more than anyone else during that period of depression. Capital, however, was represented by substantially the same people who controlled it prior to the depression. There may have been changes here and there; but in the main it was the same group, and it seems to me that in reality that group alone received an increased return during those years of depression. So, if we want to get the picture presented by the hon. member for Huron North clearly in our minds, we must take these factors into consideration.

I do not want to make my speech more lengthy, but I should like to close with the thought with which I began. It is this, that the picture presented by the Minister of Finance in the budget clearly indicates that the revenue of this country is largely derived from the great masses of the people. The hon. member for York South spoke of the sales tax and the increase in the revenues from that source since this government took office. There was the enormous sum of $138,000,000 largely taken out of the pockets of the common people of this country by means of that tax. Then there is the sugar tax, which bears heavily on every home in this country. According to these figures, as I have said, the revenue of the country to a very large degree has been derived from the masses of the people.

I should like to see the government consider other ways and means of obtaining necessary revenues. For example, out of our natural resources are extracted huge volumes of wealth by corporations some of which are largely owned by people who do not reside in Canada. At the moment I am thinking of International Nickel, with profits last year in excess of $53,000,000. I am thinking of Consolidated Smelters which last year, out of the resources of this country, made a profit of some $16,000,000 and placed in reserve $3,000,000 to meet profits this year. Then it paid a dividend of $2.50 on the original $5 share. Someone will say that these shares are

worth more than $5 to-day. They are not really worth more than $5. That was their original value; but in the open market, by speculation, such shares may be boosted up to $20, $30, $40, $50 or $100.

Mr. DUNNING: Oh, no.

Mr. COLDWELL: The minister does not agree; nevertheless that is a statement of fact.

Mr. DUNNING: Not in relation to the companies of which my hon. friend is speaking.

Mr. COLDWELL: My point is that apart from those considerations enormous profits are being made out of the resources of this country, and the time has come when we ought to look to these resources to provide revenue not for private corporations but for the Dominion of Canada. The present budget is brought down following a year of comparative prosperity; I say "comparative prosperity" for certain groups. There is every evidence of a recession. As the minister intimated, or at least implied, if war industries ceased and the demand for certain Canadian products disappeared, we would find ourselves in a very difficult position.

Mr. DUNNING: No.

Mr. COLDWELL: The minister says he did not imply that. In the course of his speech he stated that our position was not good in every respect.

Mr. DUNNING: If my hon. friend will permit me, I emphasized that the danger of war, which produced a demand for certain commodities, also reduced the demand for other commodities which depended upon peace and prosperity in the countries which bought our goods. The inference is that if the demand for war materials ceased, then conditions of peace and prosperity would bring about a demand for much more of our other commodities. I am sorry if I did not convey that clearly, because that is what was in my mind in what I had to say.

Mr. COLDWELL: That was not the impression that I got, and moreover I do not think the minister ought to be so optimistic. I am of the opinion that even if to-morrow the world should reach an agreement regarding disarmament, the tremendous burden of debt created by rearmament would largely nullify the gain that we would make, at least for a considerable time to come. Therefore I say we should be looking to the future and trying to find ways and means of increasing the revenue of the country without adding to the burdens of the common people.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, anyone listening to the minister's superb delivery of his budget speech and to the contents of that speech, remembering at the same time that the cry of the suffering is going up throughout the land from coast to coast, could not possibly escape the thought that the minister is a confirmed optimist. He can dress up a gloomy situation to make it look attractive and beautiful better than anyone to whom I have ever listened.

Mr. DUNNING: You can do pretty well yourself.

Mr. BLACKMORE: I appreciate the minister's compliment. After having said that I congratulate the minister upon having thus performed, I must say there are some things about the budget which are not quite so attractive. In the first place I believe everyone must grant that this is a rich man's budget. It depends upon taxation and borrowing. Taxation and borrowing both tend to work in the interests of the rich man and to the disadvantage of the poor. There is, moreover, no new source of money. This both permits and obliges the banking system of Canada to go on creating all of the nation's money. This budget, therefore, is a betrayal of the Canadian people. It betrays the aged, the middle-aged, the youth and the infant in arms. The budget speech either repudiates or qualifies the Liberal party's promises of monetary reform made in 1935 and in previous years.

I turn to page 3902 of this year's Hansard, and I read these words:

> There are some, of course, who appear to believe that the government should not pay interest at all or, indeed, should issue debt free money to finance its expenditures or to retire its interest bearing debt or to do both of these things. It is incredible that this hoary fallacy should persist after so many historical demonstrations of its devastating possibilities.

I shall stop for a moment to talk about hoary fallacies. To certain types of mentality everything that has not yet been done is an impossibility. How the minister, with his natural optimism, can be of that mentality surpasses my understanding to comprehend. Iron was never successfully used for ships and was consequently an impossibility until iron was used for ships. A perusal of the debates in the British House of Commons while they were considering the advisability of introducing iron for the building of ships reminds one strangely of some of the things we hear in this House of Commons when we suggest a change of monetary policy. For example, in the British house one man is reported to have

said: "Iron for ships, forsooth! Why not stone for ships, then?"—a question which manifested a great deal of intelligence in that man.

Vaccination for the prevention of disease was apparently an impossibility until it was done. Alchemy, by which one substance was to be changed into another, was for centuries laughed at. It was considered impossible. Ben Jonsen even wrote a play called The Alchemist, in which the credulity of his fellows was laughed off the stage. But, behold! To-day we have learned how to change one substance into another. We now have synthetic rayon, rubber, dyes and nitrates. Who knows how much farther we shall go before the wonderful possibilities of this world are exploited? The dream of horseless carriages was a favourite source of amusement to some people, until all of a sudden an age developed in which horseless carriages became a reality.

Merely to look upon our proposals as a hoary fallacy does not reflect altogether to the advantage of the author of those words. We hear quite frequently urged against our contention the question: Has it been tried out? It has never been tried out. National money has never yet been tried out—not even by that king to whom the hon. member referred—in accompaniment with the dividend and the just price. Consequently social credit has never been tried out. And consequently, to certain types of mentality in the house, it is foredoomed to failure, and not worthy of a trial.

May I ask whether or not mine sweepers were a success before they were tried out? Were gas masks a success before they were tried out? If in the defence of London against air attacks they had waited until someone had tried out the devices to be used, I assume London would have been in as bad a position of utterly impotent helplessness as we are to-day in our financial affairs, a position the weakness of which future years will abundantly show.

To proceed with the minister's words:

> Perhaps I underestimated the insidious appeal of a program which promises to make something out of nothing, although I must say that for no one more than for a Minister of Finance should such a program have seductive charm.

Perhaps the word "seductive" was wisely chosen, but I doubt it.

Those who are arguing against social credit persist in saying you cannot have something for nothing. Social credit does not propose something for nothing. It never did, and it does not to-day. Not long ago the leader of the opposition (Mr. Bennett) made a remark about something for nothing. In a few moments I shall comment on the matter; but before going into detail I feel moved to ask hon. members this question: Did any of you ever do anything to repay Shakespeare for writing his plays, or did you get them for nothing? Did you ever do anything in payment for Titian's and Raphael's works? Did you ever do anything in payment for Beethoven's and Mozart's works? People may laugh about this; but after they have thought the matter over long enough they will realize that passed down to this generation have been remarkable inventions, to the enjoyment of which the people of this generation are entitled just as much as we recognize they are entitled to the full enjoyment of the works of Shakespeare, Milton, Raphael and Beethoven. The less any one says in opposition to what I have said, before he has taken time to think, the better off he will be. We will ask anyone if he can devise a means whereby the inventions which have gone into the manufacture of the great machines we have to-day, and which unquestionably, to the extent to which we draw upon our inheritance, belong in some measure to everybody in the community, shall be paid for by those who use and enjoy them in the future. Let us ask anyone and everyone if he can say how we can enable the people to draw dividends from this part of their heritage of the past. I have never mentioned this before, but it is an exceedingly important matter. It is not saying that we want something for nothing; all we are asking for is a right. The minister goes on to say:

> How much easier my task would be if I could draw on the accumulated savings of the Canadian people without paying interest thereon—

May I point out to the minister that this is a completely erroneous notion of social credit. There is no desire to draw upon the accumulated savings of the people of Canada. It may look impossible to the person who has not studied the theory, but I say now that no one will be worse off. Everyone will be better off. That may seem impossible; nevertheless it is so. Many of these other things which I have mentioned seemed impossible, but they were carried out. The minister continued:

> —if indirectly I could do the same thing by issuing credit against our natural wealth, that is, against the resources of farm and forest and mine and factory now owned by the Canadian people as individuals and not by the dominion government.

Here the minister has a right idea of social credit. He says that he cannot draw credit against the resources which are not owned by the dominion government, but let me tell

him that for many generations our banking institutions have been doing that very thing to their own profit and to the disadvantage of the people who own those resources.

Mr. DUNNING: Oh, no.

Mr. BLACKMORE: That may be questioned now, but I do not think it will be questioned when I have finished. The minister continues:

I am sometimes criticized because I do not accept the so-called "new economics" which is in fact centuries old.

I do not question that it is centuries old, but many of the finest things in this world are centuries old. The minister continues:

It dates back to that monarch—

I shall not read further from the minister's eloquent speech, but I should like to say a word or two about that monarch whom he does not name. He must be left as an uncertainty, an abstraction.

I should like to refer now to the admirable speech made last night by the hon. member for Vancouver-Burrard (Mr. McGeer). In my opinion it was one of the most courageous and effective speeches ever delivered in this house. As the days go on I believe the honour which is due to the hon. member for having delivered that speech under these circumstances will increase. I should like to quote briefly from page 4063 of Hansard:

As a matter of fact, under section 59, subsection 4 of our Bank Act, our chartered banks are now privileged to take a five dollar Bank of Canada bill and to exchange on the security of that five dollars, $100 of bank deposits written into the bank's books by a mere stroke of the pen, for either a one hundred dollar treasury bill or a one hundred dollar interest-bearing bond.

While we are talking about getting something for nothing, I should like to direct attention to that achievement of the banks as being a most astonishing example of getting something for nothing. What was it that enabled the country to use those $95 of deposits as money? It was the resoures of the Dominion of Canada which the minister has said you could not draw upon in issuing credit. There may be two notions about the matter, but I believe I could make out an extremely strong case from my standpoint if I had the time, which I have not. The hon. member continues:

That was the concession which was made to the chartered banks of the government of 1934, and they are not missing the opportunity; for to-day they hold $1,155,000,000 of such securities, an increase of $471,000,000 since that great concession was made when the Bank Act was amended to reduce gold reserves to twenty-five per cent and to reduce cash reserves to five per cent.

And again:

I say the chartered banks hold legal tender currency, which they own outright, for which they pay nothing, which they have secured freer than they used to secure the right to print their own currency, because the cost of printing them is now borne by the Bank of Canada, to a total, according to the May report of the Bank of Canada, of $247,000,000, $199,000,000 of which is on deposit with the bank and the balance is held in the bankers' tills.

The right hon. leader of the opposition was a party to the creation of the agreement under which the banks gained that power, and yet he rose in his place in this house and stated that it is impossible to get something for nothing. If the banks could do that without bringing about that inflation which the minister fears so intensely; if the money which they created was good, why could not the government have created that money just as well? If the government gave to the bank in return for $100, $95 of which was made up of figures in a book, an interest bearing bond, is there any reason why the government could not have kept that money or bond in the government treasury and issued credit against the bond? Would that credit not have been just as sound as that created by the banker? Under those circumstances it could have been debt free, and I can safely challenge any attempt to prove the contrary.

Mr. DUNNING: It is nearing six o'clock. I did not want to interrupt the hon. member while he was speaking, but I should like to direct attention to the peculiar position in which we find ourselves. Constant reference is being made to a previous debate of this session as well as to a matter which is before the house in the form of a bill to amend the Bank of Canada Act. I would refer you, Mr. Speaker, to standing order 41, citation 293 (a), which states in part:

—that a member, while speaking, must not:
(a) refer to any debate of the same session on any question not then under discussion.

We are now in the midst of the budget debate. If it is right to debate Bank of Canada matters on this occasion, then, when the bill comes before the house in its subsequent stages, we shall be liable to be debarred from discussing that matter. I suggest, Mr. Speaker, that you be good enough to consider that point. I do not want to stop my hon. friend from discussing these matters because there will be ample opportunity during the debate on a specific bill, but I thought it better to raise this point now rather than to allow a number of speeches to go on.

Mr. BLACKMORE: May I have time to complete one more sentence before six o'clock.

Mr. SPEAKER: With the consent of the house.

Mr. BLACKMORE: This money which was used to buy Canadian bonds or other Canadian securities could have been used just as well to buy Canadian gold. In that case the gold would have been obtained by the banks for nothing, except the risk. The risk which they would take would be backed up by the resources of the people of the Dominion of Canada, which resources the banks do not own. Now I ask: Who is getting something for nothing?

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

MILITIA ACT AMENDMENT

SANCTION BY PARLIAMENT OF PLACING OF MILITIA ON ACTIVE SERVICE BEYOND CANADA

Mr. C. G. MacNEIL (Vancouver North) moved the second reading of Bill No. 84, to amend the Militia Act.

He said: This bill has been standing on the order paper for some time. I had hoped that its appearance on the order paper would in itself have been sufficient to direct attention to the necessity of revising an act the language of which is not only antiquated but obsolete in the light of present day circumstances. I would not have proceeded with this bill had I secured any indication that the government contemplated appropriate action in this matter.

In entering upon a discussion of the subject, I am not unmindful of the warning note sounded by the Prime Minister (Mr. Mackenzie King), during the debate on foreign policy, that members of this house should exercise reasonable caution in discussing issues of this kind. Nevertheless, I cannot overlook the fact, to which our attention was directed by the Prime Minister himself, that the trend of international affairs may at any time involve Canada in a very grave crisis. I cannot overlook the fact that in this act we have what are virtually the articles of war for Canada. We have in it the authority under which Canada may mobilize its man power; we have herein the authority under which Canada may participate in an external war. I say I cannot overlook these facts; but I submit that it would be folly verging upon the criminal to face the risks of the impending crisis without clearly defining and frankly discussing, in relation to our present constitutional status, the authority under which we engage in war.

I wish to make it quite clear at the outset that I am not attempting to discuss or propose changes in commonwealth relations. I am not attempting to discuss or suggest any alteration or change in the status of the crown with regard to dominion affairs. I had before me, in drafting the proposed bill, the Balfour formula of 1926, wherein it is declared that:

> . . . Great Britain and the dominions . . . are autonomous communities within the British empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the crown, and freely associated as members of the British commonwealth of nations.

I suggest nothing more than that which has already been proposed by the Prime Minister in the assurances he has given to this house and in the speeches he has made at successive imperial conferences, wherein he has said repeatedly that we have no commitments either to maintain neutrality or to engage in a war in the event that the British Empire should be involved in conflict, and that parliament will in the light of the then existing circumstances determine these issues. I have that clearly in mind, and if the bill is examined it will be found that it goes not a step beyond the policy already enunciated by the Prime Minister. I ask simply this, in discussing a matter of purely domestic policy, that there be now written into the statute those assurances which have been given the people of Canada by the Prime Minister; that the language should be clear and explicit with regard to our position in respect of fateful decisions. I ask that we give reality to his statement; that at least we take one step, a step which may easily be taken at this time, to give actual content to some of the assurances made by the Prime Minister.

I may also point out that what I propose is entirely consistent with British practice, and I hope that my friends who adhere to the British-front policy will not suspect me of any attempt to undermine that policy at this time or to suggest separation or secession from the empire. I propose nothing beyond the now recognized status of the dominion within the British Commonwealth of Nations. That which I propose in these bills is entirely consistent with British practice.

May I remind hon. members that the British Army Act, which in 1937 was entitled, "An act to provide, during twelve months for the discipline and regulation of the army and the

air force", is an act which is re-enacted each year. The parliament at Westminster must meet and must re-enact each year an act providing not only for the establishment of the armed forces of the United Kingdom but also for the discipline of those forces within the United Kingdom and His Majesty's dominions beyond the seas, and it deals in every particular with the control of those forces. Each year that step is taken in addition to the voting of supply for the maintenance of the military, naval and air establishments in Great Britain. I have here excerpts from the Army (Annual) Act of 1937. In the first paragraph of the preamble this is what is found:

> Whereas the raising or keeping of a standing army within the United Kingdom in time of peace, unless it be with the consent of parliament, is against law . . .

There is, of course, a definite reason for the British practice in this regard, dating back to the days of the Restoration. In 1803 the statutory articles of war were incorporated in the army act. Those who are students of military law will easily trace back the development of this practice. I am quoting now from the authoritative Manual of Military Law, which states:

> The Army Act has of itself no force, but requires to be brought into operation annually by another act of parliament, (generally known as the Army (Annual) Act), thus securing the constitutional principle of the control of parliament over the discipline requisite for the government of the army. These annual acts afford opportunities of amending the Army Act, of which considerable use has been made.

Dealing with this matter, the British people have made it clear for definite reasons that the prerogatives of the crown in this respect shall be limited and shall be subject to the control of parliament. All I ask in this bill and in the companion bill is that we be definitely assured now, by statutory enactment of the control of parliament over three matters: the command of our armed forces, the imposition upon the Canadian people of compulsory military service, and the participation of Canadian forces in external war. You will notice that I recognize the necessity of the executive being completely unhampered and free to make prompt decisions and to act decisively and instantly with regard to emergencies requiring us to repel invasion. I ask that parliament have definite authority to deal with the command of the forces in the first instance, with the imposition of compulsory military service on the Canadian people, and as regards the participation of our forces in overseas war. That is all I ask—definite statutory authority providing for parliamentary control in a manner consonant with the parliamentary control exercized in the United Kingdom over the military forces of that kingdom.

Three questions arise in this regard. The first is, who shall exercise command over the armed forces of the dominion? The act at present reads:

> The command in chief of the militia is declared to continue and be vested in the king, and shall be exercised and administered by His Majesty or by the governor general as his representative.

I ask that this be amended in dealing with the exercise of command to include the words "administered by the governor general acting by and with the advice of the king's privy council for Canada." I know many will immediately argue that under the Interpretation Act the term "governor general" is held to mean the governor in council. I am well aware that section 23 of the Interpretation Act provides:

> When the governor general is authorized to do any act by proclamation, such proclamation is understood to be a proclamation issued under an order of the governor in council; but it shall not be necessary that it be mentioned in the proclamation that it is issued under such order.

But in the definition section of the Interpretation Act we have:

> "Governor," "governor of Canada," or "governor general" means the governor general for the time being of Canada, or other chief executive officer or administrator for the time being carrying on the government of Canada on behalf and in the name of the sovereign, by whatever title he is designated.

Section 7 reads:

> "Governor in council," or "governor general in council" means the governor general in Canada, or person administering the government of Canada for the time being, acting by and with the advice of, or by and with the advice and consent of, or in conjunction with the king's privy council for Canada.

There would appear to be two distinctly separate functions performed by His Excellency the Governor General. That may seem to be of minor consequence, but I think I should direct to this problem the attention of those who are more familiar with constitutional law than I am. I am at a complete loss to understand our position with regard to this matter, particularly as there is written into the Militia Act a section that makes the Army Act of Great Britain applicable to Canada. In section 69 of the Militia Act it is provided:

> The Army Act for the time being in force in Great Britain, the king's regulations, and all other laws applicable to His Majesty's

troops in Canada and not inconsistent with this act or the regulations made hereunder, shall have force and effect as if they had been enacted by the parliament of Canada for the government of the militia.

I cannot reconcile this section, as drafted in 1904, with our position under the Statute of Westminster wherein it is provided:

No act of parliament of the United Kingdom passed after the commencement of this act shall extend or be deemed to extend to a dominion as part of the law of that dominion unless it is expressly declared in that act that that dominion has requested, and consented to, the enactment thereof.

I cannot find in the Army Act of Great Britain as it stands at the present time any express declaration that the Dominion of Canada has requested or consented to the application of that act to Canada. It is an interesting point that the fact that section 69 still appears and is in force in Canada is tantamount to a request and consent of the dominion that, in certain respects at least, the Army Act of Great Britain shall now be applicable to the armed forces of this dominion.

In dealing with these three questions which I bring to the attention of the house, it is perhaps well to consider the history of the Militia Act. No one is more familiar with that history than the right hon. gentleman who now holds the portfolio of Justice (Mr. Lapointe). On more than one occasion he has expounded and dealt in detail with the history of the act. At no time did he do so more thoroughly than in June, 1917, when he took issue with the leader of the house at that time in regard to the interpretation of the sections to which I am now directing the attention of the house. The act, as was pointed out by the leader of the opposition (Mr. Bennett) a few weeks ago, was introduced in 1868, shortly after confederation, by Sir George Cartier, under circumstances vastly different from those which obtain to-day. At that time, dealing with the command or exercise of authority with respect to the armed forces of the dominion, he drafted the section to read:

As provided by the fifteenth section of the British North America Act, 1867, the command-in-chief of the land and naval militia, and of all the naval and military forces of and in Canada, is vested in the queen, and shall be exercised and administered by Her Majesty, personally, or by the governor as her representative.

The act reads:

The militia shall consist of all the male inhabitants of Canada of the age of eighteen years and upward, and under sixty—not exempted or disqualified by law, and being British subjects by birth or naturalization; but Her Majesty may require all the male inhabitants of the dominion, capable of bearing arms, to serve in case of a levee en masse.

Section 5 divides all the male inhabitants of Canada into four distinct classes for the purposes of service. That was compulsory military service. The criticism of the bill, as I read the debates of 1868, was on the ground that the bill destroyed the volunteer system. The Minister of Justice will agree with me, I believe, that Sir George Cartier at that time felt it necessary under the circumstances then existing to impose some form of compulsory military service. As a matter of fact that form was modeled upon the French system then in vogue. The chief opposition to the bill, as one would gather from the debates of that day, was that it destroyed the volunteer system. and I submit that authority of compulsory military service still exists in the present Militia Act, as I shall endeavour to show in the course of my remarks.

Let us consider the circumstances. The war of 1812 was still within the memory of many then living. The government of Canada had suffered and had to deal with disturbances on the border, the St. Alban's raid and the Fenian disturbances, and the Canadian people were, as it was expressed in the debates, fearful of an invasion of combined Russian and American forces. They therefore felt it necessary at that time to have compulsory military service. Sir George Cartier said he hoped to provide forty thousand trained men per annum until ultimately Canada would have an army of trained men numbering seven hundred thousand capable of defending the shores of Canada. It was also stipulated in the act of 1868 that:

Her Majesty may call out the militia or any part thereof for actual service, either within or without the dominion, at any time, whenever it appears advisable so to do by reason of war, invasion or insurrection, or danger of any of them; and the militiamen, when so called out for active service, shall continue to serve for at least one year from the date of their being called out for actual service, if required so to do, or for any longer period which Her Majesty may appoint.

It goes on to provide that, when faced with sudden emergency, her majesty may appoint in command of the Canadian forces an officer of the regular British army. That may have been admirable legislation at the time, and I am merely drawing attention to the reasons which existed for it. In 1883 several acts dealing with the armed forces of the dominion were consolidated. The next important change occurred in 1904, in the

Militia Act introduced by Sir Frederick Borden. The sections with which the amending bills deal were introduced in their present form—

Mr. BENNETT: The act of 1868 was repealed.

Mr. MacNEIL: Yes. As the leader of the opposition points out, they repealed the acts of 1868 and 1883, and introduced an entirely new bill, and the present sections 64 and 69, as they now stand, were then incorporated in the statute as drafted by Sir Frederick Borden. I think it is important to note the intentions of Sir Frederick Borden with regard to these matters, and on this point I wish to quote the words of the present Minister of Justice speaking on Bill No. 75 in the House of Commons in June, 1917, as reported at page 2520 of Hansard. He said:

Until a few days ago, I do not think that anybody who has studied the constitutional history of Canada ever expressed the opinion that her militia could be sent overseas by virtue of that act. The debates that took place in 1868 showed that there was no intention to change the principle or the meaning of the section I am discussing. In considering the words "either within or without the dominion" in a subsection we must not forget that Canada at that time included only the four provinces, Ontario, Quebec, New Brunswick and Nova Scotia, and it was important that the authorities should be empowered to send the militia outside of the area of those four provinces to protect and defend the British territory which forms to-day the other provinces of the dominion.

I come now to the Militia Act of 1904.

That is the act to which I am now referring, which is in force to-day.

Surely this act did not change or modify the principles which I have enunciated. The language of the section was made clearer by the insertion of the words "for the defence thereof."

The minister is referring to the section dealing with active service, which now reads:

The governor in council may place the militia, or any part thereof, on active service anywhere in Canada and also beyond Canada for the defence thereof at any time when it appears advisable so to do by reason of emergency.

The present Minister of Justice continued:

The right hon. Prime Minister quoted a few words from a speech by Sir Charles Fitzpatrick, then Minister of Justice. He took good care, it seems to me, not to cite the language of the father of the act, the man responsible for the legislation, and who knows best what was the intention and aim of the bill. Here is the language used by Sir Frederick Borden, then Minister of Militia:

"Mr. Maclean: I would ask the minister if it is not the case that under the old section of the law as it now stands the militia of Canada could be used for the defence of the empire and sent out of this country for that purpose? But under the proposed law that is strictly prohibited.

"Sir Frederick Borden: No. I am advised, and was advised at the time of the South African trouble, for instance, that under the law we could not do that.

"Sir Sam Hughes: Could not do what?

"Sir Frederick Borden: That we could not send the militia to South Africa for service; under the law we were not able to do so. The present law has changed, as I say, in conformity with that view, and in sympathy with the idea which, as I said, controls the militia of mother countries and the militia of every one of the colonies of the empire, where you will find precisely the same clause."

On August 1, 1904, in committee, he said:

"Sir Frederick Borden: . . . The troops we sent to South Africa were not sent under the militia law at all. They were sent under a special arrangement; they went as volunteers. The same thing could be done at any time. It certainly would not be done under the militia act, either as it was or as we propose to make it, because there is no essential difference. Notwithstanding the fact that my hon. friend from Colchester questions my possession of common sense, I still believe that the act as we propose it is essentially the same in that respect as it was before, the object being to make clear the actual intention."

He said further:

"The very fundamental idea of a militia force always has been, and is now, home defence."

I am sure my hon. friend would not pretend to say that under the law as it is to-day the government could send a corps of the militia upon foreign service.

The Minister of Justice clearly indicated that to be the intention of the men who drafted the present Militia Act.

I wish now to turn for a moment to what actually occurred in 1914. I have the various sessional papers, including the orders in council passed prior to the assembling of parliament on August 18, 1914, and the various dispatches exchanged between His Royal Highness the then Governor General and the British government.

On August 1 this dispatch was sent from the Governor General to the Secretary of State for the Colonies:

My advisers while expressing their most earnest hope that peaceful solution of existing international difficulties may be achieved and their strong desire to cooperate in every possible way for that purpose wish me to convey to His Majesty's government the firm assurance that if unhappily war should ensue the Canadian people will be united in a common resolve to put forth every effort and to make every sacrifice necessary to ensure the integrity and maintain the honour of our empire.

On August 1 this message was sent from the governor general to the Secretary of State for the Colonies:

In view of the impending danger of war involving the empire my advisers are anxiously considering the most effective means of rendering every possible aid and they will welcome any suggestions and advice which imperial naval and military authorities may deem it expedient to offer. They are confident that a considerable force would be available for service abroad. A question has been mooted respecting the status of any Canadian force serving abroad as under section 69 of Canadian Militia Act the active militia can only be placed on active service beyond Canada for the defence thereof. It has been suggested that regiments might enlist as imperial troops for stated period, Canadian government undertaking to make all necessary financial provision for their equipment, pay and maintenance. This proposal has not yet been maturely considered here and my advisers would be glad to have views of imperial government thereon.

The Secretary of State for the Colonies to the governor general, August 4, 1914:

Though there seems to be no immediate necessity for any request on our part for an expeditionary force from Canada, I think in view of their generous offer your ministers would be wise to take all legislative and other steps by which they would be enabled without delay to provide such a force in case it should be required later.

From the governor general to the Secretary of State for the Colonies on August 5, 1914:

My government being desirous of putting beyond doubt status of Canadian volunteers, request that His Majesty may be pleased to issue an order bringing these volunteers under sections 175 and 176 of the army act.

From the Secretary of State for the Colonies to the governor general, dated August 6, 1914:

With reference to my telegram of August 4, His Majesty's government gratefully accept offer of your ministers to send expeditionary force to this country and would be glad if it could be despatched as soon as possible. Suggested composition follows.

Again on August 8 from the Secretary of State for the Colonies to the governor general:

Referring to my telegram sixth August army council state that a certain proportion of army troops will be required in addition to force mentioned. You will be furnished later on with suggested numbers.

I might go on and read numerous other messages. I refer to order in council P.C. 2067 dated August 6, 1914, which I think is important for the purpose of this discussion:

The committee of the privy council have had before them a report, dated August 6, 1914, from the Minister of Militia and Defence, representing, in view of the state of war now existing between the United Kingdom, and the dominions, colonies and dependencies of the British Empire on the one side, and Germany on the other side, creating a menace to the wellbeing and integrity of the empire, and having regard to the duty of the Dominion of Canada as one of those dominions to provide for its own defence and to assist in maintaining the integrity and honour of the empire, that it is desirable to mobilize militia units of the various arms of the service of such effective strength as may from time to time be determined by Your Royal Highness in Council, such units to be composed of officers and men who are willing to volunteer for overseas service under the British crown; to organize and equip them for war and to make and perfect all arrangements necessary to enable them to enlist and be enrolled for service under His Majesty's Government, should that government so desire.

The minister recommends, in order that this purpose may be carried out, that Your Royal Highness authorize the raising and equipment of such units of such effective strength as aforesaid, the concentrating of them at some point to be selected by the Minister of Militia, with Your Royal Highness's approval, and to make and perfect all arrangements necessary to enable them to enlist and be enrolled for service under His Majesty's government should that government so desire, upon such terms of engagement and for such service as may be deemed advisable.

I could go on and read the various documents on record, but I think I have read enough to show that on every essential point Canada was committed, prior to the assembling of parliament, to participation in external war. I could read the War Measures Act introduced in the house on August 19, 1914, which merely gave blanket ratification to those steps which committed Canada irrevocably at that time to participation in overseas war without the consent of parliament. That was determined under the authority of the statute which I now desire to amend. That statute is still in force. The historic precedent exists. Canada was committed to war without the consent of parliament, and that authority may again be invoked without the consent of parliament. I wish to make it clear that I am not criticising the action of those men who faced terrific responsibility under the most trying circumstances in 1914; I merely point to the facts as they exist. Surely we may profit to some degree from that experience, and if the assurance of the Prime Minister that parliament will now decide, under the constitutional status which we have attained, by reason very largely of Canada's sacrifices in the great war, means anything at this time, surely there can be no objection to the amendments which I propose to the Militia Act. If there is any failure to amend that act, the suspicion must lie in the minds of many that it is the intention again to invoke its authority in the same manner as in 1914.

Mr. LAPOINTE (Quebec East): If my friend would permit me, for the purpose of information, is there anything in any of the orders in council he is mentioning indicating that those orders were adopted under the authority of the Militia Act?

Mr. MacNEIL: That is just the point. There are included in the sessional papers numerous orders in council referring to specific sections in the Militia Act, and the Naval Service Act. I shall show that the order in council was passed under the authority of the Naval Service Act ratifying the purchase of submarines and placing them at the disposal of his majesty's government.

Mr. LAPOINTE (Quebec East): The Militia Act was mentioned in the orders in council, was it?

Mr. MacNEIL: Yes, in dealing with the formation of an expeditionary force, order in council P.C. 280, and particularly P.C. 2068 dated August 6, 1914, the concluding paragraph of which reads:

Whereas in view of the state of war existing between the United Kingdom and the dominions, colonies and dependencies of the empire on the one side, and Germany on the other side; and in view of the fact that thereby the Dominion of Canada is liable to invasion and other assaults of a hostile nature, such an emergency has arisen as calls for the placing of the militia on "active service."

Therefore His Royal Highness the governor general in council, under the authority of section sixty-nine of the Militia Act, is hereby pleased to order that such corps or parts of the militia as may from time to time, with the approval of the governor general in council, be named or designated in general orders published in the Canada Gazette, be placed on active service in Canada.

A subsequent order in council provided for the dispatch of the Canadian overseas expeditionary force.

Mr. MACKENZIE (Vancouver): May I ask my hon. friend to quote again the order in council with reference to the overseas expeditionary force?

Mr. MacNEIL: It is dated August 10, 1914:

The committee of the privy council, on the recommendation of the Minister of Militia and Defence, advise that authority be granted for the Canadian overseas expeditionary force to be composed in accordance with the accompanying table.

Mr. MACKENZIE (Vancouver): In that order in council there is no reference to the Militia Act.

Mr. MACKENZIE KING: That last reference applies simply to the composition of the expeditionary force, does it not? Is it not still obligatory for parliament to give its approval before any forces can be sent overseas?

Mr. MacNEIL: My reading of these various orders in council is that this authority was granted prior to the assembling of parliament.

Mr. MACKENZIE (Vancouver): Only for mobilizing them in Canada. There is no provision in the Militia Act for sending them out of Canada before parliament is summoned.

Mr. MacNEIL: Is it not clear from the order in council I read a moment ago and the dispatches that were exchanged, that an offer was made to send an overseas force and the offer was accepted? Then comes order in council P.C. 2067, which provides:

—such units to be composed of officers and men who are willing to volunteer for overseas service under the British crown; to organize and equip them for war and to make and perfect all arrangements necessary to enable them to enlist and be enrolled for service under His Majesty's government—

The first message on August 1 stated that they intended to send an expeditionary force, and I think the inference may be drawn that at that time they were doubtful as to the interpretation of section 69 and suggested a device by which the Army Act might be made applicable to Canada. I have further sessional papers which indicate very clearly that these sections of the Army Act were invoked in order that there might be ample authority for the dispatch of an overseas expeditionary force.

Mr. MACKENZIE KING: Does not the act provide that parliament must come together within fifteen days after an attempt to mobilize, and under the law as it stands would not parliament still have to give its consent before any forces could be sent out of the country?

Mr. MacNEIL: That is the law as it stands. There is an order in council here providing that parliament shall be summoned within fifteen days, and it was so summoned on August 18, 1914. But, as I pointed out, the War Measures Act introduced by the Minister of Justice of that time gave blanket ratification to those steps already taken by the executive, committing Canada irrevocably to the dispatch of an overseas expeditionary force, and I can find nothing in the debates of the special session of August, 1914, that does more than is set out in the War Measures Act, which states:

2. All acts and things done or omitted to be done prior to the passing of this act and on or after the 1st day of August, A.D. 1914, by or under the authority of or ratified by,—

(a) His Majesty the king in council;

(b) any minister or officer of His Majesty's imperial government;
(c) the governor in council;
(d) any minister or officer of the government of Canada;
(e) any other authority or person;

which, had they been done or omitted after the passing of this act, would have been authorized by this act or by orders or regulations hereunder, shall be deemed to have been done or omitted under the authority of this act, and are hereby declared to have been lawfully done or omitted.

4. The issue of a proclamation by His Majesty, or under the authority of the governor in council shall be conclusive evidence that war, invasion, or insurrection, real or apprehended, exists and has existed for any period of time therein stated, and of its continuance, until by the issue of a further proclamation it is declared that the war, invasion or insurrection no longer exists.

5. It is hereby declared that war has continuously existed since the fourth day of August, 1914, and shall be deemed to exist until the governor in council by proclamation published in The Gazette declares that it no longer exists—

Now I wish to turn to the situation which arose in respect to the Military Service Act of 1917. In the preamble of that act the sections to which I referred are definitely quoted as indicating the necessity for the Military Service Act. Section 41 and section 69 of the Militia Act are quoted, and the justification for the Military Service Act, as the Minister of Justice will remember quite clearly, was that such authority had existed previously in the Militia Act. It was argued by the late Sir Robert Borden, by his Minister of Justice and by various supporters of the government at that time that from 1914 to 1917 authority had existed and could have been invoked under the Militia Act not only for the dispatch of an overseas expeditionary force but, if they had so desired, for the imposition of compulsory military service on the people of Canada; and, as I say, the justification for the Military Service Act of 1917 was that it was more desirable to have the method of selective draft rather than the system of balloting which is now in the act; for I contend that the compulsory military service feature is still contained in this act. As I stated a moment ago, all male inhabitants of Canada are still liable for military service and may be summoned to the colours by order of the governor general in case of a leveé en masse; and for the purpose of enrolment even in peace time the male inhabitants of Canada at present are divided into four classes and may be required to serve for a stated period. Of course that is obsolete in practice; but it is still in the act and that authority may be invoked if it should be so desired. I am not suggesting for a moment that the right hon. Prime Minister has the faintest desire to do so; but the language of the statute is obsolete in the light of the assurance of the Prime Minister and the present constitutional status of the dominion.

May I also point out that in the debate to which I refer it was quite apparent that there was a wide divergence of opinion, and I commend the debates of 1914 as well as those of June, 1917, to all members of this house for careful study at this time. As I say, the Prime Minister of the day, Sir Robert Borden; his Minister of Justice, and many other eloquent and able gentlemen argued that the authority existed in the Militia Act. They quoted the opinion of Sir Charles Fitzpatrick who, in dealing with the interpretation of these sections, particularly section 69, said:

The governor in council may send the militia of Canada out of Canada at any time when deemed necessary for the defence of Canada. If, in the opinion of the governor general in council it should be necessary, because of a war going on in India, to send militia out there for the defence of Canada, they may, in the exercise of their discretion, do it, because they are the sole judges of what is necessary to be done in the defence of Canada.

Then he went on to say:

But we do not think it advisable that that power should be absolutely and unrestrictedly in the hands of the governor in council. We think it advisable that the period during which they may exercise that power should be restricted and that parliament should be called together and be consulted at the earliest opportunity. Parliament must be summoned in fifteen days and then the whole matter will be in the hands of the people's representatives.

Mr. LAPOINTE (Quebec East): But the opinion of Sir Charles Fitzpatrick was contrary to that of Sir Frederick Borden, who was the father of the act in 1904, was it not?

Mr. MacNEIL: That is true.

Mr. LAPOINTE (Quebec East): What is my hon. friend's own opinion about it?

Mr. MacNEIL: I merely point to the ambiguity and remind the Minister of Justice that at that time he argued passionately and eloquently for the interpretation which might follow the intention of Sir Frederick Borden when he drafted the statute of 1904. But may I point out to the right hon. gentleman that his opinion, in which he was supported by his leader, the late Sir Wilfrid Laurier, by the Hon. Mr. Oliver, the Hon. Mr. Lemieux and others, all of whom argued very emphatically for that interpretation, was overruled; and the interpretation prevailed at that time that under these

sections of the Militia Act the executive, without reference to parliament except within the fifteen day period—

Mr. LAPOINTE (Quebec East): I could not say that the other opinion prevailed, because the act was replaced by a special new act for the purposes of the then war.

Mr. MacNEIL: The Militia Act was not repealed; the Military Service Act of 1917 substituted the selective draft for the balloting procedure necessary now to bring militia units up to the required establishment.

Mr. LAPOINTE (Quebec East): Yes; but compulsory service during the war was carried on under the Military Service Act of 1917, entirely without regard to the old act.

Mr. MacNEIL: I am pointing out that the leaders of the political parties at that time—and I am not saying whether they were right or wrong, nor am I trying to revive discussion of the conscription issue—were divided in their opinions on this question. There were differences between able constitutional lawyers at that time, who were faced with tremendous responsibilities. Sir Wilfrid Laurier took direct issue, as he said, with the opinion of Sir Robert Borden on this very matter. The government of the day acted on the interpretation given by Sir Charles Fitzpatrick, a former Minister of Justice and later Chief Justice of Canada. The sections of the Militia Act now under discussion are quoted in the preamble of the Military Service Act. I mention this incident to show that serious ambiguity exists, and I fail to understand why the Minister of Justice, having found himself in that position in 1917, has failed to amend the act as it stands to-day, so as to make the position clear that parliament has definite control over decisions as to compulsory military service and as to dispatch of troops beyond the frontiers of Canada.

Let me refer to one other point. Speaking of the advisability of frankness in discussion prior to the event, in May, 1918, there was serious disaffection in Canada, and that disaffection was brought to a head by the descent upon Ottawa of a delegation of four thousand farmers. They submitted through the present hon. member for Outremont (Mr. Vien), who was in the house at that time, a most remarkable document, from which I wish to quote briefly. It indicates the results which follow arbitrary executive action without reference to parliament, and the results which follow a failure to bring these matters under frank discussion. At page 2551 a remarkable document was read into Hansard as submitted by representatives of the agricultural community. I quote in part:

> Will the house permit us to speak more plainly what is in our minds? We have never believed that the conditions produced by the war demanded flagrant departures from the honoured processes of law enjoined by the constitution while parliament is in session or is near assembling. We believe that reliance upon parliament, instead of upon arbitrary authority, most effectively honours the guarantees of freedom which are embedded in the constitution. One considerable departure from sound practice may be accepted, but repetitions of it may be exceedingly dangerous, especially under such circumstances as now beset the state.
>
> Twelve days before the meeting of parliament in January, 1916, the authorized Canadian army was doubled from 250,000 to 500,000 men. No British army had ever been doubled without recourse to parliament. That it was done in Canada caused students of British history to inquire whether anything had occurred to warrant such a disregard of parliament. Though this House of Commons has inherited some of the consequences of such an innovation, we desire to confine our respectful remonstrances to more recent events.

It goes on to speak of riots in Quebec, unhappy circumstances through the agricultural communities, and the effect of the order in council endorsed by parliament which virtually swept aside the provisions of the Military Service Act of 1917. In view of the history of the Militia Act, the setting in which it was originally drafted, and in view of its inadequacy between 1914 and 1918, and the doubt which existed as to its exact interpretation, and as to the authority of the executive with regard to decisions of vital consequence, surely I am within my rights in urging the government to accept the amendments I have proposed.

It is intelligent and wise to act prior to the event. I say it is better far to face these decisions to-night, even though there may be sharp disagreement on some matters, than in face of grave emergency to have strife and dissension and disputes, such as I have referred to to-night in the quotations I have brought to the attention of the house. I say the Prime Minister might very well accept the amendment and keep faith with the youth of Canada whose lives are at stake, and who may be commandeered by the executive without reference to parliament under the terms of the Militia Act as it stands on the statute books of Canada to-day.

Mr. R. A. PELLETIER (Peace River): Mr. Speaker, I rise to support the measure with some hesitation, because it does indeed involve a highly technical constitutional question and one which perhaps might better be left to the consideration of legal authorities.

Nevertheless I have long felt that our position concerning this particular matter has never been clear and explicit enough, and it is my view that the measure now before the house would make the act clear and explicit beyond the shadow of a doubt.

I also keep in mind the words of the Prime Minister (Mr. Mackenzie King) when he told us to be very careful about what we had to say concerning foreign policies. Nevertheless I believe that because of the existing situation certain principles should always be kept in mind, and in that connection I am reminded of the expressions of Sir Edward Grey, otherwise known as Viscount Grey of Fallodon, a former Secretary of the Foreign office during at least part of the great war. Referring to the situation at that time he said:

> Every country had been piling up armaments and perfecting preparations for war. The object in each case had been security. The effect had been precisely the contrary of what was intended and desired. Instead of a sense of security there had been produced a sense of fear, which was yearly increasing. Europe was afraid of the German army. Germans encouraged in themselves and in others the belief that the German army was invincible.

I pause to point out that he was referring to conditions then existing. Perhaps the situation to-day is not similar. But the conclusion which he drew from his thoughts at that time are just as true to-day as they were then.

> Such was the general condition of Europe; preparations for war had produced fear, and fear predisposes to violence and catastrophe.

So, keeping that principle in mind, I feel it is simply supporting the stand taken by the Prime Minister that our position should be made clear in respect to our attitude concerning this particular question. For example, it was for that reason that on March 16, 1938, I tried to introduce a bill which would have had the effect of repealing the Military Service Act of 1917. Hon. members will recall the discussion which took place at that time when the Minister of Justice (Mr. Lapointe) assured us that the act was dead. As a matter of fact he said it was a "dead horse", and other similar references were made to the act at that time.

Mr. LAPOINTE (Quebec East): And that was true.

Mr. PELLETIER: The purpose I had in trying to introduce the bill was to attempt to make our position in Canada as clear and explicit as we possibly could. No one can deny that since we are a part of the British Empire we must face our responsibilities in that connection. It is true the Prime Minister has assured us on many occasions that the people of Canada would be consulted, through parliament, if any action of that kind were taken. Yet when we notice the events taking place around us to-day we cannot help pointing with wonder at the words of Sir Thomas Inskip, Coordination of Defence Minister, who spoke in the British parliament just before midnight on May 31 of this year. The press report is as follows:

> James Ede, Labour, said last night that from Sir Thomas' statement it was clear the government had "legislative machinery" for conscription ready to be used as soon as war should break out.
>
> "I have said so as plainly as I could," the minister replied.

He went on to say:

> With the experience of 1914, the government departments concerned have given a great deal of consideration over a number of years to the best use of man power in an emergency.
>
> There is certain to be, in the event of war, a competent authority who will allocate, according to the age and capacity of each individual person, a suitable position for that person to occupy.
>
> But nobody would escape from the obligation which would be placed upon him in those circumstances by choosing a position, possibly one which he might think more attractive for himself, in peace time.
>
> If anybody elects to join one or the other of the many services asking for recruits at the present time, he will do so with full realization that he will not thereby be exempt from any obligation which parliament may impose upon him in time of war.

That is the declaration of Sir Thomas Inskip in the British parliament. I feel it was said simply because the present world situation, although it has quieted somewhat within recent weeks, is felt to be serious in Great Britain, and certain measures are being taken so that all things might be in readiness in the event of an outbreak of war.

Because of what the right hon. Prime Minister (Mr. Mackenzie King) has said, I feel that every member of this house should support this measure, particularly the hon. members from the province of Quebec and elsewhere who have always felt they should be consulted before any such action was taken by the parliament of Canada. I should like to quote from the speech of the Prime Minister as follows:

> "What I have said and quoted—"
>
> I am still quoting what I said at Geneva two years ago.
>
> "—does not mean that in no circumstances would the Canadian people be prepared to share in an action against an aggressor; there have been no absolute commitments either for or against participation in war or other forms of force. It does mean that any decision on the part of Canada to participate in war will have to be taken by the parliament or people of Canada in the light of all existing circumstances; circumstances of the day as they exist in Canada, as well as in the areas involved."

In order to bring about that happy condition, I consider that the present Militia Act should be amended. Section 4 of the Militia Act reads:

The command in chief of the militia is declared to continue and be vested in the king, and shall be exercised and administered by His Majesty or by the governor general as his representative.

It does not say the governor general in council, nor does it refer in any other way to the parliament of Canada. There may be other limitations, but that is the language of that particular statute. In order to determine our exact position, we should know what are the powers of the governor general and who is the governor general of Canada. I hold in my hand the statutes of Canada, 1930, second session, and I should like to read from the prefix thereof relating to the letters patent constituting the office of the governor general of Canada. This reads:

Letters patent under the great seal of the realm, constituting the office of Governor General and Commander in Chief of the Dominion of Canada. Dated 23rd, March, 1931.

Mr. MACKENZIE (Vancouver): Would my hon. friend read section 15 of the British North America Act in conjunction with that?

Mr. PELLETIER: I am coming to that. I just wanted to make it clear how the governor general was appointed, and in a few minutes I shall refer to the powers of the governor general as set out in the British North America Act. I quote:

Office of Governor General and Commander in Chief constituted.

We do hereby constitute, order, and declare that there shall be a Governor General and Commander in Chief in and over our Dominion of Canada (hereinafter called our said dominion), and appointments to the said office shall be made by commission under our sign manual and signet.

I wanted this to be placed upon the record during the course of my remarks to show definitely how the appointment of the governor general is made. Section 15 of the British North America Act reads:

The command in chief of the land and naval militia, and of all naval and military forces, of and in Canada, is hereby declared to continue and be vested in the queen.

It does not state that it is vested in the governor general in council. Executive power is outlined under sections 9 and 10 of the British North America Act, which read:

9. The executive government and authority of and over Canada is hereby declared to continue and be vested in the queen.

10. The provisions of this act referring to the governor general extend and apply to the governor general for the time being of Canada, or other the chief executive officer or administrator for the time being carrying on the government of Canada on behalf and in the name of the queen, by whatever title he is designated.

There is some reason for those of us who are not well versed in legal matters to believe that there may be room for disagreement in connection with the status of Canadians at the present time. In my opinion the present bill will serve to a large degree to clear up the situation. It will also serve to bring into effect the declarations made by the right hon. Prime Minister, that the people of Canada should be consulted in case of war. I could go on and refer to the fear which is in the hearts of so many people at the present time as to the outbreak of war. We realize the serious situation which exists in Europe, and we fear that our ties with other countries may involve us in war. I am not at the moment discussing our relationship to the British Empire or to Great Britain, but I do believe that as a part of the British Empire we must of necessity assume the responsibilities which exist at the present time and which must be faced. The words to be added by this bill to section 4 of the act are:

—acting by and with the advice of the king's privy council for Canada.

The other amendments proposed by the bill are along the same lines.

I intend to support this bill, and I want to make my position quite clear. I well remember during the election campaign of 1935 when I was asked many times to state my position in connection with war. In every instance I always replied I believed that in case Canada was invaded, every Canadian should be willing to give to the very last of anything that he possessed, even his life, in order to defend the country that he loved and the family that he had raised, but before he was sent overseas to take part in any war beyond the borders of Canada he should be entitled to express his opinion as to whether or not the reasons for that war were such that he could support. I do not wish to discuss the propaganda which is usually carried on at such time and which has such an influence upon public opinion. The fundamental principle of democracy which is involved is not altered in any degree. The individual who may be called upon to give up his life elsewhere should have the right to say whether he is willing to do so. I believe everyone in Canada desires to have that great privilege.

THE BUDGET

CONTINUATION OF DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Charles A. Dunning, Minister of Finance, that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Lawson.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, before proceeding with the remainder of the contribution which I am endeavouring to make to the budget debate, I should like to say, in criticism of the budget, that as a westerner and a representative of an agricultural constituency I protest against the fact that no effort has been made to reduce the duties on and the prices of, farm machinery to the farmers, and that no provision has been made for the reduction of the sales tax. Both of these matters bear heavily upon the people in my constituency and throughout the west.

When the house took recess at six o'clock I was referring to the remarks of the hon. member for Vancouver-Burrard (Mr. McGeer) as reported on page 4067 of Hansard, to the effect that he did not approve social credit principles. From what the hon. member said with reference to the issuing of purchasing power, one is forced to the conclusion that there is not much difference between his idea as to where the money could come from and the idea of those who believe in the social credit movement. Inasmuch as the origin of new money is the first all-important matter rather than what you shall do with the money after you get it, I contend that he was hardly justified in making so sweeping a statement as is to be found in column two of the page to which I referred. However, his opinions are his; ours are ours; and he has a perfect right to say what he likes. There is apparently this difference between his idea concerning money and ours. He did not, so far as I was able to understand, lay down in his speech the principle that the new money should not cause debt. Our stand is that when new money is created there should not be any debt of the government for that money; if anyone owes anybody for that money, he should owe the government of the country for the money. To us it is an absurdity that the government of a country should owe anybody in the country for the money that government has with which to carry on, or for the money which is created within the country. It is the unchallengeable, sacred, sovereign right of the government of the country to create such money as it is necessary to create within the country.

The hon. member for Vancouver-Burrard did not say anything about the just price. I think he would be in a difficult position in maintaining an objection to the just price. It has not been discussed to any great extent, but certainly a just price commends itself to any fair-minded person.

As to what shall be done with respect to the dividend, may I raise just one or two questions for the benefit of the hon. member and other hon. members in this chamber? He mentioned last night the great amount of money which the British government was expending to increase purchasing power by an impressive rearmament program. He mentioned rehousing and a great many other projects which are being carried on to distribute purchasing power among the people. Let me ask this question first: When the rearmament program ceases, how will the government proceed to get the money into circulation? That question must be answered. And when rehousing has gone forward to as great a degree as is considered advisable under the conditions, how will an amount of money similar to that which has been expended through rehousing be distributed among the people? The same question might be asked with respect to each of the projects proposed. Again, it must be borne in mind that when any project is set forth and effected within a country, there are but a limited number of the people of that country who are enabled to get employment in connection with that project. The result is that a great many people to whom the purchasing power should come are unable by any ordinary means to get that purchasing power into their hands. The all-important matter is to get the purchasing power into the hands of the consumers. The hon. member will be faced with the difficulty of getting around that objection unless he accepts the principle of the dividend.

Let me turn for a brief time to the question of money. The Minister of Finance, whether he intended to or not, gave the impression that attempts in the past to use money by a government have been failures.

Mr. DUNNING: Oh, no.

Mr. BLACKMORE: In this connection let me refer hon. members to an extremely fine book, published in 1930, called The Theory and Principles of Central Banking, by Doctor William A. Shaw, editor of the calendar of treasury records of His Majesty's public

records office. He is the author of seven successful books on monetary topics. There can be very little doubt that this man is one of the world's most eminent authorities. On page 50 of that book, which is to be found in the library, appear these words:

> And thereupon the treasury offered to sell them currency notes at full face price without limit, and at the same time opened a currency note redemption fund for the purpose of retiring the issue as soon as the need for it was over.

What is being discussed here is the means which the British government used to overcome the financial crisis with the banks, which crisis arose when the war broke out and they had a panic. I go on with the quotation:

> To the treasury's surprise, the currency note quickly struck root, and proved itself completely acceptable, and gradually the treasury realized that the whole circulation of the country could be changed over to paper and the gold withdrawn. The changeover was accomplished with astonishing ease and speed by 1916. By the restrictions which were later placed on the movement of gold this currency note circulation became virtually inconvertible, though it was not declared so by law until 1925.

Thus far there seems to have been little difficulty in making this national currency work. I turn again to page 51 and read the following words:

> To this currency note circulation there was at first no limit fixed. It could fall or rise unhampered, according to the community's demand or need of it, and in the remaining years of the war and of the armistice period it bore the strain of increased prices and enormously increased production without friction or effort. For the first time in history the world had a sample of a truly automatic currency, issued only by the state, sold only at full face value, supplied or retired in complete accordance and response to the community's unfettered demand or need.

May I stop just for a minute to comment. It is one of the fundamental ideas of the social credit proposals that the money in circulation shall depend upon the needs of the people; in other words, that we should have economic democracy to the fullest degree. Consequently this monetary experience has a most important bearing upon the social credit contention. To continue the quotation:

> After ten years of illuminating experience this perfect, uncontrolled, and uncontrollable automatic currency system was thrown over, the automatic principle was surrendered, and our currency, although declared by law to be inconvertible paper, was placed (or was supposed to be placed) under the control of the Bank of England, and became once again sensitive (or was supposed to be made sensitive) to the vagaries of a fluctuating gold cover fund.

The indications from the words used there are that if that change had not been made, this inconvertible paper currency, issued by the state and by the state only, would have been a most outstanding success. On page 57 we read further:

> The historical survey agrees with pure theory in declaring that currency control is not and cannot be a function of a central bank, and that paper currency must be entirely automatic alike in its issue and its retirement, just as the previous metallic gold circulation had been, and therefore that the control of it lies in the community, not in the central bank.

May I point out, pausing for a moment, that the idea is economic democracy; that the community itself shall decide the amount of money which shall be in circulation. To continue the quotation:

> In this perfect form such paper is incapable of overissue and debasement, and is therefore proof against manipulation at the hands of a needy government. Therefore the guarantee which Europe is seeking against inflationism resides not in a central bank (which is no guarantee at all), but in an automatic currency.
>
> Such is the verdict which I deduce from this rapid survey of European banking and currency history of the last hundred years.

In the light of such expressions as that, in a book written by so eminent an authority, any man inside this house or out who undertakes to point the finger of scorn at the economic reformer, the advocate of money reform, is being reckless in an extremely high degree.

May I now deal for a few minutes with what has actually happened with respect to the growth of money in another country; I refer to the United States. The information which I am now going to put on Hansard is drawn from pages 66 to 68 of a book called Inflation, by Woodward and Rose, published in 1933. In those two pages will be found the following illuminating figures:

Year	Coin and currency per capita	Bank deposits per capita	Total circulating medium per capita
1834.. ..	$ 5 24	$ 7 11	$ 12 35
1860.. ..	9 76	9 85	19 61
1880.. ..	13 93	44 30	58 23
1900.. ..	17 10	111 57	128 67
1915.. ..	18 56	218 48	237 04
1930.. ..	29 76	485 57	515 33

Until 1860 there was very little difference between the amounts of coin and currency and bank deposits, but notice the tremendous jump in the use of bank deposits—figures in a book—in these later years. In 1930 the coin and currency was $29.76 per capita; bank deposits, $485.57 per capita, and the total circulation medium $515.33 per

capita. The figures which are given on these two pages show the way in which bank deposits, created by the banks out of nothing, constituting nothing but figures in a book, came rapidly to be the money which was used by the country. The figures are extremely striking. The last figures I gave indicate that in the United States in 1930 there was only $29.76 of coin and bills, what we ordinarily call money, while there was $485.57 of bank deposits. There is a common fallacious notion among people that bank deposits are in some way coin and currency, but these figures show clearly that such is not the case; for as I have just said, and I repeat, in 1930 there was only $29.76 of coin and currency per capita in the United States, while bank deposits amounted to $485.57 per capita—figures in a book.

The question is, who created these deposits? The banks of the United States, working through a hundred years of time; and our contention is simply that the government should have created that money. The government and not the banks should have owned it.

Let me turn now to another quotation. These quotations may be rather uninteresting, but they are the best means I can find of convincing anyone who is open-minded and willing to be convinced. So far as the others are concerned, there is no use in bothering with them.

On page 181 of a book called Controlling Depressions, by Paul Douglas, professor of economics of Chicago university in 1935, we find these words:

> Finally, it may be asked why private interests should be allowed to obtain the wealth which comes from the creation of monetary purchasing power in the form of bank credit. As Carl Snyder has shown, production, if we take long periods of time, has increased at a rate of approximately three per cent a year compounded. Now if the private bankers only increase the quantity of credit in the same proportion they would gather to themselves a very large gain in wealth and power.

There, may I point out, is something for nothing, something that has been acquired by the bankers of the United States through all the history of banking in that country.

> This has most certainly been the case in the past. The volume of bank credit which has been built up from very small beginnings is now the property of the banking fraternity. By creating credit they have acquired a title to wealth and a claim upon the national income as real as if they had themselves built gigantic factories, railroads, utility plants, etc. Some idea of how much these sums amount to can be gained from the fact that if we were to take a credit total of thirty-three billion as our base, an increase of three per cent in this figure to match the secular increase in production would mean that in the very first year the private bankers would create one billion dollars in new credit. They would own this and would in fact increase their wealth by that much. As the total volume of credit rose, the absolute yearly additions would of course rise also. Thus, three per cent of fifty billion would amount to 1·5 billion a year. A large part of the fruits of progress, therefore, tend to be transferred to the private bankers because their ability to create the monetary counters enables them to claim title to the goods. It is, of course, true that this purchasing power is then loaned out. But interest is charged for the loans and these go not only to independent business men but also frequently, as the revelations of the last ten years have shown, to persons and syndicates closely identified with or controlled by the bankers themselves.

[Mr. Blackmore.]

There are other quotations from this book which I shall read. Although they are not interesting to listen to, they make interesting reading. On page 182 the author says:

> The bankers as individuals are not, of course, to be blamed for this creation of purchasing power. Under the prevailing rules of the game they have been given this power and they have acted both within their legal and their moral rights. But the question remains whether the rules themselves are best for society.

Social credit says that the rules are not best for society; that they should be changed, and that it is the responsibility of this government at this time to change the rules:

> Society has long since taken away from individuals the right to profit individually by privately coining money. Why should it surrender to private individuals and corporations the similar right to levy toll upon the public by permitting them to create purchasing power in the form of credit? Should not the profits of this essentially public function accrue to society as a whole rather than to those who have placed themselves at the vantage points of industry?

These are the words of Professor Paul H. Douglas, professor of economics of the university of Chicago. They sound like social credit, but here is an orthodox economist of the United States writing in this vein. In the light of the fact that so eminent a man makes such a contention, reckless indeed is he who has offensive things to say about monetary reformers. On the same page he writes:

> There has always been a considerable volume of opinion in favour of the complete nationalization of banking. In the past, its advocates have been regarded as money cranks hovering on the lunatic fringe of social reform. The sentiment in favour of such a policy has, however, been swelling rapidly in both Great Britain and the United States during this depression. In Great Britain, the Labour party has been putting such a proposal near the head of its program, and while no such strong political forces have as yet advanced similar demands in this country such developments do not seem as impossible in the future as they once did. The most cogent argument in favour of such complete nationalization

which has been advanced in this country is that of Doctor John Bauer and Nathaniel Gold in their recent book, Permanent Prosperity and How to Obtain It.

There are other passages that follow immediately which any hon. member would find interesting. The finding of this outstanding author is that the government and the people should have the profit that comes from the creation of money.

Mr. DEPUTY SPEAKER: I must remind the hon. member that he has exhausted his time.

Mr. BLACKMORE: It may be interesting to know that I have half a minute left.

Mr. J. H. HARRIS (Danforth): We all fully realize the task of the Minister of Finance (Mr. Dunning) in preparing the national budget; but he and other hon. members will understand, I am sure, that with all the good will and with the best wishes, we might be excused for leaving out the usual complimentary remarks, and take full advantage of the forty minutes allotted to us to discuss a subject matter which it took three hours to present to the house.

Mr. DUNNING: Not as bad as that—two and a quarter.

Mr. HARRIS: After listening to social credit, something about which most of us do not seem to know a great deal, perhaps hon. members will now listen to something about which they know or ought to know a great deal.

Canada is faced to-day with problems of great magnitude. First and foremost among them I place the fact that close to one million of her men, women and children find themselves leaning on the state for daily sustenance. The cost this year will be about $68,000,000. Another problem which is costing us a great deal of money is our railway problem; even as it was last year, the cost will be close to $42,000,000, if not more than that. We have an agricultural problem that is and will be with us for many years to come; young men and young women as they come to maturity find themselves drifting from the farm to the town. Sixty years ago twenty-two people were in the towns to seventy-eight on the farms. To-day in Ontario we find thirty-nine on the farm producing for the wants of sixty-one in the urban centres. Coming to the urban centres, we find one of the greatest problems is that of real estate taxation, which makes it difficult for our people, who are home loving people and like to own their own homes, to do so. These problems are the concern not only of members of this house but particularly of the ministers, and we should have some action from them. The greatest of all problems is the fact that so many of our people cannot find a vocation. True, the matter of sales tax was dealt with, a non-work-producing tax, and some degree of relief has been given. Still I say the greatest problem is that of our fellow citizens who cannot find a vocation.

The budget itself quite properly was divided into its five classifications; financial operations, trade, the balance sheet, the estimate of revenue and expenditure, and ways and means to meet that expenditure. But why was not equal weight given to each of these five divisions? Why was one hour spent on trade, one on accounts, information with regard to which we can get each and every month from the blue-books, and only half a page devoted to the forecast for the coming year and half a page on ways and means to meet that cost? Why was nothing of any consequence said—only 217 words—with regard to the railway problem which is exercising the minds of all Canada? To my mind this presentation, to put it as kindly as I can, is one of the greatest examples of inaction that I have seen during my term of sixteen years in this House of Commons. "Vote Liberal and get action." What empty words! Trade and Commerce took one hour. I think the time has come when perhaps the Minister of Trade and Commerce (Mr. Euler) might take charge of that portion, elaborate the picture for us, and sit in this house and answer, relieving the Minister of Finance of that part of the burden. But inasmuch as the Minister of Finance takes it on himself to talk to us for an hour on trade and commerce, perhaps I may be spared a few minutes.

Trade. Your Liberal god seems to be total trade. You think only in terms of total trade. There I draw the line of demarcation between the Liberal party and the Conservative party. You worship at the shrine of total trade; with us, trade, yes, trade wherever we can get it, expanding trade, but trade of a kind that will not take away from our citizens their handicrafts, their vocations. That is the kind of trade for which we stand. The Liberal party look to the south for more trade, and there they find people much the same as our people, their vocations the same as ours, their mode of living the same, their resources very much the same, the same kind of products and much the same geographical position. What is the result when you give concessions to a powerful nation like that? Each concession you give turns out in the

long run to be detrimental to the best interests of our country. The action taken by them, particularly during the last two or three decades, we all know has resulted in stifling us and barring us from making real progress. The United States to my mind should receive a secondary consideration in regard to our trade. You have the spectacle of us sitting here for five months waiting for that nation to make up its mind whether or not it is going to enter into a trade agreement with us. That is another example of leaning on that country and not going ahead and functioning as a government, and presenting the budget in March, as it ought to have been presented. Let us go ahead and do the business of Canada, instead of sitting back and waiting five months for the powerful nation to the south of us to make up its mind what it is going to do. Let us carry on and show a stiff front to the rest of civilization, not letting ourselves remain in the category of an adjunct to the United States.

Then, following the same line of thought that total trade is the god, we have in the budget address a table, appearing on page 3896 of Hansard, setting out the imports from the United States, $393,000,000 in the fiscal year ended March 31, 1937, and exports to the United States, of $364,000,000 in the same year. They add the two together and say that is the total trade. But the total trade is not the real factor which affects the economy of this country; it is the balance of trade. Those figures should have been deducted, exports from imports, to show our unfavourable balance with the United States. In 1938 we see the total imports rising to $487,000,000 and exports shrinking by some $21,000,000. But they are added together and the total set before the people of Canada as an increase of $72,000,000. Had our exports to the United States been deducted from our imports from that country, it would have shown an unfavourable balance of $144,000,000. That is the factor which is seriously affecting our economy. That is the factor which should receive the attention of every sound thinking Canadian. That $144,000,000 unfavourable trade balance represents goods half of which could have been produced or made in Canada. Why give away $2,000,000 a week of Canada's home market, the products of our farms, gardens, orchards and factories? Why give away $1,000,000 a week in wages to purchase the products of United States farms and gardens and factories? I almost heard a tremble in the minister's voice when he handed out that little sop to the west by saying that during his term of office the free imports into this country have increased from one-third to one-half. So much was I interested that I looked to see what classes of goods these imports were. I found an increase in agricultural and vegetable products of a kind that we could produce in this country of $8,000,000 from 1936 to 1937. Analysing that figure I found that in the same year fresh vegetable imports of a kind that we can produce here increased from $4,180,000 to $5,140,000, or twenty-five per cent in one short year. Seeing that, I thought to myself again that the time has come when a party will have to be put in power whose goal is not only more trade, but trade of a kind which will not affect the natural production of our dominion.

With the permission of the house I should like to put the following tabulation on the record. The budget shows the trade of Canada with the United States on page 3896 of Hansard:

(Merchandise—all gold excluded.)

	Fiscal year ended March 31, 1937	Fiscal year ended March 31, 1938	Increase or decrease
Imports from the United States	$393,720,662	$487,328,980	+$93,608,318
Exports to the United States	364,354,990	343,250,669	— 21,104,321
Total trade with the United States	$758,075,652	$830,579,649	+$72,503,997

A clearer view of the position would be shown if we deducted our exports from the imports thus:

	Fiscal year ended March 31, 1937	Fiscal year ended March 31, 1938	Increase in unfavourable balance
Imports from the United States	$393,720,662	$487,328,980	$93,608,318
Exports to the United States	364,354,990	343,250,669	21,104,321
Unfavourable balance with the United States	$ 29,365,672	$144,078,321	$114,712,639

[Mr. Harris.]

In connection with mixed farming in Canada, particularly in Ontario and Quebec, when I noticed from the statistics that twelve million tons of canned beef came into this country last year, knowing that this represents thirty thousand cattle, I thought once more that the time had come when we should call a halt to importations of that kind. Can we not produce beef in Canada?

Turning to the other side of our national life, industry, and looking at the iron and steel industry, we find that imports increased from $114,000,000 in 1936 to $150,000,000 in 1937; yet in the report of the national employment commission it is stated that there were 99,157 men engaged in that trade in 1929, of whom 35,000 were walking the streets in 1936. Why, then, should we import an additional $40,000,000 worth of iron and its products, while so many of our own people found themselves on the streets looking for jobs? Take the schedule of all commodities entering Canada and divide it up, as the bureau of statistics does, into raw materials, semi-manufactured articles and fully manufactured articles, and what do we find has happened in the last four years? Our total imports have increased from $238,000,000 to $487,000,000, an increase of $249,000,000, or more than double.

I put this record on Hansard:

Imports into Canada from United States by Degree of Manufacture
(Fiscal Years, 1934-1938)

Fiscal years ended March 31	Total imports	Raw materials	Semi-manufactured	Fully manufactured	Fully manufactured
1934	$238,187,681	$ 90,360,530	$14,412,383	$133,414,768	56·0
1935	303,639,972	112,600,065	18,874,371	172,165,536	56·7
1936	319,479,594	109,674,022	20,463,892	189,341,680	59·3
1937	393,720,662	124,346,994	22,165,712	247,207,956	62·8
1938	487,307,907	144,065,465	25,390,779	317,851,663	65·2
4 year increase	$249,120,226	$ 50,704,935	$10,978,396	$184,436,895	9·2

The fully manufactured products, in every $100 of which there is contained $40 of workmanship and wages, showed an increase from $133,414,768 to $317,851,663, or a total increase of $184,436,895. Yet in his budget speech the Minister of Finance says that "Canada cannot give to-day and trade to-morrow." Within the last three or four years Canada has given more than $184,000,000 in this way alone; yet she wants to trade to-morrow. I say we ought to adhere to the policy that Canada cannot give to-day; and I am behind the minister in that policy. I would even follow him if he went one step further and said Canada should protect the opportunity for workmen in this country to fabricate the goods we need, even beyond the point of giving and even to the extent of protecting ourselves. The Conservative policy that brought about "our" great empire trade agreements—and I said "our" empire trade agreements—did that very thing; saw to it first that the products of our own artisans and farmers were protected against the inroads of materials of all kinds from other countries, and then we had something with which to make a deal; we had some opportunity to bargain.

Canada has been in this position on other occasions; we have been brought to this situation many times through the advent of Liberal governments, and each time they come to power it seems that more and more of the products of other countries come to our land, while we produce less and less of our own requirements. That happened in the seventies, and the situation was remedied by the national policy of the Conservative party. It happened again in 1890 and 1900, and then in 1911 Canada said, in no uncertain voice, "No more of that." It happened again after the depression of 1930. I say to the hon. member for Huron North (Mr. Deachman) who seems to have forgotten that there was a depression, that it was not only the depression which was responsible for the extent to which Canada's economic position was affected in 1930. The tremendous importations into this country of goods of a kind that we could produce was also responsible for the difficulty in which we found ourselves. In spite of the fact that "do nothing to aggravate or provoke the United States" seems to be the attitude of our friends opposite, I say that what happened in days gone by is happening again to-day; and if we continue to slip as we have this year, to the extent of an unfavourable trade balance of $100,000,000, it will not be long before something will have to be done. If it is not done, the people of Canada again will call in the Conservative party to straighten matters out.

This weak, spineless attitude of not aggravating or provoking a nation so powerful as the United States is not enough for this strong Canadian race. We witnessed what happened when the Fordney-McCumber tariff, the Hawley-Smoot tariff and the various revenue bills were passed in the United States. We may wait for an election to make some change and bring in an agreement, but if I understand the temper of the Canadian people they do not feel disposed to wait as long as that.

With regard to the actions of the United States, in 1932, 1934, 1936 and on May 16, 1938, they passed revenue bills. Did we see Washington sitting back and waiting before passing these bills, for fear of provoking or aggravating the people of Canada? No; the fact is that they passed these bills without hesitation. It is quite true that in 1936 we had the United States-Canada agreement, and the president was given power which permitted some of the excise duties which they had imposed against our products to be cut in half. Let us take one example, however; let us look at what happened in regard to rough lumber. Did they hesitate to put $3 a thousand against rough lumber going into that country? They did not. It is quite true that when the agreement came down they cut that duty in half, but the fact is that a tax of $1.50 per thousand still exists in regard to that commodity. That is only one example. Then there is copper. In 1932 they placed a duty of four cents against copper not only in the raw state, but in all forms right down the line, and that was not changed when they came to make their agreement with us; that four cents still remains. I would ask my maritime friends from Nova Scotia and British Columbia, from the north Pacific and the north Atlantic, where fish oil is produced in greater quantities than in any other part of the civilized world: Was anything said about a duty of three cents a pound being imposed against Canadian fish oils in the 1934 United States revenue bill? There was not, and that excise duty still remains. They did not stop to wonder whether they were going to aggravate or provoke Canada when they put through that revenue bill.

In June, 1936, they saw fit to impose, not only against Canada but against the world, an excise duty of three cents on animal fats of all kinds. Did we do anything about that? We did not. That excise duty was imposed, and it had a double-barrelled effect. In the first instance it paralyzed that industry as far as Canada was concerned, and it backed up on the world market a billion pounds of vegetable oils which paralyzed the industry in England, Canada and elsewhere. Was anything done about it? It is true that a reference was made to our tariff board in December, 1936, but was that board asked to bring down its report? The Minister of Finance, the Minister of Agriculture and all hon. members of the house know that between December, 1936, and June, 1938, there was ample opportunity for a report to be brought down and for some action to be taken upon it.

Yet with these revenue bills which have affected the lumbering industry, the mining industry and the agricultural industry, and which also place two and a half cents a gallon against gasoline and half a cent a gallon against crude oil and fuel oil, which is produced in Canada and other countries, what do we find happening within the last two or three weeks in the same United States? We find that they again reaffirm the position they took with regard to the effective period for these import duties and taxes. They did not consult Canada particularly about these particular sections, and by proclamation, by public resolution No. 48 as of June 29, 1937, they were extended to June 30, 1939. They are extended to 1939 on four of our main lines of activity. Did they hold up their session of congress or their activities in Washington in order that they might have an opportunity of making a deal? No. Yet we sit here in a spineless, do nothing sort of way, draw our breath and draw our pay, while the affairs of Canada to my mind are not given straightforward business administration, regardless of where the chips may fall.

Taxation. We have listened to what you had to say about reduction of taxation during the election campaign and many times since. But the truth of the matter is that you have budgeted to extract more taxation from the Canadian people next year than you have for many years in the past. Where are you going to get this taxation? You still expect to find the sales tax either first or second in the group. The sales tax to my mind, Mr. Speaker, is far too high. It is too heavy on the Canadian people. It taxes from the baby in the cradle to the octogenarian in his casket. It catches them all. I am in accord with a small measure of sales taxation which would catch all the people, but I say that this eight per cent is too high. To my way of thinking it is iniquitously high.

Income tax. This is quite right and quite proper, and I am glad to see it where it is. But I think that it is high enough. Nevertheless, the form of taxation whicl. makes

work—and it is work that we want in Canada to-day; my friends to the left say we need work and wages—is the taxation which will come into the treasury from the goods of other countries, if the goods of those countries must come here. If the goods do not come in, then give us a chance to produce our own requirements for our home market.

The orientation is all wrong. The sales tax should not be first and the income tax should not be second. Customs and excise revenues should take first place, and particularly in a country such as Canada which has such a strong neighbour to the south. The election budget will probably reduce that tax. Just before you go to an election perhaps you will bring the sales tax down. Yes, and my friends at the summer picnics this year will be saying, "We have brought down the sales tax on building materials." I can imagine them standing on a platform and saying, "This very platform on which I stand has had removed from it the eight per cent sales tax, and that has been done by the Liberal government." And those who exclaim from the housetops will also say, "Every article in this house has been benefited by the removal of the eight per cent sales tax.

Mr. Speaker, they will tell us about the great boon that sales tax removal on construction materials has been to the Canadian people. If that sales tax was a great hardship on the construction industry, then I say it is a great hardship on all other lines of work on which that particular tax takes its full toll. It is a non-work tax. It should be cut in half forthwith. And my suggestion is that in its place we place excise duties to the same amount against goods coming into Canada. That would tend to relieve the numbers on relief rolls, and give work to many workmen. Tariff by scientific arrangement, business administration and carrying out the fundamentals of tariff protection would make for more production, assist mixed farming, market gardening, the development of our natural products, and would not extract so much money from our people.

What do you do with the money when you get it? You spend a great deal of it right here. The cost of government is too high. Are we, as members of the House of Commons, functioning as we ought? Seriously, are we as members of the house doing the job of work which we undertook, when we were asking the franchise of our people, we were going to do? What have we done in the last five months? Perhaps we have enlarged the field of political patronage and meddled with the railways. Perhaps we have meddled in radio, public works and the civil service.

I am glad the Prime Minister (Mr. Mackenzie King) is in his place in the house. He will remember a time sixteen years ago, when East York had a growing population which reached 100,000 people. He will very well recall that I represented 100,000 people at that time. I said I would represent the 100,000 people in the constituency of East York if you, Mr. Prime Minister would do the same for North York. Of course you could not do it there then, because you had to go outside the province of Ontario to find a seat. But I suggested that you also represent 100,000 people in the House of Commons so that we could cut the membership to one hundred, and so that we might function, go to work and do a proper job.

But no; we still have 245 members. And at the same time the Prime Minister will recall that I said I thought there were too many commissions working at that time. What I said then I repeat to-night. Why has it been necessary to add sixteen commissions in the last two or three years to carry out the work of government? Why cannot we as members of parliament carry on a good deal of that work? Why should it be costing $1,000,000 to $2,000,000 each and every year for commissions to do the job of work for the government, work which you and I and the rest of the members of the house feel that we should do? Commissions are set up politically; why not face that issue? We are as able as they are to do the work. If the commissions cannot be cut out; if the government cannot see its way clear to cut at least half of the commissions, then cut out half the number of members of parliament.

We have had the national employment commission, the wheat marketing commission, the textile commission, the lobster and smelt commission, the veterans' assistance commission, the radio commission, the Dominion-provincial relations commission and the penitentiary reform commission. There has been the suggestion to add another fifty cents to radio fees, and to enlarge the scope of the radio commission. Public opinion does not want an enlargement of the scope of the work they are doing. That is one point which should be given serious consideration. To my mind the fees' system should be cut out entirely. Then, we have the transport or railway commission, the tariff commission, the civil service commission, the board of grain commissioners, the national battlefields commission, the federal district commission, the international joint commission, the international boundaries commission and the national harbours commission.

No session of parliament seems to be complete unless we have some commissions appointed to do work which your people and my people think they sent us here to do. We must remember how, when the present Prime Minister sat on this opposition side of the house; he talked about government by commission. His favourite topic seemed to be that of government by commission, and on other occasions his favoured topic was government by order in council. On still other occasions he talked about governor general's warrants.

The distribution of work which would be effected and the amount of money which could be saved by taking work from commissions and giving it to the members would be very considerable. I shall not go into details, but it was interesting to note the answers to questions asked by the hon. member for Carleton (Mr. Hyndman) with respect to the cost of commissions. I noted the answers given to the questions of my dear late friend, the late member for Waterloo South (Mr. Edwards), and the answers given to the questions of the hon. member for Grenville-Dundas (Mr. Casselman). The answer to those questions should receive the serious consideration of every hon. member, and particularly the government.

Throughout my remarks I have been trying to enunciate principles which would make for more work for our Canadian people. So, when I voice my views with respect to the railways, I have fixed firmly in my mind the idea that nothing should be done which would take railway men from their vocations. To my idea we do not go far enough when we speak of transportation. We speak only in terms of our nationally owned railways on the one hand the privately owned system on the other. When we go deeper into this problem we realize that we must consider the effect of the present trend to ride and carry freight on rubber. We must consider the cost of transporting freight and passengers over our highways as compared with the cost of maintaining our railways. I know this may be under provincial jurisdiction, but I charge the Minister of Transport (Mr. Howe) to give some consideration to the capital cost of our highway system. We should consider this matter in all the provinces. We must take into account the revenue received from gasoline taxes and motor licences, balance the highway budget and see what deficit we have. When we are considering our railway problem we must not forget these three things.

Our railway system has been refinanced and is still being refinanced. There is unemployed money, yes, but the deficits accumulate and we require more and more of this unemployed money with which to pay these deficits. The first responsibility of the management of this road should be to get a balanced budget. They should have the fullest cooperation of whatever government is in power in trying to achieve that end. We should not put out a budget containing a hundred or more items of expense, and then have the management imbued with the idea that their job is to spend all of the budget allotted to them. A business-like administration of the road would bring it into a better position, but at the same time the Canadian government and those charged with responsibility should see that it is not placed in an unfair position as compared with highway transportation by bus and truck.

Maturing obligations have to be met. I know the Minister of Finance would not be guilty of bragging of the great saving the Liberal party has made because of his ability to borrow money at such low rates of interest. However, let me say to those who sit about him that it is easy to raise money when so much money is unemployed. There is plenty of money available at low rates of interest. It is quite easy to make the statement that Canada has been saved millions of dollars by lower interest rates; but I ask hon. members this question: How much was that railway debt which has been refinanced worth before the name "Canada" was placed on the back of the bonds? In May of this year the Minister of Finance received authority to borrow another $200,000,000. There was one issue of $916,000 of the Rail and River Coal Company which previously paid five per cent. This was refinanced, with Canada's name on the bond, at a little over two per cent, and it may be contended that Canada has been saved three per cent in interest. When my Liberal friends feel inclined, on platforms throughout the country, to make this statement about interest being saved, let me say to them that no credit is due for the fact that this government has been able to borrow money at lower rates of interest. That is only the ordinary common business sense which was first shown in the administration of our affairs by the Conservative government and which has been followed by the present incumbent of the office of Minister of Finance.

The Liberal party is the great party that was going to make for unity in Canada. I can remember when their leaders one after another stood up in the Maple Leaf Gardens at Toronto and asked the people to vote Liberal and get unity. What empty words when considered in the light of what has

happened since! Vote Liberal and get action! What empty words in the light of what has happened since! Who are these men of whom we make mention? They are the stand-patters, the free traders, the protectionists, the crack-pot financiers, the monetary reformers, the sound-money men; they are the men from whom the people of Canada expected to get some action. But we have had no action. All we have had is five months of do nothing.

This budget does not help our particular situation. The people of Canada have been greatly disappointed at what has happened during the last five months.

I agree with the hon. minister when he says that we need toleration in this country. I realize that we need goodwill. I opened my remarks along those lines, and I shall close them in the same way. We need co-operation; but, above all, Canada needs leadership and action from her public men in order to have that progress which is necessary to this most vigorous of units that civilization presently knows.

Mr. J. J. DUFFUS (Peterborough West): Mr. Speaker, in asking the indulgence of the house at this time, after listening to the speeches delivered to-day in the chamber, I am motivated by a compelling sense of duty to the government, to the people of the constituency which I have the honour to represent and of the Dominion of Canada in general. I realize fully that the budget affects fundamentally the very vitals of the social, industrial and economic life of this nation, and similarly, though perhaps to a lesser degree, that of the other great nations of the world. If I may judge from press reports and from personal observations, it is quite apparent that the budget has been exceptionally well received and likewise well sustained. It is a budget of a Minister of Finance who for two years has been trying to find a way out of an almost insurmountable economic muddle. Having regard to the crop failures of last year and the drought in western Canada with the resultant relief costs, and considering the reduced transportation revenue, he has admirably accomplished his task. As usual, the budget was presented with implicit confidence by a great statesman who has the courage of his convictions and the determination to keep faith with the people to whom he is responsible. At this time I wish to tender to my hon. friend the Minister of Finance (Mr. Dunning) my sincere congratulations upon having done this house and the country, by the presentation to parliament of this his third budget, a service that is destined to be an historic triumph.

The minister always discusses economic questions with all that rare insight, vision, thoroughness and power of expression which have led the world to acclaim him as one of the foremost geniuses of his time on monetary topics. His tireless energy, his deep sincerity and his unflagging zeal on behalf of the people of Canada, whose interest he has faithfully endeavoured to serve, have won for him their confidence and their hearts to a degree hitherto not exceeded in this land. No words that I could use would exaggerate what I conceive to be the importance of this budget in relation to the economic structure of the Dominion of Canada. Beyond doubt, it involves Canada's most important problems, and its adoption will bring happiness and renewed confidence to the people of Canada. On account of the vast area of this dominion, it is extremely difficult to arrive at decisions and policies that will be wholly satisfactory to the people in the east, in the west and in the central portion. With our geographical complications it is impossible to please everyone, and unless we have the firm determination to adopt a policy of conciliation, it will mean the eventual disruption of the country.

I am fully aware that changes cannot be effected without disadvantage to some special interests. Governments cannot move far without incurring disfavour in some quarters. In framing a policy in the interests of our farmers, our industrialists, our workers and the great masses of the consuming public, it is only reasonable to assume that some will be adversely affected in certain respects.

However, I am convinced, in these difficult times, when it is the duty of everyone to make sacrifices on behalf of the Canadian citizens, that, when necessary, our industrialists will loyally cooperate with the Minister of Finance and with the tariff advisory board in adjusting their problems in a manner that will bring about satisfaction to a marked degree, especially since nearly every manufacturing concern in Canada has enjoyed two years of almost unprecedented prosperity, having last year contributed to the national wealth the largest amount since 1929. I am one who believes that due consideration should be given to our manufacturing industries to enable them to obtain reasonable profits, to pay fair wages to their employees and to make possible the establishing of satisfactory prices to the consuming public, and that commodity prices should be based always on a study and appreciation of the purchasing power of the masses in order that they may be able to maintain and enjoy a decent standard of living tc which they are justly entitled.

Let us not overlook the fact that for years our citizens have been burdened down with an almost intolerable load of taxation. We have administered relief to an extent which almost suggests that the time is fast approaching when we shall have to consider a relief program for the taxpayers of this country if a sit-down strike by them is to be averted. Permit me to say that there is a prudential limit to all spending policies and that the country cannot bear indefinitely an increasing burden. Every million dollars added to the huge debt of Canada overshadows and obscures the wonderful prospect of prosperity and happiness that this land once possessed. We must eliminate extravagance and waste. Municipal insolvency, provincial insolvency and federal insolvency are the triple perilous conditions which have already reached disheartening proportions. Only balanced budgets and a gradual decrease in debt and taxation will save our country from economic disaster. Governing bodies must continue, for years to come, to pare wherever possible and, indeed, even where it seems impossible, with consistent and wise judgment in economic requirements. It is most essential that a policy of pay-as-you-go and if you cannot pay don't go, be maintained. Unrestricted and reckless extravagance and continual balances on the wrong side of the ledger will lead to one thing and one thing only, namely economic disaster.

Present national circumstances demand the greatest concept of loyalty to the state. There should be a total absence of bitter criticism for party purposes. If ever there was a time when the politicians of Canada should forget party rivalry and bend their efforts to serve this country, that time is now. United action, supported by the strength and good will of all classes of people, is most essential to the national progress. Members of parliament and others should not forget but should realize always that governments have no source of income but from the people. There is a general feeling throughout the country that this government recognizes this fact and that it has a sincere desire to lessen the burdens of the taxpayers. Indeed, Mr. Speaker, the very high regard that this government has for its pledges, for the sanctity of its spoken and written word, as evidenced by the implementation of its obligations, and by its loyalty and devotion to all interests in Canada, is something of which this house might well be proud. No government hitherto in this country has so successfully and scientifically grappled with the problems confronting it. I think it can fairly be said that in the history of Canada no government has enjoyed more fully the confidence of the people.

The Minister of Finance has still a very difficult and trying task ahead of him, one that might well challenge even the biggest statesman. Let us assist him to accomplish it. Bitter criticism at this time cannot help. It may hinder. Whatever degree of wisdom may mark a minister's judgment can only be lessened by partisan nagging, squabbling and bitter criticism. Creating in the minds of the people loopholes of imperfection will get us nowhere, whereas working in a spirit of confidence and cooperation will greatly assist.

All citizens are shareholders in the business of Canada. The eyes of the nation are on her chosen representatives, who are being depended upon to safeguard her interests. We are Canada's board of directors. Let us hand to the Minister of Finance all the help that reasonable fair play and common sense can suggest in continuing his onerous labours. The feeling of the nation at the present time is against playing politics and putting petty obstacles in his way. There is a nation-wide demand that he be accorded every assistance, encouragement and a clear field in which to accomplish the success the country hopes he will achieve, namely, a gradual reduction in taxation and debt and a happy, prosperous and contented nation. If he succeeds—and I confidently believe he will—he may be well termed a superman.

Judicious economies are imperative during periods of economic storm and distress. Great progressive private corporations in many countries have shown no lack of courage in this regard, and they are seemingly emerging successfully, notwithstanding the great burden of taxation, increased as it has been by almost every unit of government. Cooperation by the various governments in the field of expenditure in order to eliminate overlapping and duplication would effect much needed economies. Adequate control and a gradual reduction of relief expenditure amounting approximately to $100,000,000 annually must be implemented on a satisfactory basis. Canadian relief recipients generally are praying to get off relief.

One of the foremost tasks ahead of us is the lessening of the economic strain existing in the various parts of the dominion. The adjustment of financial and constitutional relations between the provinces and the dominion is an immediate problem. The countries constituting the British Commonwealth of Nations have a definite responsibility to join with other nations in reducing all barriers to international

trade. This government has put forth a concerted effort to broaden and to deepen the channels of trade, and in no instance has it caused an increase of duties against any country. This policy has contributed not only to the revival of trade but to the removal of international friction and conflict.

The United Kingdom trade agreement, which was presented to the dominion parliament in 1937, assured Canadian farm products a free entry into the British market. In 1935 the total trade of Canada was $1,389,000,000, and in 1936 it was $1,663,000,000. In 1937 it reached a total of $1,934,000,000, or an increase of 39 per cent over 1935. The favourable visible balance of trade for the calendar year 1937 enabled Canada for the first time since 1921 to regain her position as the fourth exporting nation of the world, the figures amounting to $1,125,000,000. I quote the words of the right hon. leader of the opposition (Mr. Bennett) as reported at page 24 of Hansard of this year:

> I should like to say how much I rejoice, as do those who are associated with me, in the gratifying progress of this country during the last twelve months.

The year 1937 in every respect was Canada's banner year of hog production. The average quality was better than ever before. The quantity was much larger than in any year except during the war. What is most important is that Canada has at the present time more firmly entrenched herself as the source of supply of bacon for the British market than at any previous time.

The United States provides a market for more than one-third of our exportable products, exclusive of gold and the tourist trade. Canada's business with the United States in 1935 amounted to $671,000,000 and in 1936, to $775,000,000; whereas in 1937 it reached the unparalleled sum of $961,000,000. Had the United States-Canada treaty been in effect during the past twenty-seven years, on the basis of the great increase in the trade of the dominion during the past year with that country, Canada might have doubled her population during that period. Anything like trade hostilities between two great neighbouring nations would be, and indeed has been, regrettable and mutually injurious. A policy of good will and of mutual understanding will continue to increase the trade between the two peoples who are both excellent customers, one of the other, and who can each profit by wise and discriminating exchange of business.

According to the statistics of the Bureau of Foreign and Domestic Commerce, 245,000 head of cattle were exported to the United States in 1937, as against 199,000 in 1935, an increase of 23·1 per cent in number and 58·8 per cent in value. The exports of dairy cattle to the United States in 1937, and in 1936 as well, were 7,000 head each year, but the value in 1937 was $425,000 as compared with $352,000 in 1936, or an increase of 7·8 per cent. Incidentally, from January 1 of this year to the end of April, 11,069 head of cattle weighing 700 pounds or over were shipped to the United Kingdom as compared with 688 head in the corresponding period of 1937.

Exports of hay to the United States in 1937 amounted to 144,000 tons valued at $1,069,000, whereas in 1936 shipments were 70,500 tons valued at only $540,000. These items are approximate.

I have here a table showing the comparative increase in exports to the United States in the years 1936 and 1937 which with the consent of the house I wish to place on Hansard.

Mr. SPEAKER: With the consent of the house the hon. member may place it on Hansard, but only the Minister of Finance has that privilege.

Mr. DUFFUS: The table is as follows:

	1936	1937
Animal and animal products	$ 44,000,000	$ 49,000,000
Wood products and paper	$143,000,000	$180,000,000
Iron and its products	$ 6,000,000	$ 7,000,000
Non-metallic minerals and their products	$ 15,000,000	$ 19,000,000
Non-ferrous metals and their products	$106,000,000	$155,000,000
Strawberries (lbs.)	690,000	1,399,000
Clover seeds (bus.)	147,000	239,000
Certified seed potatoes (bus.)	621,000	635,000
Beef cattle (head)	224,000	290,000
Poultry (head)	347,000	1,290,000
Cream (gallon)	35,000	110,000

The encouragement of tourist trade with the United States by every legitimate means is of national economic benefit. It is of inestimable value in strengthening and increasing the friendship that exists between the two great nations on the north American continent. Uncle Sam's tourist dollar is the thing that Canadians should make a bid for, and we could obtain these tourist dollars in increasing volume by courtesy, fair treatment and judicious advertising, which would mean an icrease in trade and the infusion of new money into the dominion. It therefore behooves us as good Canadians to hold out to them the hand of fellowship, to give them welcome and make them feel at home. Our visitors of to-day may be our neighbours of to-morrow. It is gratifying to know, according to the dominion bureau of statistics, that Canada's tourist

trade last year amounted to $325,000,000 as compared with $255,000,000 in 1936. While I am unalterably opposed to the country going further into debt, money properly expended on the construction of additional highways and feeder roads for the expansion of tourist travel, to increase tourist and other revenues, would be one exception.

Canada is now one of the leading mining countries of the world. Minerals constitute one of the most important resources of the dominion. The progress is amazing, as shown by the 1937 output of $456,000,000, the largest production on record, and an increase of about 26·2 per cent over 1936. In the same year $17,000,000 was paid out in salaries and wages. Another remarkable feature is that in 1936 over $81,-113,000 was distributed in dividends. In 1937 the distribution of dividends increased to over $105,000,000, an increase of 29 per cent, all of which creates buying power for other commodities and thereby adding to employment. The budget provision of 1936 for the assistance of new mines, by which they were given three years to get under way before the corporation tax was collected, has been a substantial inducement to the establishment of new mines and mills. Something like sixty new Canadian gold mines have reached the mill stage under this legislation, and many more are progressing with confidence and increasing success. All this has been a great stimulus to Canadian gold production, which has been the country's mainstay during the depression period. Last year the output of precious metals reached a value of $143,000,000. Prospects are that this year this production will increase to over $160,000,000.

For years the government has taken consistent steps towards reducing the cost of the implements and instruments of production. Prices of farm products and manufactured goods were on a par in November, 1937, for the first time in many years. Emphatically we must not retard production, thereby increasing unemployment and affecting income and making progress impossible. Fundamentally industry is our way out. We have to depend in large measure upon the wealth which industry creates and the employment which it provides to bring prosperity to both our workers and employers. Business not only creates wealth and employment but distributes wealth; it is the only sound way in which wealth can be distributed. Industrial expansion causes an increase in the consumption of agricultural products; the greater the increase in industrial areas, the better will be the home market for these goods.

[Mr. Duffus.]

It is, however, conceivable, even admitting the increasing importance of secondary industry to this country, that we cannot cure the plight of agriculture through the medium of high tariffs. While it is most essential that we do nothing that would detrimentally affect industry, either large or small, it is just as important that we give increased and effective support and encouragement to those engaged in agriculture, for the obvious reason that farm incomes are inadequate. Agriculture and industry are complementary and interdependent. Each contributes to the other, and what helps or injures one helps or injures the other. But both are indispensable to the solution of our relief problem and that of railway debts and a balanced budget. Agriculture is the lifeblood of our Canadian railways. The public will gladly cooperate with any sound movement on the part of agriculture that is for the good of industry, knowing that prosperous rural communities are essential to the progress and prosperity of towns and cities.

There are two main objects in the work and service of the dominion Department of Agriculture, namely better agriculture and better marketing. Each is linked with the other. It is to this end that the services of the department are directed. It is comforting to know that the government proposes to give the farmers of Canada greater assistance in producing and marketing their products. For example, during the last two or three years the live stock branch has been responsible for the inauguration of some twenty-six organizations throughout Ontario which handle eggs and poultry on a basis of grades. This business is done at minimum cost. The farmer who brings his product to these organizations knows that he is going to be paid for it on a graded basis, and that the grade he gets at the grading station will be accepted in any market. It is estimated that this has resulted in an increase of three cents a dozen to the farmers who deliver eggs to these organizations, and a corresponding increase in other graded products.

In the interest of public welfare, referring specifically to public health, all governments have placed rather formidable obligations on the live stock and dairy farmer. To begin with, we notify him, then exhort him, and finally force him, indirectly at least, to have his herds tuberculin tested, and demand the destruction of diseased animals and subsequent reactors. It is true he receives some compensation, but not commensurate with the loss he sustains. Subsequently he was called upon to follow the same procedure in

respect of Bang's disease, with the same expensive results; and we are now asking him to have his herds blood tested. While not disputing the necessity for this procedure in the interest of the consuming public, I believe the expense is beyond the farmer's ability to pay, and that he is entitled to greater consideration in this regard.

Furthermore, while admitting that governments are assisting farmers greatly in inspection, grading, etc., I submit that we should put forth a greater effort to provide still better facilities of a scientific kind during these critical and rapidly changing times. Improvements in live stock breeding, better and more economical feeding methods, the dissemination of information on more profitable marketing, are all present-day governmental responsibilities of vital importance to agriculture. Scientific research reveals that climatic and soil conditions make it necessary, in order to farm profitably, that the farmer be informed as to the best varieties of crops suitable for his particular locality and his potential market. Greater attention to and more expert information on soil management should not be overlooked, as well as such factors as rust and plant diseases which possibly can be successfully grappled with. Unless the soil contains the necessary plant food elements to produce profitable crops, agriculture will not continue to be attractive to the young people. All this should convince the government, notwithstanding the additional expense entailed, that the solution of these problems demands continuous and effective attention. Admitting and appreciating to the full all that this government has done towards the expansion of the marketing of agricultural products, as evidenced by the statistics I have submitted, I maintain that still greater expansion of markets is not only necessary but imperative. Improvement in quality, grading, packing and shipping facilities of all agricultural products, and the determination to guide them aright into the hands of the consumer, wherever he may be, is equally imperative, and a measure towards greater profit in Canada's basic industry.

In my concluding remarks on this all-important subject of agriculture I desire not only to recommend but to urge the Minister of Finance and the government to give consideration to a mesaure by means of which a farmer with ample security could borrow sufficient money at four per cent per annum to refund and consolidate his debts and purchase his immediate requirements. I cannot conceive of anything that would do more to stimulate the building trade, manufacturing, employment, transportation and national revenue as well as agriculture.

At this time I wish to make a few observations in regard to our new harbours board set-up. Speaking in this house on March 24, 1936, the hon. member for Broadview (Mr. Church) said, as reported at page 1420 of Hansard for that year:

> I do not object to the principle of the bill; in fact, I believe if it had been introduced several years ago Canada would have been saved many millions of dollars—

It is interesting to note from the annual report of the national harbours board for the calendar year 1937 that substantial savings have been made, and that likewise there have been noteworthy increases in operating revenue. At page 7 of the report will be found the consolidated income statement for the years 1935, 1936, and 1937, which shows that since 1935 there has been an improvement in operating revenue of approximately $835,000, while there has been a decrease in operating and maintenance expenses of approximately $700,000, making a total betterment of $1,535,000 for the benefit of the taxpayers of Canada, which is a substantial saving. Prior to 1936 the annual salaries of the various commissioners aggregated no less than $73,000, and in addition they received automobile allowances amounting to $15,000, making a total of $88,000. The comparative figure under the present board is $30,000 for salaries with no automobile allowance, representing a saving of $58,000.

Further substantial economies are shown in the entertainment expenses of the commissioners and staff, which in 1935 were $18,000, as compared with $1,500 in 1937 a saving of $16,500 in this one item. The travelling expenses of commissioners and staff in 1935 amounted to $24,000, as compared with $7,000 in 1937. Other economies which should not be overlooked include the entire elimination of residence telephones, which formerly cost $2,200; a reduction in the cost of advertising and printing from $52,500 to $14,600; a reduction in donations and contributions from $24,000 in 1935 to nothing in 1937. These items aggregate $185,700. Since the total head office expenses in 1937 amounted to only $130,000, including engineering and central accounting services, it will be seen that the expenses of the board and its headquarters staff can now be met out of the savings I have enumerated, leaving a margin of $55,700 as well. These substantial savings of the new harbours board provide an outstanding example of the business administration of one item of one department of gov-

ernment, and if time permitted one could cite many similar economies representing the shrewd business methods inaugurated by the government in order to save the money of the taxpayers and at the same time improve administrative efficiency.

Mr. H. E. BRUNELLE (Champlain): Mr. Speaker, it is my pleasant duty to congratulate the Minister of Finance (Mr. Dunning) upon the exceptionally practical budget speech he recently delivered in this house. In the course of his speech the minister made reference to the unemployment question and showed that there had been some improvement in the general situation. Members of the opposition and of other groups in the house have referred extensively to the same question, but regardless of that fact I intend to confine my remarks to the question of unemployment and relief which for eight years has been, and for some years to come will be, a vital problem.

I need not say that every hon. member is anxious to rid the country of unemployment. It must be admitted, however, that the Canadian people did not know what relief was; that they did not want relief, and that they were above that humiliating position until 1930, when the right hon. leader of the opposition (Mr. Bennett) and his followers, through pessimism and vain promises, simply invited the people to ask for relief. By doing so, the Conservative party officially established relief and unemployment as a more or less permanent institution. If one considers the utter failure of the Conservative party to carry out the promises made in 1930, one is justified in making the statement that this party has forfeited its right to interfere when the question of unemployment is being discussed.

Before going further, I should like to say that when the right hon. leader of the opposition recently stated in the house that another crisis was soon coming he did considerable harm to the country. On account of the high position which he occupies his statement was taken seriously throughout the length and breadth of Canada. Our producers at once became suspicious and in many instances adopted a stand-still policy, to the great detriment of our workmen. I have ascertained personally that the pessimistic and unwise declaration of the right hon. gentleman has done much harm to all classes of our people. Let us take it for granted that unemployment and relief constitute a plague. In this respect each member of the house is justified in saying that something must be or can be done, providing he can offer some practical suggestion. The problem of unemployment no longer should be used as a political football; there ought to be sincere cooperation between all political parties and all the provinces in a patriotic effort to save our country. Believe me, sir, it is in unemployment that communism, socialism and other such movements find their source and thrive, though I am glad to say that our unemployed are still of sound disposition.

There is no doubt that our conditions have improved since 1935, and the government and the Minister of Labour (Mr. Rogers) deserve our felicitations. The employment commission has done good work. The plan to train young people in various branches of industry is due to the initiative of our Minister of Labour, in spite of the fact that leaders of the Quebec government call it the Bilodeau-Rogers plan, as though that were its source.

The improved housing plan which is about to pass the house, whereby our citizens will be exempt from some municipal taxes and sales tax, is highly advantageous. The other project to advance money to municipalities for electric, gas and waterworks is a magnificent one. These projects will help to rid the large cities of their slums, and will improve business in general. Another practical and productive plan would be that of establishing more people on the land. For several years we have talked a great deal about the matter, but in reality the only back-to-the-land movement has been that of taking the normal number of dead people to the graveyard. I speak subject to correction, but it is my impression that about 54 per cent of our present population is urban and only 46 per cent rural. This is an abnormal condition in a country such as Canada, which is considered an agricultural country. Yet we know that many ex-farmers who are now living in the cities cannot find work. We know they will not be able to find work, as the work is not there to be had. We know that modern machinery will to a greater and greater extent take care of the work to be done.

I would say again to the Minister of Labour that one remedy for unemployment, among others, would be to locate good agricultural, unsettled and unimproved lands, and to open them for colonization. Such lands could be easily located. However, to make colonization attractive, I say each homestead should to some extent be improved at the expense of the government. This would be a self-liquidating expenditure, and would bring relief to the cities. To-day many people are sorry they left the farms. They would gladly return,

but we must admit that such people are no longer fit to do that type of pioneering work which was done by our forefathers.

Let us pay our unemployed men to do the work of clearing and breaking the land, putting up decent houses and barns on each new farm. Those who would take these modestly improved farms would find them attractive and sufficiently remunerative to make them wish to remain on them. Grants and subsidies to homesteaders are not the best form of help, because they resemble relief. We must get rid of relief. Had we used only 50 per cent of the general relief expenditures since 1930 in so improving new lands, and thus creating new parishes and towns, undoubtedly Canada would have acquired a vast additional asset and the cities would have been relieved of a great burden. Let us do it now; better late than never. A colonization plan may be a provincial matter, so I suggest we invite provincial governments to cooperate. Some provincial governments talk so much about cooperation that they have no time left actually to cooperate.

Another measure for the relief of unemployment would be that of taking some steps to reopen those industrial plants which, on account of disastrous Tory policies, closed their doors between 1930 and 1935. There is one such closed plant in Cap de la Madeleine, the city in which I live. In that city is an industrious and thrifty population, the best in the country. They long for the reopening of the St. Maurice Paper company mill, which ceased to operate in 1932, when the then Prime Minister was blasting his way to the world markets. That mill still remains closed, while the premier of Quebec celebrates with great pomp the opening of a new paper mill at Comeau Bay. Again I say the provincial government has a certain control over and connection with such corporation. Let us again ask the provincial government to bend its energies not towards developing political quarrels and idle criticism, but upon finding work for the unemployed, permanent work, and not that which is temporary, unsteady and unproductive.

A further good and practical move would be to reform or to abolish the senate, and thus save money. Let us discard that useless and expensive chamber. Possibly it could be converted into an industrial, practical Canadian chamber of commerce, the functions of which would be to invite and to bring in new industries to our rich country, and to find ways and means of reopening the closed ones. I realize the question of unemployment is a serious and difficult one, but its solution is not beyond our powers. There must be union, harmony, cooperation and sincerity of purpose between the provinces and the central government.

Moved by a sense of narrow provincialism and by personal ambitions, some bombastic provincial heroes do not hesitate to set province against province and section against section, with the result that the very foundations of our confederation are presently shaken. The personal importance and actual weight of those destructive agents are not extraordinary, but the position they hold makes the condition much more serious. No matter what importance may be attached to the actual causes of discord, their effect upon Canadian unity may be tremendous. It is time that the serious people of all parties should rise against sectionalism. To treat with contempt the anti-national attitude of some provincial premiers is no longer advisable or wise, and I say that a mere passive attitude if prolonged may have serious consequences. Let us remember that there is not always a measure of proportion between cause and effect. Let us remember that the kick of an insignificant cow caused almost the entire destruction of the city of Chicago some years ago.

According to the British North America Act unemployment is a provincial matter. Unemployment insurance is in the same position. Let the provinces settle those questions. However, if they cannot do so, let them step out of the way and permit the federal government to act freely. It is a shame and a crime that the unemployed and the whole of the labouring class should be deprived of the benefits of unemployment insurance on account of the narrow-minded views of a couple of provincial premiers. Provincial autonomy means as much to me as to anyone, but the welfare of the whole country should be the supreme law. Real Canadians and real statesmen do see beyond provincial frontiers. Canadian workmen want unemployment insurance, and it is only fair that they should have it. Had we established such a system of insurance before the last depression, our unemployment difficulties would not be half as great as they are going to be.

It is time that the demands of our labouring classes were met in order that we may avoid labour troubles in the future. Our country will fare better when all classes of the community are organized and united and when their unions are equitably protected by law. Our farmers and our workmen should be united. The right kind of unions protected by the right kind of laws will go a long way to alleviate our unemployment troubles. I believe in labour unions, and I believe in the right of organized labour to declare strikes

and to protect itself against strike-breakers. In brief, the workman's right to obtain redress by means of strikes should be respected and protected by all governments.

It is futile to pretend to make strikes legal and lawful and at the same time to permit someone to spoil the purposes of a strike. Whenever legitimate means have been taken by workmen to obtain redress, when sufficient time has been given to the employer to redress the wrongs, then and only then should a strike be allowed to proceed peacefully and effectively. I speak subject to correction, but I understand a New York state law makes it compulsory for workmen to submit their grievances to a board made up of representatives of the employees, the employer and the business men in the particular locality. Ample time is provided for in which to arrive at a compromise. This law might be copied in Canada. A strike is such a tremendously grave measure to be taken that all possible means should be used to avoid such action.

I know the Prime Minister (Mr. Mackenzie King) and the Minister of Labour are giving particular attention to the rights of labour. The employers and the large corporations can always protect themselves, and our particular care should be for the workmen in order to help them to obtain their legitimate demands. I thought it fit to make a few remarks and offer some suggestions in connection with capital and its relations to labour. I feel that few other problems have the magnitude of this one and deserve as much study and attention. I feel proud to declare myself in sympathy with the least fortunate class of our people who need particularly to be organized and united in order to enjoy their natural rights and prerogatives.

On motion of Mr. Poole the debate was adjourned.

On motion of Mr. Dunning the house adjourned at 10.55 p.m.

Wednesday, June 22, 1938

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

PUBLIC WORKS DEPARTMENT—STATIONARY ENGINEERS AND FIREMEN

Mr. HYNDMAN:

1. (a) Do stationary engineers and firemen, in charge of boilers in the Public Works department, have to "sign the time clock" and remain on duty for the lunch hour? (b) if not, is there a relief substitute provided, as by law required for safety and to prevent accidents? (c) If remaining on duty, is there a monetary compensation for this time; or is time allowed in liew therefor?

2. (a) How many of these plants are over 200 horse-power? (b) How many are under 200 horse-power?

3. Is it proposed to add to the amount in the estimates to provide for additional stationary engineers and firemen?

Mr. CARDIN:

1. (a), (b), (c) Engineers and firemen sign the time clock and the staff, who work 8-hour shifts from 7.30 a.m. to 3.30 p.m., or from 8 a.m. to 4 p.m., remain on duty for the lunch hour, except in the larger buildings where engineers take one hour off for lunch and work up to 5 p.m. They are not replaced by other engineers for the lunch hour, and therefore no time is allowed. This does not include the central heating plant where there are a number of engineers and firemen continuously on duty.

2. (a) six, (b) eight.

3. No.

LOANS UNDER HOME IMPROVEMENT PLAN AND DOMINION HOUSING ACT

Mr. FONTAINE:

1. What amount was loaned up to March 31, 1938, under the federal home improvement plan: (a) in Canada; (b) in the province of Quebec; (c) in St. Hyacinthe-Bagot county; (d) in the city of St. Hyacinthe?

2. What amount was loaned up to March 31, 1938, under the Dominion Housing Act: (a) in Canada; (b) in the province of Quebec; (c) in St. Hyacinthe-Bagot county; (d) in the city of St. Hyacinthe?

Mr. DUNNING:

1. (a) $14,526,455.32.
   (b) 2,775,943.98.
   (c) 61,653.09.
   (d) 56,453.09.

2. (a) 15,022,659.00.
   (b) 4,782,552.00.
   (c) Nil.
   (d) Nil.

MELITA, MAN., POST OFFICE

Mr. PERLEY:

What was the contract price and the total cost for building and equipment of the new post office building at Melita, Manitoba?

Mr. CARDIN: Contract price, $11,117. Total cost of building, including equipment, $16,653.53.

MAJOR JAMES HAHN

Mr. WOODSWORTH:

1. Was Major James Hahn appointed by the Canadian government to go to England in 1937 and 1938 to make a survey of munitions production for the purpose of advising the Canadian government?

2. If so, were his expenses paid by the Canadian government?
3. What were the terms of Major Hahn's employment?
4. At what date did Major Hahn cease to be employed by the Canadian government to advise on munitions and begin negotiating for production by him of Bren machine guns?

Mr. MACKENZIE (Vancouver):

1. No.

2, 3 and 4. Answered by 1.

QUESTION PASSED AS ORDER FOR RETURN

DOMINION PUBLIC BUILDINGS, NEW BRUNSWICK—COAL CONTRACTS

Mr. BROOKS:

1. (a) How many contracts have been awarded since January 1, 1938, for the supplying of coal to federal public buildings in the province of New Brunswick? (b) What are the names and locations of such buildings?
2. What tenders were received in each case, what were their amounts, and to whom were the contracts awarded?

MOTION FOR PAPERS

VALIDITY OF ALBERTA STATUTES—CORRESPONDENCE AND OTHER DOCUMENTS RESPECTING DISALLOWANCE

Mr. POOLE:

(a) For a copy of all correspondence, letters, telegrams and other documents, passing between the government of the province of Alberta or any member thereof, and the federal government or any member thereof, regarding the disallowance of any Alberta acts during the year 1938; (b) for a copy of all correspondence, letters, telegrams, communications and other documents from any persons, corporations, firms or banks, requesting or protesting the disallowance of any Alberta acts.

Mr. MACKENZIE KING: This is a pretty large order. There is no objection whatever to bringing down any essential documents, but I would point out that this motion asks for a copy of all correspondence, letters, telegrams, communications and other documents from any persons, corporations, firms or banks, requesting or protesting the disallowance of any Alberta acts. There are a great many communications which have come in both to the Prime Minister's office and to the office of the Minister of Justice, and possibly to some other departments as well. Many of them are really in the nature of a repetition of certain form communications.

Mr. BENNETT: Circular letters.

Mr. MACKENZIE KING: Circular communications and letters of that kind. I really believe it would cost quite a sum to have all of these copied and it would also take a very considerable time before they could be copied. The first part of the motion asks for a copy of all correspondence, letters, telegrams and other documents, passing between the government of the province of Alberta or any member thereof, and the federal government or any member thereof, regarding the disallowance of any Alberta acts during the year 1938. That part of the order could be brought down in full; but as to the miscellaneous communications I would suggest to the mover of the resolution that he agree to allowing the departmental officials latitude to pick out what they regard as important and essential.

Mr. BENNETT: Might it not be well to do what was done on a previous occasion at the suggestion of the right hon. gentleman when he was in opposition, namely, merely to file a sheet of paper saying that letters somewhat similar to the attached, and many others, have been received, giving a list of the writers? Certainly it is a waste of public money to copy a stereotyped form of petition sent in by many people scattered over many sections of the country. If the Prime Minister would simply give the substance, that is all that would be necessary.

Mr. POOLE: I should like to give the suggestion some consideration and bring the matter to the attention of the Prime Minister on another occasion before the end of the session.

Motion stands.

BUSINESS OF THE HOUSE

SUSPENSION OF STANDING ORDER 28 FOR SITTING OF JUNE 23

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

That the provision of standing order 28, respecting the committee of ways and means, be suspended for the sitting of June the 23rd, 1938.

He said: Hon. members recognize that this is to permit the present budget debate to continue to-morrow. Otherwise the Speaker would leave the chair without question being put on Thursday, and this is to keep His Honour the Speaker in the chair.

Right Hon. R. B. BENNETT (Leader of the Opposition): I think the motion might have read, "until the conclusion of the debate." This is only for to-morrow; the debate may continue until the next day.

Mr. MACKENZIE KING: There is some objection to having a division come on Friday. I am afraid if we do not conclude the debate to-morrow, it will have to go over until next week.

Motion agreed to.

BREN MACHINE GUNS

INQUIRY AS TO MANUFACTURE IN CANADA AND BRITISH WAR OFFICE CONTRACTS

On the orders of the day:

Mr. C. G. MacNEIL (Vancouver North): May I ask the Minister of National Defence (Mr. Mackenzie) if it is the intention of the department to make available equipment from the Quebec arsenal, the Valcartier camp, or the old Ross rifle factory for the manufacture of Bren machine guns by a private company; and if so, under what conditions?

Hon. IAN MACKENZIE (Minister of National Defence): My hon. friend will find that I have already answered the question, during the discussion on my estimates. Very briefly, some machinery which has been stored for the last twenty years is being utilized for the manufacture of Bren guns, and the estimated saving to the department, according to the officers, is $250,000. It is not being transferred to the ownership of a private corporation. The ownership remains in the government, two-thirds of the cost of the material being borne by this government and one-third of the cost being borne by the British war office.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): According to a dispatch which appeared in the Winnipeg Free Press of June 20, the dominion government have given a contract to a Toronto firm to manufacture 7,000 of these new type machine guns. The British government has contracted with the same company, the John Inglis Company, for 5,000 of these guns, and four cars of machinery are already on the way from Valcartier to Toronto. The statement is made also that:

> The contract between the Canadian government and the John Inglis Company for manufacturing the 7,000 Bren guns was signed on behalf of the company by Major J. E. Hahn, an officer with a distinguished military record in the C.E.F. and now president of the Inglis company. According to official information, the cost plus 10 per cent profit basis provides that the 10 per cent is not to be figured on either sales tax or customs duties.

I should like to ask the Minister of National Defence, as it is asked both in the dispatch and in a long editorial in the Free Press of last Monday, how he reconciles this state of affairs with his statement across the floor of the house to me the other day when he said:

> With reference to any orders to be placed in Canada, we have no more information than is in possession of the hon. member who asked the question.

[Mr. Mackenzie King.]

Apparently there has been a joint arrangement between the British authorities and the Canadian authorities, together with a loan of certain machinery from Quebec. If that statement is correct, how does the minister reconcile this seemingly very careful arrangement, and the signing of the contract, with his statement to me that he knows nothing more about the matter than I do?

Mr. MACKENZIE (Vancouver): If my hon. friend will look over the discussions which took place in committee of supply when my own estimates were under consideration, he will find that in response to the question of some hon. gentleman opposite, details were very carefully stated at that time. There was no cooperative contract; the contract with the war office was signed by the Toronto firm entirely separately from the contract with the Canadian government; but, as the result of two complementary contracts being signed, there will be a saving to this government of over one and a quarter million dollars.

Mr. WOODSWORTH: I ask the minister how he reconciles his statement to me—

Some hon. MEMBERS: Order.

Mr. WOODSWORTH: —across the floor of the house, with the statements in this report?

Some hon. MEMBERS: Order.

Mr. MACKENZIE (Vancouver): I want to assure my hon. friend that there was not the slightest intention to misrepresent the situation. In regard to the contract with the war office, this was declared to the house before he asked his question of me on the floor of the house, and details were given, as they were asked, in committee of supply. There was not the slightest intention to suppress nor was there a suppression of any information, in the slightest degree. I say now in regard to these contracts that there has never been a cooperative effort between the British war office and the government of Canada except in regard to the Bren gun, and the two contracts in that case have been separately negotiated.

Mr. M. J. COLDWELL (Rosetown-Biggar): What compensation is the Canadian government receiving from the Inglis company for the loan of the machinery, and what is the value of the machinery so loaned?

Mr. MACKENZIE (Vancouver): I think that to answer that question it would be better to table the actual agreement with the company in question.

UNEMPLOYMENT

VANCOUVER SITUATION—INQUIRY AS TO PROVISION OF FOOD UNTIL EMPLOYMENT PROVIDED

On the orders of the day:

Mr. ANGUS MacINNIS (Vancouver East): I would like to ask the government in the absence of the Minister of Labour if their attention has been drawn to press reports of this morning that a number of unemployed are destitute in the city of Vancouver, and that they have announced that they will have to beg on the streets; also that the city officials have announced that if they do so they will be prosecuted; and, under the circumstances, has any arrangement been made to feed these men until work can be provided?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I may say that officials of the government are watching carefully the press reports which relate to the situation in Vancouver, and are cooperating, I understand, with the authorities there with respect to any situation which may develop. I cannot say what action the Minister of Labour may have taken. I have no doubt that he, like other members of the government, would be anxious to do anything he could toward improving the situation of these men at this time.

THE BUDGET

CONTINUATION OF DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Tuesday, June 21, consideration of the motion of Hon. Charles A. Dunning (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the proposed amendment thereto of Mr. Lawson, and the amendment to the amendment of Mr. Coldwell.

Mr. E. J. POOLE (Red Deer): Mr. Speaker, I am not going to attempt to cover all the ground dealt with in the budget speech, which is after all quite voluminous. I have read the budget speech, and I think that the Minister of Finance (Mr. Dunning) is to be complimented on the manner in which he delivered it to this house. I think also that the hon. member for York South (Mr. Lawson), who had the privilege of replying to the government yesterday, made a very fine speech. But as I look over the budget, once again I am struck by the fact that both parties represent the bulwark of traditions. There is nothing new to meet conditions that are new. It is more or less a resumé or history of our economic progress during the last year and the expression of a pious hope that in the future things will change for the better.

During the speech the minister touched on many things which are significant to every hon. member, especially in his references to trade. He said:

> In emphasizing as I have done certain uncontrollable forces which have been influencing our economy, I would not have you think that I neglect or minimize the importance of the domestic factors. The fundamental fact that in this modern world no nation can live unto itself alone does not lessen, indeed it reinforces, the necessity for Canada to devote its maximum energies to the solution of its own internal problems.

The question raised in that passage from the minister's speech is significant, because the trend of the world is toward economic nationalism. This is a truth that we must face. The present economy of Canada is based upon the premise that prosperity is dependent upon our external trade. Quite true, in the days of expansion through the years following the industrial revolution which began in 1742. The system which we know as capitalism has derived its strength from the fact that the world was not at that time industrialized. But later, and especially since the great war, we have seen industrialization in every nation of the world speeded up; the very conditions which brought about prosperity in the days that are gone, through the wages received by the great masses of the people, are no more, and the markets of the world are now contracted to such an extent that there is a lesser possibility of selling goods in the world market. The result is unemployment in every nation of the world, and Canada is no exception.

Later on in his address the Minister of Finance dealt with the question of increased production in this country. The greatest contributing factor to our internal prosperity in 1937 was the increase in production in terms of metals. Surely it must be evident by this time to every member of this parliament that this is not and could not be a basis for our future prosperity. We notice that the production of all the ingredients necessary for armaments has increased; the production of nickel, lead, copper and so on has increased. Now let us face facts for a moment. Let us suppose that this mad armament race should cease; that once again peace should prevail between China and Japan; that the warring factions in Spain should go back to the soil and turn their swords into ploughshares. What would be the result in this country? From an economic point of view it would be disastrous, because then there would not

be the same demand for our production. The group in this corner has persistently emphasized this one important fact, that the only way to prosperity is by recognizing first of all that the best market a nation has is the home market. That is where our prosperity must begin and end. The old belief that prosperity lies in selling our goods to the nations of the world, and that the sale of those goods is the only instrument that can be used to feed our own people, no longer holds good; because as we go on, year after year, the industrial machine will speed up more and more. as a result men will be displaced from industry. But that is not the greatest tragedy. The greatest tragedy lies in the fact that the traditional governments of the world recognize that wages is the only sound and legitimate source of purchasing power. If that is true, and the markets of the world contract through each nation becoming more industrialized, there will be a lesser demand abroad for our goods and incidentally less employment.

What is the inevitable conclusion to which we must come? It is that the system of wages has broken down. I am quite sure if hon. members opposite have followed the trend of events in the country to the south this will be brought home to them more fully than in the case of our own country. Markets are contracting; the wage system has broken down; and our prosperity, such as it was, in the year 1937 was the result of conditions which we hope will not become permanent in world affairs, in other words preparation for war. I often think that if one half the effort which is put into the finding of new markets abroad were put into placing our internal market in order, this would be a prosperous country to-day.

Now I should like to say a few words with regard to the "hoary" fallacy referred to by the Minister of Finance. In his speech the minister said:

> The experience of several countries with expansionist policies during the last few years has proven that only a rise in the rate of new investment can provide a durable basis for an upswing in business activity. Attempts to stimulate consumption by government expenditure or by suddenly improving labour conditions have been tried on more than one occasion but in every case they have been found wanting.

That is a very important statement. For the moment we should keep in mind my argument in the first instance with regard to contracting markets. As industry speeds up at home; as labour is displaced by technological improvements, it must follow that the burden in the days ahead will fall more on governments if industry cannot absorb these men, and if we are not prepared to change our monetary system. I want to say to the Minister of Finance that we of this group do not believe in inflation, at least the kind of inflation to which the Minister of Finance has given expression on so many occasions. Nor do we believe in deflation. They are twin evils; deflation, when money becomes so dear that nobody can get it, or inflation of the type that makes money so cheap that it will buy nothing. It is the middle road we want to follow; in the words of the Prime Minister (Mr. Mackenzie King) himself, to issue credit in terms of public need. A little further on the minister dealt once again with the question of money. He said:

> There are some, of course, who appear to believe that the government should not pay interest at all or, indeed, should issue debt free money to finance its expenditures or to retire its interest bearing debt or to do both of these things.

Let me say, Mr. Speaker, that I do not believe the social credit group in this house ever suggested repudiating our obligations. That has no part in our program. What we do need, however, is to place in the hands of the masses of the people of this country the means with which to meet their obligations, which is an entirely different matter.

Once again the Minister of Finance, making reference to the "hoary" policy as expounded by this little group, speaks of debt-free money. Here is the difference between the repudiation of obligations and debt-free money. We do not intend to repudiate any obligations, but we should bear in mind that in the last few years there has been one class of people who have been benefited through deflation. I am now referring to those who purchased bonds or debentures of the provinces and the dominion some years ago, during an inflationary period, when the price level was high. Contracts were then made between the purchaser and the seller. The result has been that over a period of years through deflation the debts of the provinces have increased. Social services have increased, and the cost has been laid on the provinces and municipalities. In terms of high interest rates we have placed a heavy burden upon small properties until the very homes of the people of Canada have been placed in jeopardy. One has only to review the rising mill rate since 1930 in the municipalities and cities of Canada to find out who is carrying the burden.

I should like to draw a parallel. We will suppose that I purchased bonds in 1928, when the price level was high, and that a friend of mine invested in real wealth, or, in other words, built a home.

Mr. BOTHWELL: Were Alberta bonds ever at a premium?

Mr. POOLE: I will deal with you in a minute. I am trying to draw a contrast. I was saying that we both invested, one in real wealth and the other in bonds. But when the depression deepened, when social services increased and the mill rate rose, the debt was placed upon the man who invested in real wealth. In hundreds of cases in Canada people have lost their equities in their homes. Why? It had to be done to pay fixed charges and to meet sacred contractual obligations. Now the price level is down, and the income derived from bonds during the deflationary period purchases more. There has been a hue and cry across Canada against tampering in any shape or form with these sacred obligations. Surely in view of what I have said, and in view of the burden which has been borne by the small property holders, the bondholders should have come forward and accepted at least some adjustment to relieve financial conditions in Canada. But that has not been done.

I now turn to the hon. member who asked the question about the province of Alberta. Let me say to him that we inherited a bankrupt province. The only terms upon which we could get relief from this government was to go into a loan council. At that time we did not think it was advisable to centralize authority with regard to future borrowings.

Mr. BOTHWELL: On that point, how can the hon. member say that Alberta is bankrupt when a board reports that the assets of the province are 230 billions as against a few millions of debt?

Mr. POOLE: I am referring to financial bankruptcy. A nation is never bankrupt unless it is desolate, unless its fertility vanishes or its natural resources disappear. That is the only time a nation can go bankrupt in the sense my hon. friend means. But we were financially bankrupt. There was no money in the treasury. So we were compelled to take this action, much against the inclination or the desire of the provincial government. In regard to the issuing of debt money, what exactly do we do when we borrow in Canada? Do we not borrow on the basis of the ability of the people of Canada some day to pay back? Do we not borrow on the basis of our natural and intellectual resources? Is that or is it not true? To-day we are borrowing through the banking system. And what do we borrow? We borrow the permission to produce more of that which we already have—real wealth. In my opinion the Minister of Finance has taken a step in the right direction. During the life of this parliament he has made a successful attempt to reduce the interest on our national debt. That is a credit to the present government, and a procedure I should like to see continued. But we will never have prosperity until we face the facts. The chief fact confronting us is that our financial system is totally inadequate to meet the present situation. It is true that we have reduced the interest rate, but it is equally true that we have increased our capital debt. How long can a nation continue, generation after generation, to place a chattel mortgage upon the distant future which generations yet unborn will have to carry?

I see no real or logical reason why we could not issue credit in terms of public need. I do not see why we cannot issue credit on the basis of our real wealth, in exactly the same manner as it is done by the banks. In that way we could place every ablebodied man to work in the creation of national assets. Highways must be built. Surely there is nothing to interfere with a real program of national development. I would hope that during the life of this parliament such development might take place. Unless, however, we take control of our monetary system, I can see no relief. The nationalization of the Bank of Canada is not taking control of the financial system. The most important question in connection with the bank would be this: What is the policy of the bank going to be?

When we say we are going to issue credit in terms of public need, to what need do we refer? Are we referring to loans which would be made available to industry? Do we not yet realize that we can pour money into industry and only aggravate the present depression? We know what has been tried in the United States of America. No; we must begin with the consumer. I am convinced any hon. member opposite who will study the questions of costs and prices will realize that the cost of production is one thing and that the retail price of goods is an entirely different thing. The difference between the total cost of production and the ultimate price of retail goods is widening, as the industrial machine speeds up, because it displaces certain payments which to-day go into costs in terms of wages and helped partially to liquidate prices.

The recent unfortunate defeat of our party in Saskatchewan does not cause me any discouragement, and I am sure in saying this I can speak for all members of my group. We feel, as have other men who have gone

before and who have contributed to the progress of the human family, that we are on the right track. In my short life I have followed governments closely. Since the great war I have watched the governments in Great Britain struggling with national problems. I have followed closely the pump-priming policy of the president of the United States. I watched in Canada attempts during 1931 and 1932 to eliminate unemployment by a program of public works. But none of these things is sufficient in itself. They are only palliatives; they are patches on an already outworn garment. The fundamental thing to do—

Mr. DONNELLY: Aberhart!

Mr. POOLE: Never mind Aberhart.

Mr. DONNELLY: Follow his policy and put them all to work.

Mr. POOLE: If this government were more kindly disposed, and a little more in contact with the issues confronting Canada, it would realize that the best thing for it to do would be to overstep certain constitutional questions and give that eminent gentleman, Mr. Aberhart, an opportunity to carry out his policies in Alberta. When I hear hon. members call across the floor, and when I hear them criticize Alberta, I say to myself, "They are not afraid he will fail; they are afraid he is going to win." And we will.

Mr. DONNELLY: I saw him four years ago, and I knew very well he would not get anywhere.

Mr. JOHNSTON (Bow River): I suppose he looked as good as the hon. member does at any rate.

Mr. POOLE: I am not going to argue with you, because—

Mr. SPEAKER: I must ask the hon. member to address the chair, and when referring to other hon. members to indicate their constituencies.

Mr. POOLE: I apologize, Mr. Speaker. Out of all argument as a rule comes more heat than light. I think hon. members of this group ought to be complimented on the stand they have taken in spite of all the opposition that has been voiced against them. The Liberal party is supposed to be progressive, but we see the Liberal government aligning themselves, either directly or indirectly, with the financial system and with those organizations which will break up the British Empire before they will give up their privileges. These are men who have no patriotism, men who recognize no national boundaries, men who produce nothing; they are men who make their money from the free instruments that this government has given to them.

I am seeking cooperation, and I do not think I should be ridiculed. I am seeking understanding, something which every hon. member of this house should seek. I ask the cooperation of hon. gentlemen opposite. We may smile to-day, but let me say to hon. gentlemen opposite that when I hear of riots occurring across this country, when I see evidence of the widespread poverty in this land of abundance, I come to the conclusion that these are birth pangs which will bring forth the revolutionary child which will grow to an aggressive maturity as the evidences of social injustices and economic insecurity become more apparent. We are generating forces which will destroy the last semblance of democracy. Let me say to hon. gentlemen opposite that the conditions which we have to-day in this country—

An hon. MEMBER: The drought.

Mr. POOLE: An hon. member says that these are due to the drought, but let me say that the conditions which prevail in this country, while they may be better than those that prevailed in Germany, are speedily reaching a point where democracy will be destroyed. Democracy can live only by the good results which it gives. When governments refuse to listen, when they just sit back and ridicule every proposal made to them, there is very little hope for a greater Canada.

My hon. friend says that this depression is a result of the drought. A few years ago the present leader of the opposition (Mr. Bennett) went over to London to attend an imperial conference. The proposal was made at that conference that since there was overproduction there should be a reduction in our wheat acreage. The hon. member states that our present condition is due to the drought. Let me tell him this: Should we have two crops similar to the one we had in 1928, and there is no greater demand for Canadian wheat than exists at the present time, we will soon have 400,000,000 bushels of wheat piled up in our elevators, and conditions then will be worse than they are to-day as a result of the drought. No doubt the drought is a contributing factor to our present condition, but we must not forget that the depression is world wide.

I am not blaming anyone in this country for our present condition, but I am critical of the government and of government members who ridicule every progressive thought out of existence. Remember that the truth of these things will prevail. For political

reasons you may go on the hustings in Saskatchewan, backed with your great resources, and tell the people a story in order to get elected. Merely getting elected is not victory. Victory lies in the achievement. Victory means to achieve something. Victory means doing something that will bring security to your people. That is the business of this House of Commons. We should see that in this land of abundance, not one man, woman or child shall be deprived of the opportunity—

Mr. DONNELLY: Where do you get that abundance? We have not had a crop for nine years.

Mr. SPEAKER: If the hon. member desires to ask a question, he should first obtain the consent of the hon. member who is speaking.

Mr. DONNELLY: Where does the hon. member get the idea that there is abundance in this country, since we have had no crop for nine years.

Mr. POOLE: We have had a balance of trade of some $300,000,000. If we have not enough, why are there so many unemployed? Why do we put these men to work to produce more? There is the argument. What is your reply? We do not live by wheat alone. Have we not forestry and mineral resources, and everything we want?

Mr. DONNELLY: Not out there.

Mr. POOLE: Yes, we have. We have a greater abundance of these things than most nations of the world. I am quite convinced that no nation can prosper in the midst of misery and degradation. I hear hon. members state that there is work for all recipients of relief, but that is not true until you change your policy. The general condition of unemployment is there. So far this government have not been able to obliterate poverty. They will never obliterate poverty until they change the monetary system, until they issue credit in the terms of public need, as the Prime Minister put it. This will not be done until we understand the true nature of price. Rising prices are no criterion of future prosperity.

On every occasion when the Minister of Finance has been dealing with the monetary policy of this country he has turned to our group, as though replying to us, and has seemed to be a prophet of fear. He has told the house that there cannot be monetary reform without inflation. Of course that is not true. The monetary reform that we propose will bring down the price level as production goes up, not increase prices in order to make our dollar valueless. We would increase the value of our dollar in order to make more goods available to the people. We are convinced, and I believe the Liberal party will be in ten years or so, that man will never go to work in industry as he has in the past. Only a few short years ago in 1928 a total of 44,000 harvest workers went to western Canada to work in the harvest fields. Since that time thousands of combines and other pieces of farm machinery have been purchased to do away with the need of these workers, and incidentally to do away with their wages, the only instrument they have with which to purchase goods.

From time to time in this house we have heard expressed a fear of communism and fascism. We have been told of the high virtues of democracy. But let me say this, that the move will be either to the right or to the left. This country of only 11,000,000 people has been blessed by the Almighty. If we cannot put men to work building useful public projects, if we cannot give our people a hope for a better future so that they in turn can build homes, then I say that we are indeed bankrupt.

I said when I rose that I was not going to deal with the whole budget, because that is an impossibility in forty minutes; but I do want to emphasize the question of money, which was touched on by the Minister of Finance in the budget. The task of the minister will become more and more difficult as the years go by if he does not take control of the monetary system of this country in all its phases, not only the Bank of Canada but the chartered banks. It must be recognized that the consumer is the greatest factor in our whole economic structure; that monetary reform does not mean a rise in prices, but rather that increased production means a reduction in prices, and that in any equitable economic system in this or any other country you must in an age of abundance begin with the consumer to make up the difference between the cost of production and the ultimate price of goods on the retailers' shelves.

Mr. ARTHUR-J. LAPOINTE (Matapedia-Matane) (Translation): Mr. Speaker, in order not to delay the passing of the budget, I shall not make a long speech. I desire however to take this opportunity to offer a few observations which I conceive to be in the interest of the country.

It is the duty of public men to call the government's attention to abuses which may creep into its organizations without its knowl-

edge. While refraining from destructive criticism, I believe that the time has come to offer certain observations concerning the administration of the Canadian National Railways, more particularly as regards the French-Canadian representation on their staff, many members of which, highly paid and arrogant, seem to be constantly defying public opinion.

Far be it from me, Mr. Speaker, to raise the racial cry. In these troublous times, a peaceful solution of our problems is essential. However, I am not one of those who believe that, for the sake of harmony, we should maintain a passive attitude in the face of injustice.

Under cover of a politically-independent commission, it is sought to surround with mystery the administration of our national railways. High officials receive salaries so exorbitant that it is considered undesirable to reveal them to the public, for fear of creating a scandal. A certain number of them have at their disposal luxurious private cars which are being repaired this year at a cost of many thousands of dollars, while, under the pretext of economy, poor subordinate employees are being laid off and deprived of the wage that allowed them to maintain their families.

I notice with regret that whenever economy has to be practised it is always at the expense of the small man. Why not begin by reducing the salaries of officials who are paid ten, twelve or fifteen thousand dollars a year, often for doing nothing? With the exception of a very few higher officials, no member of the Canadian National Railways' staff should receive more than $5,000 a year. These officials have got to the point of thinking that they own the railways. They say: We are managing the national railways; you, members of parliament, mind your own affairs. But when the time comes to vote, 30, 40 and even 50 millions of dollars to cover the deficit, it is we who vote the money and the people who pay it.

I do not wish to be unpleasant to the Minister of Transport (Mr. Howe), for whom I have the greatest esteem. I am aware of his devotion to duty and I know that he is doing his best. Moreover, he is simply applying rules that have been in force for many years. But, since the present system lends itself to numerous abuses, it should be changed and the people's representatives who, after all, are responsible for the administration of the country's affairs, should know what is going on in that field.

The possible amalgamation of our two great railway systems is being spoken of more than ever. I am absolutely opposed to such a plan, for it would lead to the creation of a powerful monopoly which would be disastrous to the Canadian people. I take this opportunity to call the attention of the house to the manner in which the people of the province of Quebec are being treated by the Canadian National Railways. It is a rather extraordinary thing that the stations situated between La Reine and Fitzpatrick and between Noranda and Taschereau, covering a distance of 411 miles, all in Quebec province, are under the jurisdiction of an Ontario superintendent. The same situation exists on the Gaspé coast and from Matapedia to Rivière du Loup, a stretch of 366 miles, where a New Brunswick superintendent is in charge.

Until a few years ago Matapedia was a divisional point for the Gaspé trains. Under the Conservative administration, again for alleged purposes of economy, but most unjustly for the province of Quebec, Matapedia was replaced as a divisional point by Campbellton, New Brunswick. Those who have heard the story know how interesting it is. As for me, I would call it revolting.

But that is not all. When in Quebec territory freight cars are in need of repairs, they are sent from as far as Lake St. John to Leaside, Ontario, or to Transcona, near Winnipeg, to undergo repair work which could be done just as well in the shops of the province of Quebec. The moving of these cars over such great distances involves an enormous expenditure and deprives the workers of Quebec of employment to which they are entitled.

I shall now say a word about the manner in which the French Canadians are treated by our national railway system. I hold in my hand a Canadian National Railways telephone directory for the Montreal region. It bears the title: Private Branch Automatic Exchange Telephone Directory, Canadian National Railways, Montreal, and the form number 6466. Looking over it, I understood more than ever the causes of the unrest and discontent that exist in the province of Quebec. I advise hon. members, for their edification, to read this directory which I hold at their disposal. They will then realize the standing of the French Canadians in the Canadian National Railways organization and will better understand our grievances. It is practically impossible for a French Canadian to obtain a copy of this directory; the officials seem to hide it well, for fear that, here again, the public might find out what is going on. It is clear, Mr. Speaker, that there exists within the Canadian National Railways an organization which is seeking to eliminate French Canadians from the posts to which they are entitled. I therefore consider it necessary to investigate this situation, which should not

be allowed to continue. Our English speaking friends may be tired of hearing our often repeated complaints, but I wish to tell them that, if we were used a little more fairly, if we were not always kept in the background, we would not so often deem it our painful duty to discuss with such frequency a problem very disagreeable to us.

In order to show them the actual situation, I invite them to visit with me the province of Quebec where we will effect a little investigation. Let us first go to Montreal, and visit the shops, or the large offices of the Canadian National Railways on McGill street.

If my hon. friends pay a visit to the different branches,—Traffic, Finance, Accounting, Purchasing, Industry, Natural Resources, etc., —they will not find more than two French Canadians out of every twenty employees. They will also find that French Canadians have been almost ostracised from important positions and that high salaries never go to them. They will look in vain for bilingual signs, either on the walls or on the office doors. If they ask the elevator operator for information in French, they probably will receive the same answer as I got, a few weeks ago: "I do not understand." All that is going on in the greatest French centre of America.

I will then ask my hon. friends to travel to the eastern part of the province of Quebec. But, before we leave Bonaventure station, we will pay a short visit to the offices of the sleeping-car department. My hon. friends will no doubt be received as I was a few days ago when I spoke French to one of the employees: "Do you speak English"? said he. "If so, all right, because nobody here understands French."

We will then board the Ocean Limited, the night express, where further surprises await my hon. friends. In the sleeping-cars, they will try in vain to make themselves understood in the French language. After a night's rest, we will go to the dining-car. In any of the places between Rimouski and Matapedia, the stretch covered from 6 to 9 a.m., when the train passes through one of the most beautiful districts of the province of Quebec, which is also one of the most exclusively French, I defy them to find, among the eight employees on the staff of that car, a single one who can speak French. The end of our trip will be in Campbellton, New Brunswick. Over 50 per cent of the lines administered from that divisional point are in the province of Quebec. Of the 14 employees there, four only are French Canadians. The staff in the divisional office numbers 21, of whom only four are French Canadians. Forty-five men are employed in the roundhouse and seven only are French Canadians.

Mr. Speaker, it is all very well to speak of union and harmony between races. But, when one of the races which forms a third of the total population of this country must put up with the rebuffs and the humiliations which I have just described I am bound to confess that union and harmony are impossible. I will frankly ask the hon. members who represent Toronto constituencies in this chamber if the people of that city would submit for long to such a treatment. Although the situation has substantially improved since 1935 in many aspects, it is evident that French Canadians do not receive that measure of justice to which they are entitled.

It takes some courage to voice these truths, but I did it with the best intentions possible. I felt that it was my duty to call the attention of this house on the subject, because that situation is bound to have serious consequences, if no remedy is applied in the near future.

Mr. Speaker, the descendants of those who discovered our country, who opened it to civilization and kept it for the empire on certain occasions; the descendants of those who contributed to such a degree to make of Canada the beautiful and great country it is to-day, are entitled to fairer treatment. When they receive it, good will and harmony will exist between the two great races, which are essential factors of our social and economic progress.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I rise to support the sub-amendment of the hon. member for Rosetown-Biggar (Mr. Coldwell). I should like to call the attention of the house to certain facts brought to light by the royal commission on the textile industry which was appointed in January, 1936, and reported in January of this year. The commissioner, Mr. W. F. A. Turgeon said:

> . . . the advantage of protection is granted to these companies subject to certain conditions, which parliament should recognize and government should enforce.

And further:

> . . . the great value of the inquiry lies, not in this report . . . but in this material itself . . . in the factums prepared with great care and handed in by counsel for the commission. . . .

I propose to-day to follow quite closely the brief presented by Mr. J. C. McRuer, commission counsel, consisting of some 426 mimeographed pages. As far as possible I shall use the language of the brief.

In my speech on Monday on the Vancouver situation I referred to this record as a shameful, sickening story of heartless exploitation, of wholesale robbery by men prominent in the public life of Canada. Inordinate greed, barefaced lying and criminal fraud characterize the careers of this gang of high-class crooks. I suggested that these exploiters were sheltering within our tariff structure and compared the leniency with which they were treated with the harsh methods used in evicting the unemployed from the post office in Vancouver. The member for Parry Sound (Mr. Slaght) accused me of using immoderate language, of being bitter, vitriolic and vituperative. I should like to place before the house some of the facts and leave the facts to speak for themselves. These facts have been known to the government for over a year, but so far as I can learn, there has been no change in the situation. We have now another budget and we are told that we are to have no tariff changes.

Let me give some illustrations of how the situation affects this country and the people of the country. Mr. A. O. Dawson, president of Canadian Cottons, seems to be very tenderhearted as he refers to the widows and orphans. In fact, he bases his scheme for further protection against competition from Japan on the following grounds:

> . . . Because my own company is becoming hoary with age. A great many of the shares are now owned by widows and orphans. Some three or four years ago when we had to discontinue paying dividends it was simply heartbreaking to me to receive personal calls and letters from people who informed me that the withdrawal of our dividends brought them on the verge of starvation.

Now, what are the facts? Canadian Cottons has earned for the shareholders since 1892 a total of $24,560,804.50. Although the original investment cannot be determined with accuracy it was shown to have been not more than $3,930,130. Again, Mr. Dawson showed very great solicitude for the workers. He said—and I quote:

> Because of Japanese competition, our workers will be drawing starvation wages and the industry itself will be in extreme danger of annihilation.

These statements are absolutely unfounded. The company has an undistributed surplus available for shareholders of $5,782,067, of which $2,277,208.81 is a secret reserve, not even disclosed to the shareholders, and there is an additional $9,000,000 accumulated undisclosed surplus represented in fixed assets. In addition the company, having been given the legal opportunity of accumulating these reserves, has taken a secret and unfair advantage of the government by concealing its profits and failing to pay the required income tax.

It is hardly necessary for me to point out, as the brief does, that it is from the taxpayers and consumers of the country that a protected corporation receives its right to make special profits that it otherwise could not make. It is the right of those conferring these benefits to be furnished with accurate and honest information in regard to the benefits accruing to the recipients of the special privilege.

Let me turn to another well known person, Mr. B. Gordon, managing director of the Dominion Textile Company. He also shows a very great concern for what he calls "the true interests" of the employees. The secretary of the Syndicat Catholique du Textile de St. Gregoire wrote him asking for an opportunity to discuss with him the matter of wages paid at the mill. How did Mr. Gordon reply?

> We do not propose to discuss the affairs of this company with people like yourself. . . .

He went on:

> . . . fomenting discord. . . . As in the past, the management of this company will be conducted with their true interests at heart.

What are the "true interests" as revealed by wages paid?

> The share that the worker has had in the advantages of the protective tariff during this period is indicated by the average annual wage paid per individual. From the records available, the highest average was $277 per annum in 1888, and the lowest $224 in 1905.

Contrast those low wages with the dividends paid.

> The total of the dividends paid in the stock issued on the original investment of $500,000 from 1929 to 1936 amounted to $5,812,500. The total of the dividends paid on the stock issued on the original investment by members of the syndicate in 1905, between the years 1906 and 1936, inclusive, amounted to $14,837,500, or an average annual rate of 98·4 per cent per annum.

I do not think I need comment.

> In addition to the earnings that have been paid out in dividends, the common stock shareholders have a very large equity in the company. . . . The original investment of $500,000 made in 1905 has yielded a return of $14,837,500 in dividends and to-day has, according to the company's records, an additional present value of $14,671,105. This is after charging off to profits $22,943,471 for depreciation, and $12,492,186.92 to equipment and repairs. . . .

There appears to be a secret reserve of profit amounting to $17,265,728.17.

Is there any reason why the consumers of this country should continue to pay exorbitant rates for their goods; any reason why the

wage earners in these industries should continue to be paid pitiably low wages, while the financiers make the enormous profits indicated by these figures? The brief says:

The evidence shows that in its relations with the public and its employees the leaders of this industry have maintained little regard for human relations. The laws of power appear to have dominated and directed the policy of the industry, rather than regard for justice.

The strife between capital and labour will continue with unremitting bitterness as long as employers seek legal advantages and special privileges from various governments of the dominion and arrogantly deny to their employees, on whose behalf these advantages are obtained, any share in or control over the direction of the policies under which the fruits of those advantages and privileges are distributed.

The employers are part of the Canadian Manufacturers' Association, incorporated by act of parliament. The employers demand that competition be eliminated from abroad and assert the right to organize, to regulate and eliminate competition among themselves. At the same time they arbitrarily deny to their employees the right to organize in their own interest. And the government appears to quite acquiesce in that policy. When the government imposes a customs duty on an article imported into Canada it does more than tax the consumer of imported goods by indirect taxation. It gives to the Canadian manufacturer of similar goods a right to impose on the consumers of goods subject to customs duties a private tax for his own benefit. Viewed in this light, Canadian customs tariff laws are a governmental subsidy to Canadian industry.

Where a protected industry does no substantial export business, all capital created through the operation of the business, over and above a reasonable return to the investor on capital invested by him, has been contributed by the consumer and not by the investor. Protection of the industry cannot be justified for the purpose of providing a return to the investor on the ground that he is entitled to a return on capital employed in operations that has been created out of profits earned in excess of a reasonable return on the capital invested by him. It must always be remembered that a portion of that capital, and in many cases the greatest proportion of that capital, has been provided by the consumers of Canada and not by the investors.

I have been referring to one or two particular companies. Many other companies have followed the same course in regard to their capitalization. According to the brief:

The effect is that promoters of mergers and amalgamations have succeeded, by a process of recapitalization and refinancing, in getting into their hands a large amount of capital stock for which they have paid nothing, and the management of the companies is expected to produce a dividend on this stock. The government of the country is called upon to furnish tariff protection to enable the management to do so. The consumers and the employees have to bear the burden of the dividends.

I spoke the other day of the defrauding of the government, and I am going to quote now directly from the brief.

Canadian Cottons . . . was not only setting aside large concealed reserves, but was not disclosing to the proper authorities its true profits and was depriving the government of the taxes justly and legally due. It has in fact been shown that the officers of the company falsified the returns to the government in order to conceal the existence of the secret reserve, which between 1916 and 1936 reached a maximum of $2,506,128.18, and is admitted to be in 1936, $2,277,208.81.

I should like to ask the government if these taxes have been collected. The other day the Minister of Finance (Mr. Dunning) said something about these companies being in the courts. He did not explain just what he meant, but I suppose there has been some reference to the exchequer court. I should like to ask very definitely that before we are through with this debate we be told what portion of these back taxes has been collected. And one further thing I should like to ask; whether or not the criminals have been punished.

Miss MACPHAIL: They do not punish criminals of that kind.

Mr. WOODSWORTH: The other day we had poor young fellows gassed and clubbed for trespassing on public property, but here are men high in the public life of this country who are able to deceive and defraud the government; and apparently though the facts have been in the hands of the government for over a year now, little action has been taken. In the brief there is the phrase "apparently they deliberately falsified"; again there are the words "misled and deceived the government"; and that the statement of Mr. Dawson, "is utterly without foundation." Let me read section 413 of the criminal code:

Every one is guilty of an indictable offence and liable to seven years' imprisonment who, being a director, manager, officer or member of any body corporate or any company with intent to defraud,

(b) makes, or concurs in making, any false entry, or omits or concurs in omitting to enter any material particular, in any book or account or other document—

It is all very well to send to the penitentiary men who may be guilty of some petty theft, but what about these men who are guilty of defrauding the government and violating the criminal code? Was I not right in saying the other day that in this country justice is not impartial; that we have one law for the rich and another for the poor? I want to quote a sentence from the brief in this connection:

It is submitted . . . that the law as defined by our statutes and interpreted in the English court of appeal has been transgressed.

I think the government is under an obligation to explain before this house rises what it proposes to do with regard to the very serious state of affairs that has been brought to light by the textile commission report, which has been placed in the hands of all hon. members. Let me quote again:

—Sir Charles Gordon, the president of the Dominion Textile Company, makes the statement to the shareholders: "While the company has an issue of preferred stock it is evident that the governments of one kind and another are the real preferred shareholders as their takings this year represent earnings of $42 per share on the company's preferred issue."

In making this statement to the public, indicating that the company is especially burdened with taxation, it, however, is not disclosed to the public that these taxes are all paid by the consumers. While, in fact, it is ordinary business practice for any corporation to pass on to the consumer its municipal taxes, this company passes on its income tax to the consumer.

I believe that statement is very much along the line of the statement made in this house the other day by the right hon. leader of the opposition (Mr. Bennett).

Several years ago we had considerable publicity with regard to the danger in which our industries were being placed because of Japanese competition. This is what Mr. G. B. Gordon said:

—that the Japanese situation had resulted in an entire lack of orders for the mills at Sherbrooke and Valleyfield, and that it would be necessary to stop 600 looms at Sherbrooke and 500 at Valleyfield.

What does the brief state with regard to that? I quote:

It is submitted that the evidence is conclusive that there was no Japanese competition existing on the 15th of January, 1936, which would justify any reasonable business man in Mr. Gordon's position assuming that he would no longer be able to manufacture goods at Sherbrooke that could be sold, and that it was therefore necessary to close the mill indefinitely and throw approximately 500 employees out of employment, either to starve or to become objects of public charity.

[Mr. Woodsworth.]

If this is a proper conclusion, then the real object in closing the mill is apparent. Owing to the condition of the stocks at Sherbrooke and the shortage of machinery at the print works, it was convenient for the company to close this particular mill at that time; in fact it had been convenient to curtail production for some days prior to the closing.

What are we to make of business men who call upon the government for special privileges on grounds that are absolutely without foundation? And what are we to say with regard to a government that continues to give special privileges to firms of this character? Let me quote again from the brief:

The evidence seems to be conclusive that the statements made in the letters written to members of the government by officers of Canadian Cottons Limited were unfounded, and, instead of the business of the mills being strangled, the evidence shows that while they were making threats of closing the mills, they were increasing the purchases of their raw materials.

Now I want to come to consider this matter of protection, which ever since most of us were children has been the main subject of our budget debates. Instead of quoting from some of our classical economists I want to quote from this brief, which deals with actual facts, with concrete situations. Here is something concerning Canada and the United States:

It will, therefore, be apparent that no customs duties were necessary to protect the Canadian manufacturer as between Canada and the United States of America in respect to cotton yarns at this time. It is, however, interesting to note from a study of exhibit 820 that while prices moved up in the United States of America, due to the adoption of higher rates of wages and shorter hours of labour, the prices in Canada moved up at the same time, the increase in 1933 being from $24 in April to $30 in July, with no corresponding increase in rates of wages or decrease in hours of labour; in fact the reverse occurred, that is, without any increase in hours of labour, the rates of wages were reduced by ten per cent in April, 1933.

And later:

In this instance the Canadian manufacturer received more than three times as much for manufacturing the yarn as did the American manufacturer.

We become so deadened by the incessant propaganda that has been carried on that we may fail to realize the import of statements of this kind. Anyone who goes across the boundary line to the United States and buys goods in that country and, upon his return, attempts to purchase the same goods in Canada, knows that we pay much more in this country. But we are told that we have to do that on patriotic grounds. We

are told that we cannot compete, and that our manufacturers are under special handicaps. Yet, let me read this sentence again:

> In this instance the Canadian manufacturer received more than three times as much for manufacturing the yarn as did the American manufacturer.

As it is stated later on, this gives the benefit to the investors, and not to the worker.

Let us now look at the wages the workers have received:

> The protection given in 1930 amounted to 25 per cent more than the whole of the mill wages paid for the fabrication of the yarn.

Let us turn out the hundreds of thousands of employees in those factories. Let us pension them for life, at a good pension, and the country would be far better off than it is under existing arrangements. I should like to read that paragraph again:

> The protection given in 1930 amounted to 25 per cent more than the whole of the mill wages paid for the fabrication of the yarn.

And a little later:

> The Canadian manufacturer was taking advantage of the customs tariff duties to increase the profit to the manufacturer at the expense of the consumer, while giving no benefit of the increased protection to the workmen.

I know some workers do not understand that. Some hon. members will recall that one of these textile companies some years ago brought a whole trainload of workers here to protest against the effects of government policy. The men who came were no doubt real workers. I looked at their hands, and I talked to them. They were genuine employees. They had been told by those who controlled them that certain government policies were the cause of their troubles. They had been told that by their employers, but those employers were deceiving the workers. Again, and again, and again in election campaigns workers have been deceived by false statements of this kind. The brief gives evidence of this.

Look at the profits which have been made. Let us, for an example, consider the artificial silk division. I refer particularly to Canadian Celanese Limited, as an indication of depression prosperity:

> The company during these seven years, which embraced the period of Canada's greatest depression, earned in net profits more than the total amount of the cash invested in the company.

If our farmers on the prairies who have worked for years and years, who to-day have lost their all, whose farms are hopelessly mortgaged and their capital swept away, consider these facts, they will realize the great injustice they disclose. We hear many people in the east begrudging some little relief given to those people in western Canada. Yet we find that this company in seven years earned in net profits more than the total amount of the cash invested in the company.

Of course there are a few people outside the shareholders who do fairly well. In 1935, twenty-eight executives drew $294,458.79, the lowest of which was $5,050 and the highest $35,023.54. In the year 1935, seven persons drew $148,063.59 in salaries. In that year $72,280 was paid in salaries to directors of the company resident outside of Canada. The brief goes on to say:

> It will, therefore, be observed that out of the money paid by the consumer over the period of seven years, for every $33 that went to the wage earners, $28.20 went to the higher salaried employees or the investors.

I could take similar figures for the Dominion Textile Company and for other companies.

Let me now come to the question of the financing of these companies. The brief states:

> It cannot be contended that if an investment bears interest at an average rate of 20 per cent per annum continuously for thirty years that such a return is inadequate.

Surely that is putting it very mildly indeed! To continue from the brief:

> The result has been that on the above basis the consumers of Canada have paid in profits sufficient to pay back to all investors, i.e. bondholders, preferred and common stock holders the whole of their investment—pay all the interest on the bonds, the dividends on the preferred stock and dividends on the common stock at the rate of 20 per cent per annum on the money actually invested, to pay for the entire buildings, plant and machinery, and to give the company a fund available for outside investment amounting to $24,000,000, all in a period of thirty years.

This government is continuing the same policy, notwithstanding the fact that it went to the country on a policy of lower tariffs, as is indicated in our subamendment now before the house.

Let me now turn to one or two particular branches of these industries. I shall deal first with the woollen divisions, as wool is very important in Canada. I quote:

> It is not many industries that can show during the five years of the depression, over as large a cross section as dealt with on page 8, consistently higher earnings on capital invested in the business than for the five years immediately prior to the depression.

Or consider the knit grades division, in connection with which the following statement is made:

> For no capital investment in the company at all, the promoters of the syndicate that organized the company in 1906 have realized

$10,205,304. . . . The consumers, in effect, have purchased the entire plant, and presented it to the owners for nothing, and in addition have provided them with $3,000,000 net profit, and $1,904,949.14 for depreciation.

May I interrupt my remarks at this point to point out that apparently this is the kind of thing the government is proposing to do in connection with the matter which was brought before us at the beginning of to-day's sitting. In that instance we have a company organized with apparently little or no capital, one which is securing equipment from the government and to which, according to reports, the government proposes to give the necessary additional equipment. Then it would appear that on the orders the government give to that company it will guarantee that the company will receive cost plus ten per cent—the same old game all over again in connection with another department of our public life.

But I must return to textiles and give another illustration of the salaries paid by representative companies.

Mr. ISNOR: Would the hon. member give the name of the knit goods company to which he referred?

Mr. WOODSWORTH: Penmans.

Mr. ISNOR: The hon. member made the statement that they paid $10,000,000 in so many years.

Mr. WOODSWORTH: I can give my hon. friend the complete statement.

Mr. ISNOR: Just the net profits.

Mr. WOODSWORTH: For no capital investment in the company at all, the promoters of the syndicate that organized the company in 1906 have realized $10,205,304. That is given at page 230 of the McRuer brief.

Mr. ISNOR: Have you the net profits for the last four or five years?

Mr. WOODSWORTH: I should like to finish this general argument. The hon. member will find all the information he seeks in the brief, which is available to everyone.

I was about to give examples of the salaries paid by some of the representative companies. Joseph Simpson and Sons Limited paid to one man, who appears to be only remotely connected with the management of the business, an annual salary of $31,000. That is at page 236. The executive salaries of this company for the last three years amount to over $90,000 per annum.

[Mr. Woodsworth.]

Let me deal for a moment with certain reprehensible practices. In connection with tax concessions I read this:

In addition to the tariff protection that the textile industry is receiving from the government of Canada, the individual companies engaged in the industry have with few if any exceptions received advantages over the ordinary taxpayers, from the municipal authorities where their respective mills are situated.

Then in connection with our own customs arrangements we find a little joker in the form of the clause "not made in Canada." The following statement appears on page 404 of the brief:

That either Mr. Hallam or Bruck Silk Mills deliberately attempted to deceive the department is quite apparent.

That is the way the department is fooled. Here is one other statement which takes us into the international aspect of this matter:

It appears that Mr. Watson considered that he was entitled to use a hearing before the tariff board held pursuant to a treaty obligation to suit his own purposes, rather than considering that he and the industry were obliged in all cases to make full and complete disclosure to this tribunal.

I could go on and deal with the effect of specific duties, but I shall give this short quotation only:

The net result is that in addition to the regular ad valorem duty of 25 per cent, a specific duty of four cents per pound, and the excise duty of three per cent, leviable in April, 1932, the Canadian manufacturer had an additional protection on the above items—

In connection with special appraisals, we find the following:

—by the simple process of the publication of this appraisers' bulletin, the customs duty, taken on an ad valorem basis, was increased from 38 per cent to 67 per cent on the articles affected by the bulletin without consulting parliament.

Mr. ILSLEY: When was the bulletin issued?

Mr. WOODSWORTH: I have not the complete brief before me, but that statement is to be found on page 108 of the brief. In connection with costs of production I find the following:

It is submitted that the evidence shows that very few of the companies reporting to the commission keep such records as will enable them to state with reasonable accuracy what their cost of production is for any particular fabric.

There are other illustrations I could give showing the enormous amounts charged to operation for depreciation, repairs and betterments. It is stated that the Dominion Textile Company has had profits of about $1,000,000 per year since 1920, other than

those disclosed in its public statements. I ask the government to explain why no action has been taken. This report has been in existence and available to the government for over a year.

Mr. ILSLEY: What does the hon. member mean by "no action"?

Mr. WOODSWORTH: Criminal action.

Mr. ILSLEY: Civil action has been taken.

Mr. WOODSWORTH: I am talking about criminal action. The criminal code covers this matter, and I should like to know why its provisions have not been invoked.

Mr. SPEAKER: I am sorry to interrupt the hon. member, but he has exhausted his time limit.

Hon. J. L. ILSLEY (Minister of National Revenue): Mr. Speaker, the hon. member has made some reference to the fact that the government has failed to take action against certain textile companies. I should like to take a few minutes of the time of the house to explain this matter.

The evidence given before the Turgeon commission revealed the fact that there were probably short payments under the Business Profits War Tax Act and the Income War Tax Act. The auditors of the income tax division went into the matter very carefully and spent several months investigating the situation. They came to the conclusion that eight textile companies had made short payments of business war profits and income taxes. The position taken by the income tax division was contested strenuously by the companies, who contended that they had paid all the taxes due to the crown. Under these conditions I think the hon. gentleman will realize that criminal proceedings were entirely inappropriate.

Mr. WOODSWORTH: I do not realize that at all.

Mr. COLDWELL: Is not the point that they issued false balance sheets? That is similar to the Lord Kylsant case in England.

Mr. WOODSWORTH: Would the minister permit me to quote just one sentence?

Mr. SPEAKER: The Minister of National Revenue (Mr. Ilsey) has the floor.

Mr. ILSLEY: Let the hon. member go ahead.

Mr. WOODSWORTH: Here is the quotation:

> —the law, as defined by our statutes and interpreted in the English court of appeal, has been transgressed.

It is section 413 of the criminal code that is applicable, which reads:

> Every one is guilty of an indictable offence and liable to seven years' imprisonment who, being a director, manager, officer or member of any body corporate or company with intent to defraud,
>
> (b) makes, or concurs in making, any false entry, or omits or concurs in omitting to enter any material particular, in any book or account or other document.

Mr. ILSLEY: If the hon. gentleman had brought this matter up during the discussion of my estimates, as a Liberal member did, I would have been in a position to go into the matter more fully. The respect in which the income tax division felt that the textile companies were short in the payment of their taxes was in connection with the undervaluation of inventory. Inventories are taken at the beginning and the end of each year, and the difference between the two inventories is material in deciding the profits made by the company during the year. If the inventory at the end of the year does not represent the true value of goods on hand, that is, if it is too low, then the profits of the company for that year would be less than they otherwise would be. The companies took the position that it was within the discretion of the directors to value their inventories at such prices as they thought fit, having regard to the conditions in the business world. They pointed out that there is no provision in either of these acts laying down the basis on which inventories are to be taken, nor is there any regulation for laying down the basis on which inventories should be taken. On the other hand, the income tax division took the position that in the accounting world at least the practice is that inventory be taken at cost or market, whichever is the lower, but that is not a statutory rule or a rule laid down by the regulations. However, we took the position that that is the practice that should have been followed all through the years beginning with 1916 or 1917, and down to the present time. When this dispute arose between the income tax division and the textile companies we thought that we were right, and apparently they thought they were right.

I said a moment ago that under conditions such as that, criminal action was inappropriate. That is, when there appears to be a difference of opinion as to the basis on which profits are made up, it is pretty difficult to expect a conviction if you lay an information and seek to establish your position in the criminal courts. Certainly you should take your proceedings first in the civil courts and find out whether your rule is right, and that

is exactly what we did. We brought actions against eight of the textile companies for amounts totalling a little more than one million dollars, and those actions are now pending in the Exchequer Court of Canada. We are attempting to recover that amount. All these actions are being contested. The textile companies have interposed defences, but we are going to do the best we can to win the actions, and we hope to do so.

So when the hon. gentleman says, as I believe he did, that the government has taken no action, he is not representing the facts as they are. I was asked on my estimates what action had been taken with respect to these alleged underpayments of income tax by the textile companies—it was the hon. member for Halton (Mr. Cleaver) who asked the question—and I gave on the estimates the information I am now giving to the hon. gentleman. If, as my colleagues tell me—for I was not in the chamber myself—the hon. gentleman has accused the government of having taken no action against these companies, he is making a statement that is not warranted by the facts.

Mr. WOODSWORTH: No criminal action with regard to the deliberate falsification of accounts and misstatements, not only to the government but to the company shareholders.

Mr. SPEAKER: Order. The hon. member cannot make a speech.

Mr. ILSLEY: The hon. gentleman, if he will forgive my saying so, is getting a little bit out of his depth when he talks of an English case. There is no doubt that if there is a deliberate falsification of accounts it is criminal, but that is a thing that has to be established, and that will be determined in the civil actions we have taken. It would have been, I am convinced, absolutely useless and fruitless and futile to lay information against these companies under the conditions I have mentioned, and every lawyer in the house will agree with me.

Mr. A. B. HYNDMAN (Carleton): Mr. Speaker, before continuing the debate on the budget I should like to express my regret at the temporary illness of the Minister of Finance (Mr. Dunning), and I am sure I voice the feeling not only of my own party but of each and every group in the house when I say that we all hope it will be of a fleeting nature. I say that not because the hon. Minister of Finance is a resident in my constituency, but because I feel that the hon. gentleman is one of the best finance ministers that Canada has had in her whole history as a dominion. I put him in the same category with the late Right Hon. Mr. Fielding, the Right Hon. Sir Thomas White, and the present right hon. leader of the opposition (Mr. Bennett). I was pleased yesterday when the hon. member for York South (Mr. Lawson) told us that the Minister of Finance was becoming more Conservative. Perhaps the reason for that is that he has been a resident of Carleton county for the last two years, and if he lives there long enough I think he will go the whole way.

Coming now to conditions in this country I, Mr. Speaker, with the other doctors in this house, well know that we are at times called upon to treat infected wounds. We can treat them in two ways. Either we can scrape them out and clean up the infection, or we can apply soothing and healing ointments which will cover up the wounds but leave the infection buried in the tissues of the body. I feel that the proper course to take is to clean out the wound and remove the infection, and I believe the same treatment should have been applied during the past two or three years by this government to conditions in this country.

We have heard criticism of the budget from all sides; one hon. member has blamed high tariffs for present conditions; another hon. member has said they were due to low tariffs, and another member has placed the blame on high taxation. But in my humble opinion the reason for the distressing times we have in this dominion to-day is that there has been a lack of cooperation and a lack of action on the part of the government—a lack of the very thing which they so urgently advocated in the last election campaign. If we have a lack of mutual understanding or a lack of cooperation in Canada I believe it will deal a death blow to democracy, and in that connection I should like to quote from a speech delivered by Anthony Eden at the beginning of this year, when he said:

> We cannot expect to approach the organized production and national equipment of the autocratic states unless we can, by voluntary effort and close cooperation between all sections of the community, realize a measure of national unity comparable with that which they have reached by other methods.
>
> This is a time when every endeavour should be made to promote national unity, for it is only as a united nation that we can give of our best.

I should also like to give this quotation from a speech delivered this year by one of the outstanding clergymen in this dominion!

> If we do not stop the drift away from that unity which was born of confederation we are facing national disaster.

Let me give another quotation from an address in Toronto by one whom I consider the outstanding Canadian citizen in this country:

> Not since I have lived can I recall such a spirit of disunity and disharmony as we have now between the provinces and the dominion. To-day we find our federation is threatened with disunity. It is openly asserted one section is paying too much and another is getting too much. There is everything to make disharmony, disunion and jealousy.

I should also like to quote from an address delivered by the hon. Minister of Trade and Commerce (Mr. Euler). Speaking at Hamilton he had this to say:

> People entertain fear as to what might happen, and as a result enterprise is at a standstill. There is no reason why Canada should not be prosperous.

There was a meeting in this city not long ago of the advisory council of the National Liberal Federation of Canada, which passed a resolution declaring that we must defend national unity in our country. But I feel that we have anything but national unity in this country of ours at the present time. One need only refer to the premiers of two of the larger provinces to bear that out. The premier of Ontario, for example, referring to the relief program of the Minister of Labour (Mr. Rogers) described it as a head-line and a headache. He said: "I must confess I am not in the confidence of the government at Ottawa." And when the royal commission on dominion-provincial relations met in Quebec, what did the premier of that province say? The report was: "Quebec heads fail to reply to commission request."

In my opinion the government has not carried out one of its promises made in the last election. The promise was made that there would be action, but there has been no action in the last three years. In fact, going back to the years 1926, 1927 and 1928, I do not hesitate to say that if ever a government in this country had everything in its favour, it was the Liberal government that was in power in those years. And what did they do? They sat on the soft, cushioned seats of this house and allowed the dominion to drift into the greatest depression that has ever struck us; and although at that time they were warned of the lurking danger by the present leader of the opposition, it made no difference. They simply said that everything was all right. Again, at the beginning of this session this same outstanding Canadian citizen, the leader of the official opposition, warned the government of the danger signals, but still we got no action. But it may be said that these criticisms are from Conservative sources. Well, let me quote some statements made by members of the Liberal party itself. The hon. member for Huron North (Mr. Deachman) said, as reported at page 2439 of Hansard:

> I want something done to-day. I want some consideration of these problems in order that something may be accomplished in our own time. This is what I ask the house. This is what I know the country asks of us.

And then the Liberal member for Winnipeg South (Mr. Mutch) made this statement, as reported at page 2224 of Hansard:

> I had hoped that for the rest of the session we would be through with fiddling and would perhaps devote more time to the fire protection of our Canadian Rome which many of us think is burning. When responsible members of this or other legislative bodies waste their time in this sort of thing, irreparable damage is done to the institutions of democracy.

Another Liberal member, the hon. member for Springfield (Mr. Turner) said, as reported at page 2068 of Hansard:

> There is at present right across the dominion a general feeling of unrest and insecurity, which seems to be growing . . .

And last but not least, we have this statement from the hon. member for Vancouver-Burrard (Mr. McGeer) as reported at page 3109 of Hansard. He hopes that we will—

> —do all we can to guide the Department of Finance out of that swamp of financial ignorance in which it seems to be lost.

This proves conclusively that the slogan, "Vote Liberal and get action" meant nothing, because we have had no action since this government has been in power in the last three years. We have had nothing more than a commission form of government. Let me put on Hansard again—it was given yesterday—a list of the commissions appointed by this government since they came into power. We have now a national employment commission; a wheat marketing commission; a textile commission; a commission on lobsters and smelts; a dominion-provincial relations commission; a penitentiaries commission; a war veterans' assistance commission; a radio commission; a transport or railway commission; a tariff commission; a civil service commission; a board of grain commissioners; a national battlefields commission; a federal district commission; an international boundaries commission; an international joint waterways commission; an international fisheries commission and a national harbours commission; and by this evening's press I see that we are to have another commission to administer penitentiaries.

What about the cost of these commissions? First of all, there was the textile commission, which cost the country $180,000. That commission was headed by Mr. Justice Turgeon,

who also conducted another inquiry. Apparently the government ran out of Liberal judges because Mr. Justice Turgeon was placed at the head of two commissions. He was appointed two years ago to investigate the textile industry and only the other day did we receive the report. Then there was the grain marketing commission. That cost the country $114,000, and all they did was to go over to the old country, for the purpose of obtaining a market for grain, and when they came back they found there was no wheat to sell. Then there was the penitentiaries commission, which cost $90,000. They have brought in a report based on the evidence of convicts in the different penitentiaries, and they suggest that we should appoint another commission. The war veterans' assistance commission cost $326,000; the commission on coal, $23,000; the commission on lobster fishing, $4,000; and the national employment commission, $295,000. The dominion-provincial relations commission, from August 14 of last year to February 10 of this year had cost $68,000.

Looking at the answers put on Hansard to certain questions asked, I cannot understand how these commissioners spend the money and why there has not been some control by the government over some of these commissions. I find one commissioner with a living allowance of $233 a month, or $7.50 a day. He must have been starving himself according to some of the payments made to others. I find a lawyer with travelling expenses of $107.60. I suggest that, from the fees the lawyers received, their travelling expenses and living allowances, $107.60 is not very high compared with some of the other figures. I have investigated living expenses at the Chateau Laurier, and I find that I can get a really good room there with private bath for $6 a day. A good breakfast costs $1; a good lunch à la carte, $2; a good dinner, $3; and one can possibly get along, in the way of tips, on $2 a day. That means $14, and yet some of the commissioners are allowed $35 a day for living expenses. In other words, as far as I can see, they are putting $21 into their pockets. Yes; we find a commissioner getting $35 a day, and yet the Minister of Labour can allow these workmen in Vancouver who are on relief only 75 cents a day. We find that one lawyer who is a K.C. is paid at the rate of $200 a day, while his assistant who is not a K.C. gets $50. But what strikes me as very peculiar is the living expenses. One lawyer gets $200 a day, and it costs him just twice as much as his assistant to live, because he gets $20 a day for living expenses and his assistant receives $10. Why the difference? Is it on account of the "K.C.?" What does the "K" stand for? Does it stand for "Mackenzie King"?

The next commission is an interesting one. It has a chairman and two commissioners. I cannot understand why, if the chairman can live on $25 a day, and one of the commissioners can live on $15 a day, the other commissioner needs $35. Then we come to the two lawyers, two assistants. As I have remarked, the "K.C." must mean a tremendous lot, because each of the lawyers is paid at the rate of $150 a day, with travelling expenses.

I cannot understand these travelling expenses at all. Consider the case of another commission. The commissioner has a bill for travelling expenses of $17 a day: one lawyer receives in fees $27,000 odd; the other lawyer gets $32,000; but the living allowances to the lawyer in receipt of the lesser fee are $30 more than those to the other lawyer, and his travelling expenses are $476.19 more. Can anyone figure that out?

Here is another one. Travelling expenses are getting higher. For the life of me I cannot understand how these men travelled. Here is a commissioner who, according to this report, was travelling for thirty-nine days. For those thirty-nine days he received $2,825.69. That figures out at $72 a day for travelling expenses. If anyone can tell how he has been travelling, I should like to know. I have inquired at the railway station, and I understand that for about $72 to $75 I could go from here to British Columbia. It takes more than one day to go that far. Yet this commissioner is getting $72 a day for travelling expenses. One of the lawyers, a K.C., who got $200 a day, has travelling expenses of $983.69. His assistant was getting only $50 a day. Presumably he said to himself, "I must make it up in travelling expenses." because his travelling expenses amount to $1,231.72. These are things I cannot understand and should like to have explained.

The last commission I want to mention is the national employment commission. Its cost ran very high. In 1937 it cost this country $147,569.72, and in 1938 practically the same amount, namely, $147,925.94.

I wonder what the farmers in western and eastern Canada, the men and women who are out of employment, and the school teachers getting only $700 a year, think of all this.

An hon. MEMBER: Seven hundred dollars, where?

Mr. HYNDMAN: Out in the west, I believe. I wonder what the hundreds of college graduates who have graduated this

year, the thousands of people on relief in Saskatchewan, and average honest Canadian citizens, think of all this. And then we talk of democracy and of trying to preserve it. It is this sort of thing which is driving people in this country into communism, socialism or fascism. I would not say I cannot blame them, but I do say we have to prove that democracy is better than communism and fascism, and we as a government are not doing it.

I want to refer to the votes in Saskatchewan in 1934 and in 1938. In 1934 the people of Saskatchewan voted for the Conservative and the Liberal parties to the extent of 75 per cent as against 25 per cent who voted for other parties. What was the vote in this last election? It was 58 per cent for the Liberal and Conservative parties and 42 per cent for the other parties. I leave that fact with the government.

In my opinion the government should be doing something more for agriculture, the basic industry of this country. On other occasions I have spoken in this chamber about the western farmer and I have been criticised. I want to make it absolutely clear that I am speaking as a private member and my observations are my own. Although this government has spent a tremendous amount of money on the provinces of the west—Saskatchewan, Manitoba and Alberta—I do not criticise them for that. I criticise them for not helping the farmers in the rest of Canada. When I pick up the supplementary estimates and look at the amount of money this government is voting and expecting to spend on agriculture within this year, I find that, of the total sum of $6,742,059.71, $6,093,511 go to Manitoba, Saskatchewan and Alberta and only $648,548.71 to the rest of Canada. I am not saying that the grant to the western provinces is not fair, but I contend that this government is not doing enough for farmers in other parts of the dominion. I suggest to the government that if there is a reshuffle in cabinet portfolios, let eastern Canada have a minister of agriculture, for a change. For the last three or four parliaments the ministers of agriculture have come from western Canada. Give us one for a change. Let western Canada have the Minister of National Defence instead.

An hon. MEMBER: The west has him.

Mr. HYNDMAN: Remember also that this amount of $648,000 includes marketing service, production service, experimental farms, and science services.

I advocate, on behalf of the farmers in eastern Canada, a minimum price for all farm products. Why should we not have a minimum price for our farm products just as the western farmers are guaranteed a minimum price for wheat? Give our farmers something to work on. I agree with the hon. member for Kootenay East (Mr. Stevens) in his attack upon the packers of this country. In my opinion they have the farmers of eastern Canada right by the throat and they are controlling the price of farm products in the east. All one has to do is to stop and think for one moment of what happened to the prices of beef cattle and pork between last August and last November. Why was there a drop of $3 per 100 pounds in the price of beef? It was that the packers knew that the farmers had to sell their products because they required money to pay their taxes. The price of pork went down last fall, when the farmers had pork to sell; they could get only 7¼ cents a pound. What is the price of pork to-day? It is nearly 10¾ cents, now that the farmers have no pork to sell. The packers are controlling prices, and unless the government does something in this regard I am afraid the country is not going to get very far.

As I said before, Mr. Speaker, I do not want to criticise the help that has been given the west, but there is one point I think I should mention in which I feel the Minister of Agriculture (Mr. Gardiner) and the government are to blame. We all know that for the last two years the western provinces have been going through terrible times, and we in the east gathered together carload after carload of vegetables which we shipped for the relief of the west. But what happened to those vegetables when they reached there? The Liberal government and the Minister of Agriculture appointed a man to distribute them, and what did they pay him? He was paid at the rate of $6,000 a year, or $500 a month, to distribute those vegetables. He was not satisfied to do the work himself; he said he wanted some assistance, and the government turned around and appointed forty-five men to help him, at $125 a month and expenses.

An hon. MEMBER: Terrible.

Mr. HYNDMAN: Terrible is right, and if their expenses are anything like the expenses of the commissions I mentioned a moment ago, I guarantee that they are getting more than $125 a month.

Mr. EVANS: If I might ask the hon. member a question, was that all the work which was done by the gentlemen referred to by my hon. friend, the distribution of the fruit and vegetables?

Mr. McGREGOR: And even that was not done right.

Mr. HYNDMAN: Another burning question in Canada is the burden of taxation. I believe I am voicing the sentiment of every taxpayer of this country when I say that the cost of government is entirely too high. I should like to place on Hansard a record of the increase in the cost of government during a ten year period:

	Percentage of increase for year 1936-37 over year 1926-27 (10 years)
Agriculture	28·61
Debt service	46·15
Development of natural resources	31·20
Education	2·34
General government	12·08
Protection of persons and property	36·00
Public welfare	365·25
Recreation	18·31
Soldiers' pensions and care	22·17
Miscellaneous	119·08
	Percentage of decrease
Immigration and colonization	45·33
Post office	1·50
Transportation	4·28

Of course it must be remembered that the cost of public welfare includes the cost of direct relief. In the post office there is a decrease of 1·50 per cent, due, I maintain, to the poor salaries paid to the rural mail carriers. They could very well be paid a little more, in order to make up that difference of 1·50 per cent In 1926-27 the cost of government was $745,528,086. In 1936-37 the cost of government rose to $1,104,434,576, or an increase of 46·37 per cent, and a per capita increase of 27·24 per cent. During the same period, however, our increase in population was only 16·68 per cent. In 1927 we paid $137,410,345 in interest on our dominion debt, which took 30·30 per cent of our total revenue, whereas in 1912 the interest on our debt amounted to only $12,605,882, or 7·47 per cent of our revenue. I submit to this house, Mr. Speaker, that this cannot go on.

In discussing this matter of debt I am reminded very much of the battle of Waterloo, which was fought nearly a hundred years ago, I think in 1870—

Some hon. MEMBERS: Oh, oh.

Mr. COLDWELL: 1815.

Mr. HYNDMAN: Very well, 1715.

Some hon. MEMBERS: Oh, oh.

Mr. HYNDMAN: Well, it was fought, anyway. What I want to point out is that Great Britain, which won that war, is still paying interest on the cost of it; and I want to point out also that France, the loser, is still paying interest on the money she borrowed to conduct that war. Is that not wonderful finance, so sound and so sacred?

This year we are given a little relief in regard to the sales tax, and I commend the government for the action it has taken in that regard. I think the removal of the sales tax on building materials in particular will be of some help, but the government must see to it that there is not an increase in the prices of those materials from which the sales tax has been removed. They should see that what occurred when the housing scheme was brought in by this government two or three years ago does not occur again. What happened at that time? When that housing scheme was inaugurated, the price of materials went up 50 per cent. That is no good. Control must be exercised.

And, O my! Mr. Speaker, how the farmers of this country must appreciate the removal of this eight per cent sales tax from harness and gopher poison. I looked up the price of a set of heavy duty team harness complete, and find that it costs $59.38. Therefore the farmer is going to save eight per cent of $59.38, which amounts to $4.74. Since a set of harness usually lasts about seven years, he is going to be in pocket eighty cents a year. Is that not a wonderful thing that the Liberal government has done for the farmers of this country? But the sales tax is taken off gopher poison! Just think of it! The average farmer in western Canada, I understand, buys about $3 worth of gopher poison a year. Eight per cent of $3 is twenty-four cents, so under this wonderful budget he is going to save twenty-four cents a year. What wisdom the farmer showed a short time ago when he voted for the Liberal party!

Why did the government not take off the tax on medical supplies? For a number of years we have been paying the sales tax on those supplies, and the removal of it would have been more to the point. There is plenty of revenue from taxation, and yet the government talks about deficits. There should be no deficit. The federal deficit, so far as I can make out, is something like the surplus of the Hepburn government. When I look into the matter I find that in the past five years the revenues to this government have aggregated the stupendous sum of $1,748,811,000.

When we compare the revenues in the last two years of Conservative administration, at a time when conditions in this country were very bad, and when relief expenditures were high, with the revenues in the last two years of the Liberal administration, in a time when we are told conditions are so much improved, we have to stop and think. In the last two

years the Liberal government have taken $835,203,000 in taxation from the people of Canada, while in the last two years of the Conservative administration that government received only $576,296,000 in revenues. In other words, the difference in revenues amounted to $258,907,000, and still the Liberal government have a deficit of $13,000,000. Can you, Mr. Speaker, figure that out? Why should they have a deficit? They should have no deficit at all. Why has there not been a greater reduction in the sales tax? I maintain the sales tax should be repealed at once, and .though it is possible the government might not be able to balance its budget, there is no need for a substitute; for the rebound in business would be much greater and more permanent than any effect resulting from the proposed expenditure of millions on relief work, or any other form of government aid.

The important point is that this invasion of the fundamental right and duty of the people to make and exchange products and services with one another should be removed at once. To penalize people by taxation is to fine them for doing their duty. When the sales tax is removed, trade will recover sharply; and then, with the increased revenue from other and more legitimate sources, the sales tax can be relegated to the limbo of discarded expedients, where it belongs.

Let us consider the tax sales of farms in Carleton county; and when I refer to Carleton county I am not referring to any mean county. I indicated earlier in the session the financial position of Carleton county. They are running their finances and looking after their affairs very well. I have before me a notification of the latest tax sale. We find that farms in Carleton county are being sold for taxes.

I shall speak only briefly about Canadian trade. Trade is of course a subject of great importance. I would particularly draw the attention of the government to the importance of the Ottawa trade agreements. I would point out to the government the importance of our trade agreement with the United Kingdom and the commonwealth of nations. Our exports to the United Kingdom and the commonwealth in 1937 amounted to $924,318,073, while to the United States they amounted to only $343,250,669.

Mr. DEPUTY SPEAKER: The hon. member's time has expired.

Mr. HYNDMAN: I should like to have about five minutes more.

Mr. DEPUTY SPEAKER: With the unanimous consent of the house.

Some hon. MEMBERS: Go ahead.

Mr. HYNDMAN: May I thank you, sir, for the courtesy you have extended to me. I was pointing out that we sell a great deal more to the United Kingdom and the commonwealth of nations than we buy from them, while the reverse is the case with the United States. The United Kingdom and commonwealth markets are our lifeblood; let us protect them.

But there is another market to which I should like to draw attention, namely the home market. In my opinion the home market is the most important of all. Ninety per cent of our farm products are sold in our home market. Let us protect it so that our farmers may have a market in which they may sell their goods. Let us have a home market so that our people may have jobs.

Briefly I would suggest, as I said at the first, that we should have a work and wages program for our people, rather than one of relief. When I look at the large sums of money expended by the government in connection with different projects, I am amazed. I find that we have a decrease of $14,000 in the amount of money to be spent in the Department of Labour. In the Department of Public Works there is a decrease of $2,134,000; and in the Department of Pensions and National Health, a decrease of $573,000. In technical education the expenditures have been decreased by $27,000, and expenditures for mines are decreased by $477,000. I notice, however, that there have been increases in some of the departments. I claim the position should be reversed. For instance, there is an increase of $3,000 for the privy council.

Mr. DEPUTY SPEAKER: Order. I am afraid I cannot permit the hon. member to go farther.

Mr. ORVIS A. KENNEDY (Edmonton East): Mr. Speaker, first on behalf of my party may I express regret at the sudden illness of the Minister of Finance (Mr. Dunning) which has caused him to leave the chamber at this time. It is our earnest hope that he will soon be able to return to his seat in the chamber.

It is with a feeling of regret and heavy responsibility that I rise on this occasion to deliver my first address in the house. I am reminded at what cost I take my seat in the house, the cost of the loss of a personal friend and gentleman in the constituency of Edmonton East. I refer to the passing last January of Doctor W. S. Hall.

In this address I propose to direct the attention of the house to some of the questions which were of vital importance to the

people of Edmonton, as evidenced in the election campaign, and also questions which I believe are of vital importance to people all across Canada.

I do not wish to be critical in bringing these questions before the house, except in so far as my constituency has been critical. I believe it is the duty of every member of parliament frankly to bring to the attention of the government the thoughts, wishes and requests of the members of his constituency. It is surprising to me, however, that one of the most important questions in the by-election was the age-old question of democracy. It is surprising to find that subject in an election campaign in 1938, after we have had seventy-one years of supposedly democratic government in Canada. This is not a question which has arisen in the last few months, but one which has been the subject of debates and speeches for many years past. It is a question of such importance that the Canadian Broadcasting Corporation recently thought it advisable to inaugurate a series of speeches entitled, Whither Democracy? Why should these discussions be necessary? Has democracy failed, or are the democratic institutions unable to adequately cope with the needs of our people to-day? Some people claim that democracy has failed. I think the answer is that democracy has not been given a fair trial, and that it is failing simply because governments either refuse or do not dare to modernize an obsolete economic system to meet modern needs.

In this connection let me quote from a radio address delivered a short time ago by one of Canada's leading citizens, the Hon. W. D. Herridge. I quote in part:

> Fair-minded people will agree that the economic situation in Canada is grave. And they will wonder why this should be so, in a country which has everything needed to build a standard of living higher than the world has ever known.
>
> The reason, I believe, is that Canadian democracy has failed. The people have a right to all this country is able to produce. That is the natural law. It is the job of democracy to enforce that law and bring prosperity to our people.
>
> Yet poverty and unemployment dominate our economic life. Old age is searching vainly for security. There seems to be no place for youth in this young country.

Further on in his address he continued:

> To have prosperity, we must distribute what we are able to produce. Increased purchasing power is the means required.
>
> Of course, the old economic system never can distribute what we are able to produce. For it was designed to work in conditions far different from those of to-day. It was designed to work in conditions of scarcity; in the days when there was not enough to go around. And it is not able effectively to work in conditions of potential plenty. The measure of its inefficiency is the difference between distribution upon the level of potential and actual production.
>
> Thus the system is manifestly obsolete. Until it is modernized we will have relatively little benefit from our vast natural wealth, though science has now endowed it with infinite capacity to serve us. Until the system is modernized, poverty and unemployment undoubtedly will increase.

Again I repeat I do not agree that democracy has failed, but I do believe that democracy has not been given a fair trial. These thoughts are concurred in by many, many people, and yet we find that this government that has had the greatest opportunity ever given to any government in Canada, is either unwilling or unable, because of some hidden power, to modernize this system. The Liberal party surely believe in democracy and realize that this outworn economic system is defeating the cause of democracy. Many Canadians had high hopes in 1935 when they heard the Prime Minister making statements such as this:

> Once a nation parts with the control of its currency and credit it matters not who makes the nation's laws. Usury, once in control, will wreck any nation. Until the control of the issue of currency and credit is restored to government and recognized as its most conspicuous and sacred responsibility, all talk of sovereignty of parliament and of democracy is idle and futile. . . . To regain for the nation what has thus been lost will continue to be the first objective of Liberal effort.

Before going further into the question of democracy let us examine for a moment what democracy means. One of the best definitions is, "the greatest common measure of desire." In other words, it is the desire of the greatest number of people. Let us make it still plainer. Democracy is the granting of results requested by the greatest number of people. Literally, democracy is governed by the results that people want. Therefore it is the duty of each and every government to endeavour as far as possible to find out the greatest common measure of desire or the results that the people want.

Undoubtedly the greatest thing that the people of Canada want to-day is personal security and the personal freedom to enjoy it. The people of Canada from coast to coast are debt ridden, poverty stricken and taxed to the limit of human endurance. Yet Canada is an extremely rich country and is able to produce all that is needed so that every man, woman and child can live in complete security and have real freedom or, to use other words, to provide the people of Canada with their just right to life, liberty and the pursuit of happiness. I should like to

point out also that the opposite of democracy is tyranny. It is tyranny when people have imposed upon them the opposite things to those they want. I believe it is the duty of every hon. member, as well as of the government itself, to sit back every so often and take stock of the results that are being given to the people of Canada.

I believe every citizen who voted in 1935 voted for personal security and personal freedom. They asked that they might be relieved of the overbearing burden af taxation and debt, and yet we find that they are still living in poverty, which means insecurity and restricted freedom from the crushing burden of debt and taxation. We find that Canada, with possibly greater wealth in natural resources than the United States, yet with less than ten per cent of the population, is a country in which people are living in greater poverty and at a lower general standard. The resources are here; the means to turn them into what we want are here; human labour is available; nevertheless we starve in the midst of plenty, keeping unemployed those who could be producing the much wanted goods for the people of Canada. Surely these are not the conditions wanted by the Canadian people. It is the duty of every hon. member to demand insistently that these conditions be changed. If we are to have democracy in Canada we must bring to the people what they want, rather than what we think is good for them to have. That is the first step in the application of true democracy. In other words, we should find out the greatest common measure of desire among the people for a particular result, and then bring it to them.

Let us seek the points upon which we can act together, because what we need to-day is action and plenty of it. First, I think we shall all agree that the materials which we need to make the goods we want are already here in Canada in abundance, or they can be produced with the aid of machines and industry. There is absolutely no doubt of that. Then, I think we can all agree that the machines are our mechanical slaves. I often think of how the culture and civilization of ancient Greece and Rome were built up. They had slaves also in those days, but they were human slaves. Throughout the long struggle for democracy we have achieved religious, civil and political liberty, but we still have to achieve economic liberty. True democracy cannot exist without economic liberty.

I believe the second point upon which we can agree is that the machines are our slaves of to-day, the possession of which should bring us an ever increasing leisure for a life of vocation. I think we can agree on the third point, that the goods are undoubtedly here, actually or potentially. Since they are here in such abundance, it is manifest that there should be plenty for everybody. If we can agree on these points, there is obviously only one thing to do, that is, see that they are distributed. The Liberal party believe in this as it was one of the planks of their 1935 platform. Let me read:

> The Liberal party recognizes that the problem of distribution has become more important than that of production, and believes that personality is more sacred than property. It will devote itself to finding ways and means of effecting a fair and just distribution of wealth with increasing regard to human need, to the furtherance of social justice, and to the promotion of the common good.

Let me quote now from a speech delivered by the hon. Minister of National Defence (Mr. Mackenzie) in Edmonton on March 5 last. He said:

> One of the planks of our platform was for the more equitable distribution of wealth. This plank emphasized the belief of Liberalism that personality is more sacred than property—that we must strive to find ways and means of effecting a fair and just distribution of wealth with increasing regard to human need and to the furtherance of social justice.
>
> This is, of course, a long range policy, not to be effected by a single act of parliament. But if we continue to remember the ideal of Liberalism in this regard we can and we will press on and on through various enactments and administrative acts so that equality of sacrifice will be assured.

The only difference that I can see between the speech delivered in 1938 and that delivered in 1935 is that the people of Canada were led to believe in 1935 that this was an immediate objective, whereas the 1938 statement is to the effect that this is a long range policy. What the people of Canada want is action and they want it now. In a true democratic state, if these are policies, results or points of action upon which we can all agree, then it is the duty of the government to take immediate steps to have them applied. The question of how this can be done will be raised, but I submit that again it is the duty of the government to find people who know, in other words, experts, to show them how. Surely it is not beyond the power of man to devise some means of distributing the vast wealth to the people to whom it rightfully belongs.

The question of money reform took a prominent part in the election of Edmonton East. One hon. gentleman who was supporting the Liberal candidate claimed that the Liberals had kept ninety per cent of their promises. He enumerated them, but failed to mention the one that had elected every

Liberal—money reform. Even at this late date, three years later, it is again noticeable that money reform was not referred to in the speech from the throne and the budget. Surely it was not an idle boast; surely the Liberals were sincere when they made this promise to the people of Canada in 1935.

There is one other remarkable feature to which I should like to direct attention. The hon. Minister of National Defence claimed in Edmonton that the government had complete authority over the central bank; yet since that time it has been found necessary to purchase all the stock of this bank. Why is this necessary if they had complete control before? Let me quote again from the speech of the Minister of National Defence in Edmonton. After reading the preamble of the Bank of Canada Act, he said:

> That is the finest charter of financial liberty you ever had. The government has complete authority and complete responsibility under the terms of that set-up. I suggest that all we need is a few more reformers from western Canada like Jim MacKinnon and Bob Marshall, and we will get action under that authority.

This is a plain admission, Mr. Speaker, that we were not getting action under the authority we had before. Now that the government has complete ownership of the Bank of Canada, all it needs is to control completely its policy and to institute a measure of monetary reform. This is advocated not only by all progressive parties in Canada but by some of the strongest supporters in the government's own party, and to emphasize this point I wish to quote from an editorial in the Edmonton Bulletin of June 1, 1938. This paper was one of the strongest supporters of the Liberal candidate in the by-election last March. The editorial says in part:

> The Prime Minister has stated he will introduce legislation to completely nationalize the bank; a proceeding which would have no merit or purpose unless the bank is to be used as an instrument for the active administration of monetary policy for the purpose of creating and maintaining wholesome business and economic conditions.
>
> The bank purchase decision implies repudiation of the idea that monetary conditions are shaped by the "times," and acceptance of the principle that money and credit can be so managed as to shape the "times." It is to be assumed the purchase legislation will be followed promptly by measures to employ the bank in this way; which measures parliament will have to either approve or upset the government and force an appeal to the country.
>
> Parliament is therefore to be "put on the spot" on the subject of monetary reform. It is to be hoped the members will prove they were misjudged by Mr. Dunning and Mr. McGeer—and by a good many others—in assuming they had fallen into a stand-pat attitude on this issue—the one issue that offers them a chance to start the forces of rejuvenation and get the country out of the slump.

[Mr. Kennedy.]

The Edmonton Bulletin has consistently stood for money reform, and I agree with it that money and credit can shape the times. The system must be made for man, not man for the system.

Therefore, Mr. Speaker, it is the urge of many people in all parties that the government take immediate steps to introduce a definite policy of raising the standard of living of every Canadian citizen in keeping with the development of our natural resources. The people have consistently asked for security and freedom. They want taxation reduced; they want debts to be dealt with equitably so that they will be relieved from this crushing burden; they want poverty abolished. These are results that can be accomplished with an aggressive policy of money reform.

May I say just a brief word on unemployment. I do not wish to go into detail, so I shall simply state that since the government claim that it is their right to control the purse-strings of this nation, they are the only ones who can introduce measures to alleviate the unemployment situation. Therefore the federal government should assume full and complete responsibility for the care of the unemployed.

In passing, may I say that as a young man myself I appreciate the efforts of the government in its youth training projects. I want however, to point out that you can train me or any other young man in Canada to be an expert in any line you choose, but if that young man has not a job he will not have the power to keep his home and family together round about him. Therefore the government must go one step further, and that is to occupationally establish our young people. I would also point out, while on the subject of youth training, that we have from Halifax to Vancouver one of the finest educational systems that could possibly be devised. We have efficient public schools, high schools, technical schools, colleges and universities—the best anywhere. The people of Canada—the fathers and mothers of our young people—by taxation are paying for these institutions, and yet we find that the only thing that is keeping their sons and daughters from attending these institutions, the only thing that is depriving them of the opportunity of an education in these institutions, for which their fathers and mothers are paying, is lack of purchasing power. Once again I suggest that this is an appropriate subject to be dealt with in the budget debate. I believe that we must change our obsolete economic system and modernize it to bring about the results for which the people of Canada are asking.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. KENNEDY: I should like to give, in some detail, figures in regard to the freight rate problem as it affects western Canada and particularly Alberta. It is a serious question with us, and you will find, Mr. Speaker, as I give the figures, that Alberta particularly has had a great handicap because of the freight rate situation.

It is a well-recognized principle in rate making that rates should not rise as rapidly as distance; this is the tapering principle. The average length of haul of commodities is much longer west of Port Arthur than east of Port Arthur. For example, in the case of grain the eastern haul is, on the average, 466 miles, while the western haul is 645 miles. Terminal and many other overhead charges are the same whether a ton moves 10 miles or 1,000 miles. Thus the longer the haul, the lower should the ton-mile rate be. That is, the overhead costs may be spread over a greater distance. Yet frequently we find that the western ton-mile rate is almost as high as or higher than in the east. For example, eastern grain moves an average of 466 miles and pays a rate of 60 cents per ton-mile, while western grain moves an average of 645 miles, or about 40 per cent more, and yet pays almost the same ton-mile rate. If the usual tapering principle were applied, the western rate would be 13·2 per cent lower than it is at present. Similarly, if the normal tapering principle were applied, lumber rates would be 31 per cent lower, and the rate on anthracite coal would be 52 per cent lower, and so on.

Railroad companies, to facilitate rate making, assign every one of the thousands of commodities offered for shipment to one of several classes, or a special commodity rate is assigned to a commodity. The latter is especially true for commodities of a bulky nature which cannot bear the higher class rates. However, in this connection a serious abuse has developed which affects adversely the Alberta consumer and distributor. For example, canned goods, when moving from Montreal to Alberta, are assigned to fifth class, and the rate is $1.98 per 100 pounds, while if the goods move to Vancouver, a special commodity rate of $1.50 per 100 pounds is assigned. This makes the Alberta rate 2·09 cents per ton-mile and the Vancouver rate 1·04 cents per ton-mile. Thus the Alberta rate is 100 per cent above the Vancouver rate. In the case of barbed wire, an important item in farm costs, shipments to Alberta go in fifth class and carry the rate of $1.98, while shipments to Vancouver carry a commodity rate of 75 cents. This means that the ton-mile rate to Edmonton or Calgary is 240 per cent higher than the Vancouver rate. This higher freight on wire costs the Alberta farmer $26.40 more to put a three-strand fence around a quarter section of land. Similarly baking powder, confectionery, dry goods, hardware and tools, boots and shoes, and paints and varnishes carry relatively low commodity rates to Vancouver but must be shipped on class rates to Alberta points.

I wish to present a few figures to show to what extent the people of Alberta are handicapped by freight rates. This is a comparison of Montreal to Edmonton rates with Montreal to Vancouver rates:

Commodity	Rate Montreal to Calgary and Edmonton	Rate Montreal to Vancouver	Excess rate Calgary and Edmonton over Vancouver	Excess per-centage
Ammonia in iron drums	$2.33½	$1.25	$1.08½	86·8
Calcium phosphate	2.34½	.75	1.59½	212·6
Carpets	4.53½	3.00	1.53½	51·5
Drugs, medicines and chemicals	4.53½	3.50	1.03½	29·5
Dry goods, cotton	4.53½	3.27	1.26½	38·7
Insulators	1.98	1.35	.63	46·6
Glass and glassware	1.98	1.35	.63	46·6
Glass, window	1.98	1.00	.98	98·0
Hardware and tools	1.98	1.25	.73	58·4
Angles, band, bar	1.98	1.00	.98	98·0
Lead, white or red, dry	1.98	.75	1.23	164·0
Lye, concentrated	1.98	1.00	.98	98·0
Oil, cottonseed	1.98	1.00	.98	98·0
Roofing and roofing material	1.98	1.25	.73	58·4
Boots and shoes	3.03½	2.00	1.03½	51·8
Bolts, clips, nuts, rivets, rods, nails, iron or steel	1.98	1.00	.98	98·0
Pipe cast-iron, pipe wrought iron, 12″ and under	1.98	.70	1.28	182·8
Sugar and syrup	1.98	1.00	.98	98·0
Twine, cordage under ⅛″	2.33½	1.30	1.03½	79·6
Wire fencing	1.98	1.25	.73	58·4
Barbed wire	1.98	.75	1.23	164·0

Wholesalers and jobbers, as well as the people of Alberta, suffer under this rate structure. Paints and varnishes can be shipped from Montreal to Vancouver and reshipped in less than carload lots, l.c.l., to Vernon, B.C., a distance of 3,200 miles, for $2.24 per 100 pounds, while to ship in carloads to Calgary and l.c.l to Vernon, a distance of only 2,589 miles, costs $2.97½. This is a difference in favour of Vancouver of $0.73½ per 100 pounds.

Flannelette blankets move to Vancouver in a cotton goods car at $1.75 per 100 pounds. The Edmonton rate is $4.53½ per 100 pounds. This tremendous difference is principally due to the fact that the railways will not include cotton blankets in a cotton goods car to Edmonton. If these blankets could be included in a fourth class cotton goods car, the rate would be $2.33½ and the discrimination would not be so great. The railways will accept these blankets in a fourth class car if the edges are not whipped. Unfortunately it is not practical to ship them in this shape, as the edges will fray. They cannot be shipped to Edmonton since no equipment is available. A rate structure that will allow a Vancouver wholesaler to bring blankets to Vancouver and reship local freight to Holden, a town sixty miles east of Edmonton, for 21½ cents per 100 pounds less than is charged for shipment direct to Edmonton does not seem reasonable. The rates are $1.75 Montreal to Vancouver, plus $2.57 local freight Vancouver to Holden in Alberta, and the Montreal to Edmonton rate is $4.53½. The same discrimination in favour of Vancouver applies in the case of other dry goods, hardware, tools, and barbed wire.

At the other end of the prairie region Winnipeg is in a favoured position. In some cases Winnipeg distributors can ship l.c.l beyond Edmonton at a lower rate than the combination of the carload rate from Montreal to Edmonton plus the local rate. Many commodities can be shipped in car lots to Winnipeg and reshipped local freight into Edmonton territory at a lower total freight charge than would be the case if they were shipped direct in cars to Edmonton and distributed from there.

It is suggested that a substantial reduction in the rates on grain and grain products from Alberta producing points to British Columbia would do much to facilitate the interchange of commodities between the two provinces, giving each an increased purchasing power for the products of the other. These two provinces geographically are ideally situated side by side, each producing entirely different products which are required by the other, but handicapped by a transportation cost between them which is relatively unfair to a federation of provinces.

To summarize briefly: Alberta, along with other western provinces, carries relatively a very large proportion of Canadian transportation cost, and in addition Alberta gets the shock both from the east and from the west. The old reasons of higher cost of construction and operation advanced by the board of railway commissioners for perpetuating this condition have been challenged from time to time. However, if Canada is to succeed as a nation, restraints of trade between the different portions must be removed, so that the products of the various parts may be freely interchanged, and if in the process the situation of the railways is too adversely affected, then the situation should be dealt with so that the burden shall be carried nationally and not disproportionately by various sections.

Another problem of vital interest to my constituency of Edmonton East is the coal situation. In or adjacent to the constituency of Edmonton East there are twenty-three mining companies in active operation, also the headquarters of many of the mines operating in the coal branches are in the city of Edmonton. One can readily realize how important a question this is to the people there.

However, rather than deal with any particular constituency I prefer to deal with the problem as it concerns Alberta as a whole. We all realize that the coal distribution is certainly far from satisfactory, and we would urge the government to look into the matter with a view to finding some means of making the distribution more equitable. Alberta alone has 14 per cent of the coal reserves of the world, 21 per cent of the coal reserves of the North American continent, 72 per cent of those of the British Empire, and 87 per cent of those of the Dominion of Canada. Yet we find the startling fact that, with all this coal in one province alone of Canada, Canada supplies only one per cent of the world's needs. Another startling fact we find is that, with all this coal, in 1936 exports decreased two per cent while imports increased 5·6 per cent. Upon a close examination of coal statistics in an effort to find where the difficulty lies, other startling facts are disclosed. Out of 28,000,000 tons of coal used last year in Canada, Canadian coal mines supplied only, in round figures, approximately 15,000,000 tons. Ontario brings in over 10,000,000 tons of coal from the United States of America. Surely a policy of Canadian goods in

Canadian homes, or Canadian coal in Canadian engines and stoves, would be the proper policy for this country.

The question is not one of production. We could produce far more coal in Alberta at very little greater cost than is the case to-day. When we examine the figures as to the unemployed —and I should have liked the Minister of Labour (Mr. Rogers) if he were present, to take particular notice of this fact —we find that last year we used a little over 5,000 miners underground in the mines of Alberta, but we have over 13,000 men holding miners' certificates. This means that approximately 8,000 miners were used in other industries, forcing other tradesmen on to unemployment, or that these miners were themselves being kept on relief. Another startling illustration is this, that the unemployed in Alberta in May totalled 8,771, approximately the same number that were kept out of work because we were not using coal from Alberta in Canadian homes.

Another clear illustration would be this. Ontario is sending about $100,000,000 into the United States each year to buy United States coal and bring it into this country. If we again compare figures, this is surprisingly close to the amount which the government at this time is trying to divert into a housing scheme in order to create employment. It is one case where money is going out which the government does not need to borrow in order to get; it is here, and it is being sent to the United States. If the government in some way or another could divert this flow of money amounting to about $100,000,000 from the United States into Canadian industry, this would do a great deal to stimulate employment in Canada. It is not that our coal is not as good as theirs. Alberta coal is every bit as good coal as one can buy anywhere in the world. The trouble is that we are not able to bring it to eastern Canada. I ask that the government check up on the question of subventions. We appreciate very much that the government are spending $2,250,000 in subventions in the Dominion of Canada, but we find that Alberta is getting only about $345,000. If we can get a larger subvention so that we can move Alberta coal to Ontario homes, this will stimulate business, I believe, all along the line.

Another suggestion which might be placed before the government is this. The order in council regarding subventions states that the subventions shall be provided by parliament year by year. If this grant could be stabilized in such a way that it could be applied continuously, so that we could have it for a period of seven or even five years; or, in other words, if the government could introduce a bill which would stabilize subventions to the coal industry for that period of time, we could interest coal miners in bringing the coal to the markets in Ontario. This would make it possible for the coal industry to establish warehouses at strategic points from which they could supply the Ontario market. This would have two advantages. It would make for greater employment, employment for men in these warehouses. It would also create the possibility of all-the-year-round work in Alberta mines and even in Canadian mines generally, to use a broader term. It would permit miners to mine in the slack season in the summer time and fill the warehouses, so that they would be prepared for the winter rush in the Ontario market, and would not crowd the domestic market in Alberta.

I am submitting these thoughts briefly to the government. I had hoped to take them up on the estimates of the Minister of Mines and Resources (Mr. Crerar), but I am placing them on record in the budget debate so that he may look into them at this time.

Just to summarize what I have been saying in this speech: As a young man, I plead with the government to spare no effort in the interests of building a bigger and greater Canada. They have the means; we have the goods. I plead with them to spare no effort to build a bigger, better and saner Canada for the young people of future generations to live in.

Mr. C. J. VENIOT (Gloucester): At this stage of the session I would hardly venture to take part in the debate were it not for the fact during the last five months little or no mention has been made of an industry which is of vital importance to some 200,000 citizens of the maritime provinces whose very existence depends in one way or another on the fisheries. I do not intend my remarks as a criticism either of the present government or of any preceding government. I propose to point out facts as they exist, and hope to present a constructive suggestion.

Last year the hon. member for Shelburne-Yarmouth-Clare (Mr. Pottier) gave this house a vivid picture of the distress of fishermen in the maritime provinces, showing how this industry, the fishing industry, had reached the brink of bankruptcy, and begged that something be done as rapidly as possible to relieve the distress and suffering of the fishermen. Year after year for the last fifteen years or so the same picture has been presented with but little variation in the colouring.

Reflection readily shows that the fundamenal causes of the recession of the fisheries are rooted deeper than the economic depression which we have witnessed during the past eight years. Indeed, several years before the depression great concern was felt over the fate of the fisheries, as witnessed by the various commissions which were appointed to look into the situation. No effective remedy has been found to remove the trouble.

It must first be recognized that in the past thirty years the fish consuming public has undergone a considerable transformation, has progressed from the century of dry and pickled cod to that of newer, more tasty, more appetizing methods of preparaing, processing, displaying and marketing fish. Tastes and markets for fish have followed the same evolution practically that changed highway transportation from the horse and buggy age to that of the speedy and luxurious automobile.

Unfortunately, the great majority of our fishermen have not kept pace with the trend of advancement, and many of their products lag behind like the two-wheeled gig of our forefathers. The gulf of St. Lawrence and Chaleur bay, which adjoin my riding, contain enormous quantities of many varieties of fish; but our fishermen lack the knowledge of modern catching and processing, have not the means to adapt themselves in the matter of equipment, and have not the leadership to guide them in the new fields of storage, distribution and marketing of fish. This lack of modern training and equipment is one of the major factors in the recession of the fisheries.

From this standpoint it might be interesting to establish a comparison between the modernization of agriculture in its various branches and the lagging behind of the fisheries; between the assistance and leadership given the farmer and the utter neglect in which the fisherman has been allowed to wallow.

The great majority of primary food stuffs are derived from two sources: the fisheries and the agricultural industry. Fish and other sea foods enter the group of primary food stuffs along with meat, eggs and poultry; dairy products, such as milk, cream, butter and cheese; fruits, vegetables and cereals. Both industries are equally concerned with production; preparing and processing; collection and storage; distribution and marketing; conservation and replenishment.

Since confederation everything has been done that could possibly be done by governing bodies for the assistance and advancement of the agricultural industry. It has been lavishly subsidized by both provincial and federal governments. The best possible of educational training and aid have been provided for the farmer through the following channels: First, agricultural schools, experimental farms, illustration stations, live stock branches in every province; second, graduates in all branches of agricultural science bringing the benefit of their trained knowledge to the farmer's very door, showing him the best and latest methods of sowing, cultivating and harvesting farm crops, teaching him the breeding, selection, raising, killing, curing and storage of live stock and poultry—and butter and cheese have been live issues in more than one election campaign; third, trained inspectors, graders, demonstrators, located at government expense in every province, visiting every district; fourth, the supplying of the best grades of seed, live stock and poultry; fifth, the storage of farm products, grain elevators, refrigeration plants and so forth; sixth, the distribution and marketing of agricultural products, wheat boards, trade commissions, special freight rates and what not. Agriculture has benefited in every way and has been practically revolutionized by modern machinery, tractors, seeders, cultivators, harvesters and milking machines, along with modern training and modern methods.

We rejoice over the fact that the farmer has had so many advantages and so much assistance; but equally we deplore the other fact, that the fisheries stagnate in spite of modern development elsewhere. In every phase of the industry until quite recently the fisherman has been left to his own private initiative, his own antiquated methods and his own miserable resources. He has had no swarm of graduate teachers to tell him the new and attractive methods of processing, curing and packing his products to render them more attractive to the prospective customer. Storage facilities for fish are but infinitesimal as compared with what they should be to take care of a product which is so highly perishable. Because of this lack, losses each year are tremendous. In one fishing district alone, eighteen months ago, during the smelt fishing season, there was a loss in one week of fifty tons of smelts and eight hundred barrels of tomcods, valued at approximately $6,000, on account of the fact that there were no proper freezing facilities available.

The great majority of fishermen have not the slightest experience in the marketing of their products. Their own endeavours along this line have been almost nil owing to their ignorance of trade fields and market requisites. For over half a century they have been the victims of fish trading companies which always had every possible advantage over them. In

the county of Gloucester approximately three-quarters of the fishermen to-day have their properties, their boats and gear, passed over to the possession of these fish trading companies because of the stranglehold obtained upon them through book debts, loans, mortgages and bills of sale.

It may be noted in passing that every other industry in Canada has progressed. Agriculture, mining, lumbering, pulp and paper, manufacturing, all have advanced, some reaching the peaks of the mountains. For a period of twenty years, barring the depression period, the fisheries alone have regressed and slumped to depths perilously near the brink of extinction. While millions are spent each year for the advancement, development and rehabilitation of agriculture and for the education and protection of the farmer, the fisherman remains the outcast, the poor geezer who risks his life on the high seas, at the mercy of storm, wind and wreck, to become, when he returns to land, the victim of fish trading companies who extort his hard-earned products at ridiculous prices after having taken from him even the ramshackle cottage in which his family endeavours to carry on a miserable existence.

Some eight or nine years ago the fisheries were judged sufficiently important to be made a separate department, and were divorced from the Department of Marine. At that time we envisaged possibilities of the expansion of the fisheries department and of its providing some leadership in the development of the fisheries. Indeed, since that time some attempts have been made to break away from the previous objectives of the fisheries department, which were chiefly regulation, patrol and conservation. Recently laudable efforts have been made to assist by the establishment of experimental fisheries stations, the giving of occasional short courses in fish processing, the sending of the odd instructor to the fishermen, the organization of cooperative groups among the fishermen. Attempts have been made to find markets, and during the last two years grants in aid and loans have been made to the fishermen. But these efforts, praiseworthy as they are, cover but a small fraction of the assistance that is needed by the industry. The fishermen claim that something more radical is needed for the rehabilitation of the fisheries. As food producers their contention is that they are entitled to the same assistance, educational and otherwise, as that given the farmers.

Mr. BROOKS: If I may ask the hon. member a question, with the condition of the fishermen and fisheries in the maritime provinces such as the hon. gentleman has described, would he explain why advantage was not taken of the $500,000 voted last year for rehabilitation?

Mr. VENIOT: I think it would be easier for the head of the department to give that explanation. The submission of the fishermen is that the present set-up of the Department of Fisheries is not in tune with the trend of the times when compared with the Department of Agriculture. It is not abreast of the developments which have taken place in the fishing industry in other countries.

During the past few years it has been my privilege to discuss with men who are deeply interested in the fate of the fishermen the various problems which confront them. Invariably the conclusion of these discussions has been practically the same, namely that the first and foremost step to bring the fisheries back to their former condition would be the uplifting of the fisherman and a complete revamping of the Department of Fisheries, so as to give it a set-up comparable with that of the Department of Agriculture. From a department of regulation, patrol and conservation there is an urgent need as rapidly and as completely as possible to transform it into a department of leadership, education, initiative, expansion and development in its relation to the several fields already mentioned, namely production, collection and storage; preparation and processing; distribution and marketing of fish. Let us briefly consider these few items.

First, let us consider the production and catch of fish. There is something radically wrong with fish-catch when people who live in the neighbourhood of the baie des Chaleurs and the gulf of St. Lawrence must both summer and winter send to Halifax wholesale fish dealers for their supply of fresh fish. There is something wrong when the fur raisers in the northern section of New Brunswick must every week import from neighbouring provinces tons upon tons of fish to be employed as food for fur-raising animals. Too many of our fishermen are still using the antiquated hand-line method of catching cod, and too great a number are without means of procuring modern fishing gear to increase their catch of other kinds of fish. The economics of this unnatural situation deserves study and consideration.

Second, let us consider the collection and storage of fish. This item needs greater attention. Here also the entire picture needs transformation under experienced leadership, just as has been the case in the Department of

Agriculture. Fish is one of the most perishable of protein foods. In order properly to preserve it in its fresh and edible state it is necessary, as soon as it is caught, that it be either processed immediately or subjected to some form of cold storage or freezing. Unfortunately a great number of our deep sea fishermen are not aware of this important fact and have not their boats equipped properly to store or to freeze their fish immediately, before it reaches shore. Only the large fish operators have boats equipped with these freezers or ice-boxes to take care of the fish in such a way as to render it suitable for further processing. The rest of our fishing fleet is obliged to subject its catch to some form of pickling, which renders it unfit for further delicate processing. In this condition steps should be taken either to provide some better system of collecting fish from the deep sea fishermen, or to give the fishermen the knowledge or facilities so that they may equip their boats to take care of their rapidly spoiling catch.

Third, let us consider the preparing and processing of fish. Leadership and education in cooperation with provincial governments, along lines similar to those adopted by the Department of Agriculture, are essential in the field of preparing and processing in new and attractive ways to make the product marketable and appetizing. Last year in my county a complete investigation of the fisheries situation was made, under the instruction of the Minister of Fisheries (Mr. Michaud), and the one outstanding fact derived from the investigation was the lack of knowledge of the great number of fishermen as to methods of processing fish. Tons and tons of fresh fish could be filleted, smoked, canned or otherwise prepared if our fishermen only had the knowledge how to do so. The same applies no doubt to the majority of fishermen in many other sections of the maritime provinces. In this connection it might be fitting to point out that since 1934 the government of Quebec realizing the necessity of educating its fishermen along the lower end of the gulf of St. Lawrence and on the Gaspé coast as to modern methods of processing and handling fish, has officially established in that district a school to be devoted exclusively to fishermen so that they may be taught all a fisherman need to know about the preparation of fish and the methods of handling it when caught, and before it is brought to shore, so that it may reach its destination in as fresh condition as possible.

Fourth, I should like to discuss the distribution of fish. Valuable experiments have been made by rail companies to discover the best methods of transmitting fish long distances for marketing purposes. But I suggest that one further step is important, namely the establishment, at strategic points from coast to coast, of a chain of cold storage plants to take care of adequate distribution. I do not imply that the government must construct and operate these cold storage plants, or go into the cold storage business. But we have here a need for leadership and initiative by a wide-awake and active Department of Fisheries which will create these distribution facilities.

The fifth point is that of marketing. It is hardly necessary to add that with a greater variety of fish products and with the creation of greater facilities for distribution and storage, a much wider field of markets can be attained. With proper leadership and direction there is no reason why Canadian markets for fish could not be doubled or trebled. How many hon. members from the central provinces ever have on their tables fresh fillets of cod or haddock, fresh mackerel or herring, smelts, or lobsters, oysters or clams? In spite of the present system of distribution one cannery in New Brunswick, which began operations on a small scale a few years ago, has succeeded in obtaining markets in over eighty countries. The individual small fisherman is not able to enter such fields, unless some leadership is given by governing bodies.

Mr. Speaker, these are but a few considerations of facts as they exist in the fisheries industry. I leave them for the reflection of hon. members on all sides of the house, regardless of political affiliation. I feel sure they will conclude that there is plenty of room for improvement in the fishing industry. This appeal for leadership and for constructive action and development in connection with the fisheries is made in the interests of 200,000 Canadian citizens from the maritime provinces, coupled with several hundreds of thousands of citizens in other parts of Canada who depend for their livelihood upon this very leadership which they themselves have not the power or the means to develop.

They do not want charity. They are asking for light and guidance in their own field of endeavour, for an opportunity to develop their natural talents and to follow their blood tendencies to live off the sea. My submission is that in next year's budget the government should begin to make provision for the gradual but complete transformation of the Department of Fisheries from a department of regulation, control and conservation to one of leadership, initiative, education, action, expansion and development of the fisheries, patterned

on the development of the Department of Agriculture, as a first step towards rehabilitating what formerly was one of the richest industries in the maritime provinces, and in Canada as a whole.

Mr. J. S. TAYLOR (Nanaimo): Mr. Speaker, as I rise to my feet my good wishes go out to the hon. Minister of Finance (Mr. Dunning) with the hope that he will speedily completely recover from the sudden indisposition which took him from the house this afternoon.

For a very few years, too few I regret, we have enjoyed the benefits of a general upward trend in business, but we have not yet been able to seal to ourselves the practice of balancing the budget of the country. We cannot be absolutely certain that business conditions will continue their desirable upward trend in the near future. Therefore, we must admit that there is no secure progress in our national affairs.

We face an utterly staggering situation. Our purely federal obligations stand to-day in excess of $3,500,000,000 gross, or $3,100,000,000 net. Before we can address ourselves to the necessary work of our country we must spend every year not less than an approximate sum of $117,000,000. Last year this amount stood at $134,500,000. This amount is needed purely for interest on money borrowed for work and services already done, sometimes overdone and sometimes demanding to be done again. Hon. members will not disagree with me when I venture to assert that to-day we are paying interest on capital debt the original reason for which has been lost to the country and its economy by the natural wastage of the years. Had I any inclination to pass out of the field of discussion of our national finances, I could bring to argument the story of many railways, many canals, many power plants and many industries and undertakings, the capital structures of which are staggering under items for the purchase of buildings and equipment destroyed or cast off many years ago, while the interest goes on year after year satisfying no one but the receiver, and in essence not even him.

Bear in mind that there has been no reduction in our national debt, nor can there be under the most promising of present-day conditions. There has been no reduction during the past eight years, and the continuing increase has brought us as a nation to an intolerable position. We have added a total of approximately $900,000,000 to our burden of public debt. In 1867, in the days of confederation, the public debt of the new Canada then being formed stood at approximately $93,000,000. Seventy-two years have passed since that time, and during that period we have increased our debt fifty-seven times to a grand total of about $3,600,000,000. In that period we have only fifteen recorded years in which there was any reduction of debt. These reductions totalled slightly in excess of $319,000,000, leaving us with an addition to our confederation debt of about $3,300,000,000 gross, or $3,000,000,000 net. Do hon. members realize that there have been only fifteen profit making years in the seventy-two years since confederation? This means that in almost four years out of every five since that time we have complacently or compulsorily added to the debt structure of our country.

We do nothing at all about it. Reductions take place only when the budgeted accounts of the country disclose a satisfactory surplus. With that surplus the debts of the country are purchased and pro tanto reduced. But nothing is done to discover how we might whittle down our obligations and restore sanity to the economy of our people. It is not only in connection with the public debt of Canada that this has taken place. In every province and in every municipality the same obtains. We find the same condition existing in every country of the world where debts are privileged to accrete. Our debt is always increased by the surplus of our necessities, and the lean years eat up the depreciated revenue resources of our country. When the fat years come along they awake in us the urge to make up the leeway of our course, and we are quite satisfied to equate the growing needs of our growing country with the new financial resources of successful government. There can be little advantage in making of this speech a calamity howl, and I assure hon. members that such is not my intention. Still, I should complete the picture.

So far I have not considered the debts of the provincial governments which at the end of their 1936 fiscal years totalled over $1,700,000,000 for direct liabilities, less sinking funds. Neither have I considered the bonded indebtedness of the municipalities of all classes, which at the end of their 1934 fiscal years had reached the amazing total of $1,450,000,000, and these figures have since been climbing. What does it matter that these total exceed $6,250,000,000 net? Even then the tale is not told of the guarantees of interest, the guarantees of principal and such like. The thing which essentially matters is that we do nothing about it. The thing which eternally matters is that the wealthy men in our country know that they, more than wars

and more than depressions, have produced this condition, but they are utterly helpless to bring sanity to its continuation.

It seems to be the accepted idea that a growing country can support a growing debt. While taxpayers protest and politicians grumble, never a voice is raised to declare that though everything else seems wrong there must be, there should be, there shall be a way out. Why should our public debt be considered as a snowball rolling down hill? Why should we complacently or in any other manner accept its growing size and assume that only when it reaches the valley of desolation will it melt? We have no justification for blaming the war or the war years for all our troubles? The war years numbered seven as far as this country's debts were concerned, but I have indicated a long series of fifty-seven years of unrelenting debits which were not all attributable to hard times. We are bound to admit that depression increases our public debt, while prosperity tends to give us confidence and encourages us in the enlargement of our public debt to meet our public needs. There is something very wrong with our economy and especially with our understanding of it. The facts I have marshalled are an advertisement of weakness which pleads for immediate action.

The world has learned to accumulate and to develop wealth in the functioning of the capitalist economy, or, I should say, the neo-capitalist economy. The world very early and very quickly learned to demand interest on money lent. This is a highly important corollary of our neo-capitalist economy, and in spite of its generally blighting, parasitic nature, it is invariably protected and sustained by the full strength of our law structure.

We must therefore deal with it as we find it. We must also deal with the general economic situation as we find it; for these are the products of our brains, and in justice to ourselves and to those who will follow us, we must eliminate from both and from all our social machinery excesses and abuses which are constantly attaching to their functioning, human nature being just what it is. None the less it is no platitude to say that no effort of any kind, industrial, commercial or social, escapes the frustration which interest slowly but without surcease fastens upon it. Debts tend everywhere to increase. Interest tends everywhere to become more throttling, and I want to draw the earnest attention of the house, indeed of all the world about us, to this amazing fact, that there exists no machinery anywhere by which in our economy we can arrest their juggernaut progress. The small cancellations afforded to successful citizens do not in historical survey provide any important solution of the situation, while the whole machinery of finance piles the interest of Pelion upon the debt of Ossa. There does not exist anywhere in the world to-day machinery to remove the pyramiding weight of both. Thus I assert that we move slowly and irresistibly to the collapse of our civilization without any intelligent effort being made to avert the catastrophe, and all this when we cry aloud for social security for our people and yearn for cultural opportunities for our spiritual development. In the present age we pay year by year for the debts of the past, not in reduction of them, but in order that we may keep them alive for the honour and glory of our good name and the dishonourable burdening of all those who may follow after us.

If I were asked to tell hon. members what I think of interest, I would unhesitatingly classify it as a cancer upon the body politic. Long nights have I spent in concentrating on a way by which it could be painlessly extracted from our modern system. As I thought long and earnestly, I came to realize that in the end it might prove to be the goad to drive us out of the economic complacency in which we find ourselves, a complacency which permits us with unctuous pride to point to the unheard-of achievements of our modern civilization, while at our feet the drool of the cretin and the pathetic gaze of the helpless starveling scarcely move us to flick the crumbs from the tables of our gluttonous feasts.

For a very few moments, and before I move forward to any suggestion I desire to make, there is before me a problem corollary to my whole subject, to which I must refer. I refer to the present position of gold in the polity of any country. I have no illusions about the folly of building up huge reserves of gold. For many years I have predicted its ultimate elimination from the business of the world. It has been withdrawn from the pockets of the world, and it would be crazy folly for anyone to attempt to put it back. Its economic use to-day is to function as a make-weight in balancing international accounting, and I am quite prepared to admit that it will function in this way for many years to come, if happily the world does not completely fall to pieces in the meantime. At any rate I think we can agree together that its function internationally will be the last present power of which it will be deprived. It will be recalled that in the early

days of the great war the demand of Britain and her allies for food, equipment, and ammunition in unprecedented quantities created an alarming situation. Then it was that Sir George Paish took from the old country to Washington documents of security to a very considerable amount. These securities belonged to and had been collected from patriotic citizens, patriotic industries, and patriotic undertakings by the British government, and they represented investments of every possible kind which might prove acceptable to the government of the United States. They were lodged, shall I say, or deposited, or better still, hypothecated with that government, in order that a vast purchasing credit might be established in favour of Britain. It was to be a credit outside Britain, outside her normal commercial functionings—note that fact. This was done in the shortest possible space of time by British patriots. It was the first great historic effort of entrenched modern finance, by surrendering its forts, its guns, its immense stores of ammunition, to support in extremis the country of its patriotic owners and directors.

The release of these securities was not brought about until long after the war had ended, when Stanley Baldwin journeyed from London to Washington to acknowledge and commute the immense debt which had accumulated in the meantime.

Now our country, our Canada, is in extremis, tottering under a staggering load of debts, debts of capital, debts of interest, all borne by our little villages, our larger towns, our bigger cities, our provinces, and our Canadian selves. We must face these facts as they are to-day, and keen our brains, not our hearts, to discover a way out. Such a way out must not be lit by the flaming torches of revolution. It must not lead us into the cul-de-sac of renunciation, and surely as true Canadians it should not lead us into the wilderness of despair and frustration.

And facing the facts, Mr. Speaker, I say there is a way out, a way which passes by the very halls of finance, the very magazines of commerce, the very arenas of throbbing industry, and by the peaceful homes of our people. No unusual festival need mark our progress, and no unusual activity need herald our accomplishment.

If the wealthy patriots of Britain heard their country's call in 1914, then the wealthy patriots of Canada should hear their country's call to-day. They know how precarious is their hold on their so-called wealth. They know this more clearly than the millions of our people who have no such nether millstone around their necks. They know that the last twenty years have witnessed no new avenues of great wealth open up. They have felt the pace during the past thirty years as it constantly quickened. They have felt the point of saturation slowly approach. They know that sooner or later, and better sooner than later, they must accept the call to face their responsibility and do their part, or be wiped off the slate forever in withering fatuity. Let them and their companies and their associations collect such gilt-edged securities as our scrutinizing government will accept. Have all the documents of title discharged in blank. Let them offer them to Canada absolutely free of incidental or other charges, under letters of deposit or hypothecation for a fixed period of not less than ten years.

At the expiry of that time they shall be absolutely freed by Canada and returned. Let Canada accept the condition that all accruing and developing interests and dividends proper to the securities shall flow to the patriot owners as usual during the term of the hypothecation. Let this be done to a first total of not less than $200,000,000 of acceptable and accepted securities, and I assert that the first great creative step will have been taken by Canada to lift herself out of the slough of despond.

This amount of $200,000,000 is well within the compass of the patriotic citizens of our country, and while large enough to make a distinct impression in the new plan is small enough not to disturb the safe and fluidic operation of the economic forces of our country. But there must be no strings to the hypothecation. The results of the working of the plan will be to the advantage of the wealth of the country and its holders to-day as to those who unequally bear its yoke.

Of course, it may be argued that this plan will involve inflation, and I therefore anticipate such an argument now before the plan is advanced. Managed inflation cannot be questioned. The country's first requirements in currency or otherwise were not scientifically arrived at; they were discovered accidentally and estimated arbitrarily and every variation since must necessarily fall into the class of inflation or deflation, theoretically at least. When we fail to balance our budget it is by a theoretically inflationary process that we cover, and when we develop a surplus we theoretically deflate to balance. This means that during the fifty-seven years since confederation when we failed to balance the budget the amount of the deficits were covered by the theoretically inflationary process.

It is interesting to observe what balancing we had to do, and I quote the following in round figures to simplify aural acceptance, as in fact I have done all through my speech in view of the ease with which the detailed figures can be obtained by hon. members.

In the following stated years our deficits were as now quoted:

	In excess of
1914	$ 21,000,000
1915	113,000,000
1916	165,000,000
1917	264,000,000
1918	312,000,000
1919	382,000,000
1920	674,000,000
1921	92,000,000
1922	81,000,000
1923	31,000,000

The years 1924 to 1930 exhibit prosperous budgets with total deflationary figures of $276,000,000. Then we resume:

	In excess of
1931	$ 83,000,000
1932	114,000,000
1933	220,000,000
1934	133,000,000
1935	116,000,000
1936	159,000,000
1937	77,000,000
1938	13,000,000

To proceed: This huge trust hypothecation should be handled by the Bank of Canada without cost to the government of the country and, I believe, can be so handled with or without very slight modifications of its charter. These securities being deposited the Bank of Canada will advance to the debt-reduction trust the sum of $200,000,000 legal tender of Canada. With this sum of $200,000,000 the Bank of Canada will buy gold, buying first from Canada's mines, then from such foreign countries as will in the result benefit mutually with Canada in their trade relationships. This $200,000,000 gold the banks will use as a gold basis for the issuance of $400,000,000 legal tender of Canada. With this $400,000,000 the bank will now purchase, at the market value, a like amount of the national debt of the country. This corpus of debt will not be cancelled but will continue to pay to the trust interest during the term of hypothecation. Much of the debt pays high interest rates, but the average rate in 1936 over the whole burden was 3·937 per cent. For simple illustration I set it at 4 per cent.

Well, what have we? The Bank of Canada holds in a trust under letters of hypothecation the securities of its patriotic citizens to the extent of $200,000,000. It also holds gold to the extent of $200,000,000. As further security it also holds items of the national debt, $400,000,000, all bought in open market and returning an average interest of 4 per cent. Before we examine per contra let us bear in mind that the issuance of $400,000,000 against $200,000,000 gold is well within the safest practice of other countries and well within the provisions of the safest practice suggested by a technical group of the London economic conference, while it compares favourably at 50 per cent with Canada's percentage and with the Bank of England's recently developed 57·225 per cent. Well, the per contra items of the trust are: (1) the first issue of $200,000,000 against the hypothecated securities; (2) the second issue against the gold of legal tender to $400,000,000.

The first issue melts into the commercial processes of the country. Canada's mines get no more and no less than before the national debt reduction trust became a working factor. It is true the chartered banks may fall out of the transaction, though not necessarily; but in any case, little harm will be done because their business in this matter is largely per contra. The second issue of $400,000,000 will send a large sum of money foreign, but will with equal surety place a large sum of money in the investment field at home. If Canada is wise, she will seek this money again for such live issues as will develop true economic and industrial progress within her borders; for I am convinced that our economic and financial illnesses arise not from gluttonous financial ingestion into our body politic but from contractile constipation; and the condition of our people will respond with alacrity to the consistent removal of debts which have done their duty.

There is little doubt that the foreign investor will seek our securities with greater peace of mind as he views our new orientation in finance. And so we come to the march of events in the trust. The dominion government will continue to pay to the trust in the Bank of Canada the interest on the federal debt securities purchased. On the basis of an average 4 per cent per annum earning, the sum should yearly reach $16,000,000 or, in the ten year life of the trust, $160,000,000. If the moneys as received are revolved by investment in new or old loan issues, the total of interest accumulations should be not less than $166,000,000.

To ensure that the securities hypothecated can be released to the owners at the end of ten years, Canada should herself set aside a cash contribution yearly of $5,000,000 (which in turn could be revolved in investment). By the end of ten years nearly $220,000,000 would lie in the trust account and the original hypothecated securities be freed again to the patriotic holders.

After closing out the first operation under the debt reduction trust, the Bank of Canada will show: $400,000,000 national debt now to be cancelled; $200,000,000 gold at the trust opening price; $200,000,000 cash and new debt securities.

Of course all the figures are arbitrary. They are, however, used to outline a plan with facility, not to detail its operations.

The Bank of Canada functions to preserve the balance of expectations and commitments in the financial structure of the country. There is nothing here advanced which does not lie well within the scope of its daily work. The melting of the security holdings of the trust into the corpus of funds held by it as comptroller of the credit system of the country would be of its routine business, while its procedure will become self-evident and self-suggestive in operation.

And so we use the element of time to disintegrate continually that which credit is continually creating. This is the important thought by which this plan can be evaluated, and it is quite arresting; for finance is continually creating capital, anchoring it down to interest and doing nothing to disintegrate it.

It is very rarely in public and high finance that debts are paid by direct deflation. Let us observe, for explanation, a certain electric light and power company with a capital liability of $70,000,000 makes an annual profit of, say 14 per cent, or $9,100,000. A millionaire financier observes the brilliance of this company from afar, and with his friends deposits securities with the bank, secures a sufficiency of credit, and by buying a block of shares controls the company. He controls the answer when a question of sale arises. The capital of the new company is now greatly enlarged and the structure reorientated. The profits of $9,100,000 per annum, which will be carefully increased by monopolistic regulation, can now suffice to pay the usual 6 per cent cumulative preference dividend on a very large block of the capital, while the balance of the capital in no par value shares will provide the voting power for control and the residual profits for the ruthlessness, hardihood and acumen of the millionaire and his friends. The company now capitalized at $120,000,000 easily carries its full quantum of water and easily pays its preferred interest. But observe what has taken place:

(a) The chances of reduction of the selling price of the company's products to the community are removed in order that the larger burden of capital may be supported and the dividends maintained.

(b) The small investor all over the country whose primary thought is largest constant returns and safe perpetual investment is induced to carry without voting representation the capital which represents the basic strain of the industry.

(c) A public utility which should function to bring its services to the community at the lowest possible cost is saddled with a permanent debt structure in the name of capital in order that the rapacity of the money-maker might be appeased, and that, recovering his initial investment, he might move on to repeat elsewhere the trick which marks him out before all men as astuteness personified.

Let me say that this is a suppositional case, but it does bear a striking resemblance to what has already happened a far cry from here in our own country, and its salient features are so much like those which you all readily recognize as just around the corner.

In all this I am not blaming the financier. Only men of superior ruthlessness could conceive, develop and carry through such armchair, fireside, mint julep drinking, high finance wealth producing; and—this is an arresting fact—we need such men in Canada, more especially if they can be induced to apply themselves to the national rather than the personal problems of wealth production. This they should do for their own sake. This they should with equal zeal and sincerity do for the honour and credit of their country. This they should do to save the economic structure of the country—of the world—now in grave danger of tottering to its utter downfall in financial collapse. This they should do to bring social security to the socially insecure, and I mention this last because of its paramount importance and because none knows better than they that there is no justification for that insecurity and neither rhyme nor reason for keeping the healthy, unemployed employable alive by charity administered in niggardly and often cruel stupidity. All humanity is waiting for these citizens to develop a far-sighted policy which in the long run will develop greater opportunities for all and wipe out the selfish, unthinking greed of their past. I unhesitatingly blame successive governments because they have supinely permitted these wealth producers to do their work without let or hindrance and without perceiving the logical issues developing from their genius.

These governments have admitted the so-called creation of credit and interest bearing capital. They have never realized that it is equally important that it should be disintegrated; that to disintegrate the outworn structure of debts is as vitally necessary a

part of the economic policy of the government as all the rest of its functions; that this studied disintegration, proceeding along with creation of capital, is now long, long overdue if we are to save the fabric of our civilization.

I am not here referring to the repayment of relatively small commercial and personal obligations, for these are in an entirely different field of endeavour; nor am I referring to the well meaning but really rather stupid and absurd system of sinking fund amortizations. I am most definitely referring to federal debts, provincial debts, city and municipal debts, the debts and outworn capital structure of utility companies, railroads and all human endeavours operating under capital or debt structures and taking toll from the people as a whole.

In or about 1910, in the then new municipality of South Vancouver, $100,000 was borrowed for twenty years at 5 per cent per annum for wooden sidewalks. Almost overnight the residents realized for the first time the pleasure of walking to their homes mud-free and dry-shod. Yet eighteen months afterwards, one and a half miles of wooden sidewalks on a main street of South Vancouver were torn up to make way for permanent concrete structures, and within eight years from the placement of the loan scarcely a wooden sidewalk was to be found in South Vancouver. Yet the people carried the burden without hope of relief.

Vancouver built Burrard bridge for $2,800,000 and borrowed for forty years at 5 per cent, so that the benefits of the bridge to-day impose on the people of the city a yearly charge of $140,000 for forty years ab initio, which amount will be part of the final total accounting for that bridge to a total of $8,400,000. The case is very little mitigated by the fact that all the money was not spent on the project, owing to delay in the construction of a certain small part of it; but the relation of figures to facts approximates the same stupid situation. In the same city of Vancouver there was a boys' juvenile detention home which had fallen into sad disrepair, so $5,000 was included in the loan structure—

Mr. SPEAKER: Order; I would draw the hon. member's attention to the fact that he has exhausted his time.

Mr. TAYLOR (Nanaimo): Thank you, Mr. Speaker; I very much appreciate this. I thought I could finish in forty minutes.

Mr. SPEAKER: I regret to inform the hon. member that he has exhausted his time to speak.

[Mr. J. S. Taylor.]

Mr. LIONEL CHEVRIER (Stormont): Mr. Speaker, I desire to congratulate the Minister of Finance (Mr. Dunning) upon his excellent exposé of the country's financial affairs. It is indeed gratifying to see that a deficit of $77,000,000 has been reduced this year to approximately $13,000,000, and notwithstanding the predictions of the minister I hope next year will see the balancing of this country's budget.

The year 1937, Mr. Speaker, will go down in the history of this country as Canada's year. It was a year of substantial and definite progress in every field of productive activity; and notwithstanding difficulties both internal and external, the country made rapid strides along the road to prosperity. Agriculture, in spite of the drought which reduced the harvest in the west, on the whole was more profitable, and the buying power of those engaged in agriculture was increased. Mining development and production reached a new high level during the year. The wood industries were active, and it is gratifying to note that the value of the tourist traffic to this country rose to the figure of $200,000,000, very nearly equalling the 1929 record. The external trade of the dominion reached heights which had not been heard of for many years, and which compared favourably with the peak year in this country, 1929. Much of our industrial and trade activity was due in part to rearmament in Great Britain and also to the reciprocal arrangement made with the United States which, until the last months of 1937, operated strongly in our favour.

These rapid strides along the road to prosperity and recovery were rather suddenly arrested, and the picture to which I have referred was changed overnight, as it were. Suddenly we found ourselves in the midst of a recession. Gradually our trade with the United States began to fall off. Our neighbours, who had been buying from us in large quantities, ceased to purchase the commodities which we were anxious to sell. The causes of this sudden cessation of purchasing are manifold. The fear of war; the accumulation of foreign capital in Canada and the United States; the disputes between capital and labour, and the concentration of wealth and power in the hands of a few, all contributed to the present situation. The recession in the United States began some time during the summer of 1937, and because of our intimate relations with our neighbour to the south, soon afterwards we began to feel the effects of that change. But let me say, sir, that this government took what I believe to be adequate and immediate steps to meet that oncoming recession. It at

once brought down legislation providing for a works program. It caused to be passed the Municipal Improvements Assistance Act, by which $30,000,000 was made available to municipalities in this country for self-liquidating projects. It then brought forward for the consideration of this house the National Housing Act, which I believe will go a great distance in aiding this country towards recovery. This, sir, is truly a Liberal measure, and I believe it is by far the most important statute that has been brought down in this house by this or any other government looking to the solution of the problem of unemployment. By this measure municipalities, housing corporations and individuals will be able to borrow money in order to build low-cost homes. Then, in the budget resolutions, the minister removed the sales tax from building materials.

It is unfortunate that the proposed tripartite agreement between Canada, the United Kingdom and the United States should not have been completed in time to be included in the budget resolutions. It can be readily seen, however, that an agreement so far-reaching and so wide in effect could not be negotiated without a great deal of time and consideration. It is to be hoped, however, that the government will be able to conclude these negotiations before the year is out.

If I may, Mr. Speaker, I want to refer to another proposed agreement between Canada and the United States, having to do with the deepening of the St. Lawrence waterway. The draft treaty, prepared at the instance of the United States government, was tabled in this house a short time ago. At this juncture, since the international commission has not been set up, I do not wish to declare myself either in favour of or against the proposal, but I should like to make a few brief observations in connection therewith.

The scheme of developing the St. Lawrence waterway is by no means a new one. As far back as I can remember it has been a topic of great interest in the community whence I come. Twenty-five years ago this question was debated and talked about a very great deal in and about the community of Cornwall. It was then said that some day the Long Sault rapids, which lie in the international rapids section, would be developed, and that they would generate electricity to such an extent that Cornwall and the surrounding country would, in time to come, be one of the greatest manufacturing centres in Canada. The hope was then expressed that we might have an entirely Canadian scheme, a scheme entirely within Canadian territory; and while that aspect is still possible so far as the navigation end of the problem is concerned, it is quite impossible as far as the power aspect is concerned, because the power lies in the international rapids section, and that power cannot be developed without the consent of our United States neighbours. Engineers now affirm that it would be impracticable and unsound to canalize the St. Lawrence for navigation purposes only, and of course as I said a moment ago the power could not be developed unless we obtained the permission or consent of the United States of America.

The project, which at one time seemed to be a far-away dream, to-day is closer to realization than ever before. In my humble opinion, it is only a question of time before this scheme will be an accomplished fact, and when it is completed it will have the effect of making the area which lies around the lower end of the international rapids section one of the greatest industrial centres of this country.

The proposed new treaty would provide a two thousand mile channel linking the heart of the continent of North America at the head of the great lakes, to the Atlantic ocean. It would further provide a twenty-seven foot waterway from lake Superior to the sea. At present the channel is approximately twenty-two feet deep from the head of the lakes to Kingston, fourteen feet deep from Kingston to Montreal and thirty-five feet deep from Montreal to the sea. The international section, which extends from Cornwall to Kingston, is 115 miles long, and the whole of the scheme has practically been completed, save that part which lies in the international section.

The canals in the vicinity of Cornwall are only fourteen feet in depth, and those in the vicinity of Montreal are somewhat deeper. Towards the deepening of the St. Lawrence waterway system this country has already spent $220,000,000, and of this amount over half, namely $131,000,000, has been spent in the development of the Welland ship canal at the Niagara peninsula. That canal is from twenty-two to twenty-five feet in depth. We have spent $23,000,000 in deepening the canals from Cornwall to Kingston, and $27,000,000 in deepening those from Cornwall to Montreal.

The other aspect of the project, which is by far the more important, namely the power development, is one which deserves consideration. The estimated potential power capacity of the whole scheme is 6,500,000 horse power, and of this amount 2,200,000 horse power lies in the international section. The United States is very anxious to develop its share of

that power, namely 1,100,000 horse power, at Cornwall, and proposes that both countries enter into an agreement to canalize the St. Lawrence river and at the same time develop the power. The scheme of course offers many advantages, but one has to admit some disadvantages as well.

As I said at the outset, it would be folly for me or for any other member of the house to give an opinion upon the scheme before the international joint commission referred to in the treaty has been set up, and before that commission has given us details, first, with respect to the cost of the scheme so far as Canada is concerned and, second, with respect to the territorial and legal rights of this country in the project, and third with respect to the apportionment of work in the international section.

The draft treaty is far from clear as to the amount of money which will be spent for Canadian materials and as to the amount of work which would be given to Canadian workmen. It strikes me that great care will have to be taken that in the international section, where the works are to be carried on, even though they may be carried on in United States territory, Canadians should be given an equal chance with Americans to sell their products and to offer their labour. Otherwise there might be very great opposition to the scheme, from a Canadian standpoint.

So far as the treaty of 1932 is concerned, there is another point I would like to bring to the attention of the house, namely, that this treaty—and the plans so indicate—changes the location of the present canal and places it entirely within United States territory. That from an engineering standpoint is, I understand, to be the proper place in which it should be. However, I warn the international joint commission, when it is set up, that great care will have to be taken with reference to the location of this canal, because the canal has always been in Canadian territory. It has been used by Americans, and Canadians as well, in Canadian territory, and in my humble opinion it would be a serious matter to displace it unless some very sound reason existed therefor.

With the deepening of the St. Lawrence waterway there is intimately connected the agricultural life of this country, because if the scheme is completed, unquestionably agriculture stands to benefit. There is, too, another element which enters into the picture, namely, the fact that the development of power will again bring into the urban centres large numbers of people from the farms. This country will have to decide whether it has not gone too far industrially, and whether it would not be better to assist municipalities to get their citizens or their ratepayers back on the farm, rather than to develop large blocks of power which will create new industries and bring large numbers of people from the country to urban centres. I leave this subject without saying more. I was anxious to make these observations which, I feel, are well taken, and which are perhaps premature. I was anxious to make them because this is a project of vast importance, and one which, were it to be completed, would affect the whole economic structure of Canada.

Mr. Speaker, we are living in very difficult times. In the last quarter of a century many events have come to pass, and many phenomena have occurred. The turmoil of war, the fall of governments through revolutions, the advent of totalitarian states and dictatorships—all of these things have contributed towards the fall of the old order. These phenomena, unexpected as they were, have taken place in a very short period of time. Old boundary lines have been wiped out. Powerful dynasties have fallen, and empires have been divided up among nations. New governments have arisen, and new states have been set up. We in this country have not escaped the influence of these new ideas and new tendencies. And while we are many miles away from dictatorships and totalitarianism, we have within our country elements which would set up these forms of government.

The ability of democratic and parliamentary institutions to survive depends primarily upon whether or not economic depressions can be overcome within the limits of these institutions. Under dictatorships people will endure conditions which, if they existed under parliamentary or democratic institutions, would ensure the overthrow of such institutions in a very short time.

The year 1937 marked just twenty years since the advent of the first totalitarian state in Russia, through the October revolution. The most distinctive feature developed by that totalitarian state unquestionably has been the terror. This of course applies in part to the other totalitarian states, such as Germany and Italy. Terror is the only instrument sufficiently powerful to enable the attainment of the goal of totality. The best known feature of terrorism in Russia has been the periodic hearing of mass trials. Inevitably the crime with which the accused is charged is treason, and very often the form varies, from blowing up bridges to plotting military intervention. The evidence offered consists almost exclusively of the incriminating confessions of the accused.

There has never been a case on record of a man failing to admit the crime with which he was accused. It is clear that the trials were never held for the purpose of deciding the guilt or innocence of prisoners. Clearly they were public demonstrations intended to create definite impressions upon the minds of the people. If there had been failure to increase coal production; if there had been severe food shortages; or, again, if peasant insurrections were about to take place, then a mass trial was likely to be staged. The first object of the mass trial was to strike fear into the hearts of all those who might be harbouring disloyal intentions; the second was to divert public opinion from public misfortune, and the third was to create the opinion that effective action had been taken to prevent the recurrence of the undesirable event or development.

The form of totalitarianism in Germany is very similar to that which exists in Russia. There is not a great deal of difference between bolshevism on the one hand and national socialism on the other. The tendency in Germany is to eradicate from the minds and hearts of the people the very essence of religion. Conditions in Italy are perhaps not as bad, but the dictator there possesses the same powers and he can make use of the terror if he wills.

I point to these conditions simply to show that while conditions in Canada may be difficult, they do not begin to compare with those that exist under totalitarian governments. The only way in which we can keep these new and false and untried ideas from our own country will be by a more equitable distribution of wealth, by bettering the conditions of the masses, of those who suffer and those who toil, and by bringing down legislation similar to that which was brought down in this house in the last month or so. By doing this, we shall prove to the Canadian people that peace, order and happiness can still be found within parliamentary and democratic institutions.

Mr. H. A. McKENZIE (Lambton-Kent): Mr. Speaker, I rise to take part in this debate with a good deal of temerity, knowing as I do that I am speaking in the presence of many old parliamentarians who have been in this house for many years and who have served their constituents faithfully and well and have contributed much to the progress of the country. However, I shall try to be brief in my remarks. I have taken up very little of the time of the house, keeping in mind what the Prime Minister (Mr. Mackenzie King) said during the first session of this parliament, that if members of the House of Commons studied their problems more and talked less we would make much better progress. If each of the 245 members talked as often and as long as some do, this session would last not for four or five months but for four or five years.

There is nothing that has a greater effect on the life, prosperity and progress of Canada than the budget, and the present budget is no exception to the rule. I am sorry the Minister of Finance (Mr. Dunning) is not in his seat to-night, and I am sure it is the wish of every hon. member that he have a speedy recovery and be soon restored to health. I wish to congratulate him upon the clear and comprehensive manner in which he presented the budget. It has inspired us with new confidence and hope, and it showed us the great grasp he has of the economic problems that confront our country. However, one of the great hindrances to recovery is our immense public debt with its resulting tax burden that rests particularly heavily on our farmers and other primary producers.

My constituency of Lambton-Kent, formerly Lambton East, has the distinction of being one of the few counties or municipalities in this dominion with no debenture debt. Long ago we adopted the policy of balancing our budget and living within our income. If other municipalities had done the same, they would not be in the financial difficulties in which they find themselves to-day. As Canada is largely an agricultural country, the problems of the farmer are to our minds the most important questions before the Canadian people to-day. Their problems are important in more ways than one, considering the fact that nearly fifty per cent of the population of Canada reside either in rural parts or in small incorporated villages directly dependent upon the prosperity of the farmer. Thirty per cent of Canadian production is agricultural. It forms the basis of our export trade and is the lifeblood of our railways. In brief, the commercial and industrial existence of our country depends upon the primary producers. Unless the prosperity of the nation is reflected on the man who tills the soil, we cannot consider we have solved the problem of making Canada a land of prosperous, happy and contented people.

As long as the capitalistic system holds out; as long as the motive for doing business is the profit motive, we shall never be economically sound unless the profits of the primary producers are much greater than they are to-day. But I do not believe that we shall

ever see a full measure of happiness in this or any other country until the great masses of the people receive a greater share of the wealth. I know the terror of the workingman's life. It is not so much the hourly wage; it is not so much the number of hours in a day that must be worked, the discouraging feature is the fact that a man has to live in constant uncertainty as to continuous employment. If the workingman were assured of fifty-two weeks of employment in every year, we would have a much more contented labour. Steady employment would give labour a greater buying power and thus provide a better home market.

That is all very good, but I am afraid we have the cart before the horse. Once a farmer is able to step into the buying market, much of our unemployment will take care of itself. We all know that the farmer is the greatest buyer we have of a large variety of goods. He needs manufactured goods in enormous quantities; he requires the services of hundreds of hired men and women, but he must have the necessary money or purchasing power. The removal of the sales tax on building materials will be of special significance to the farmer and will bring fresh hope to him. Any one who drives through our rural districts must be impressed with the need of farm building repairs. If there is any one in Canada who deserves a better home and modern improvements, it is the farmer. I believe he will take advantage of this budget to the extent that his resources will permit. The removal of the tax on harness and harness parts will also help.

Unemployment insurance has little to offer to the producers in Canada's great natural industries, such as fisheries and agriculture, for they will be taxed along with the wage earners to provide the state's contribution to the unemployment fund. Minimum hours of labour are unlikely to be adopted by the farmers. With the high cost of manufactured goods and the comparatively low price he receives for his products, the farmer must work even longer hours. In 1920 a total of 110 bushels of wheat would buy a binder; at the present time it would take almost 400 bushels to purchase a similar machine. In order to produce this amount of wheat he would have to work, not eight hours a day, but eight hours in the forenoon and eight hours in the afternoon. Agriculture must be elevated to a place where the farmer will have faith and confidence in his calling as a means of livelihood. It seems to me that the people of this country are altogether too ready to forget the basic importance of this industry, and the result is that the farmer is underpaid for his time and labour. We must remedy this by raising the scale of wages of those who work the land to a point in keeping with other classes, so that the rewards of capital invested in agriculture will compare favourably with the returns from other forms of investment.

I should like to say a word here for the sugar-beet farmers in my riding. These farmers have been growing sugar beets successfully since 1902, when the first factory was built at Wallaceburg. This industry produces around fifteen or twenty per cent of the total sugar consumed in Canada. The total acreage planted last year was around 50,000 acres with a total production of over 120,000,000 pounds of sugar valued at over $5,000,000. Almost thirty per cent of this acreage was taken care of by individual farmers and their families, and the rest was handled by contract labour. In the troublesome times during the last few years the farmer has been among the first to adjust himself to changed conditions, but the beet farmer has found it difficult to make things pay with sugar selling at $4.30 retail without the sales tax. The wholesale list price at Montreal is $3.90, and the refiners pay a field price of $5.50 per ton for beets. With normal prices and conditions this industry has possibilities. If Canada produced fifty per cent of her own consumption of sugar, we would require 20,000 workers, apart from office employees, and there would be distributed annually about $20,000,000. This would take care of many of our unemployed. I urge the government to help this industry by removing all or at least half the sales tax on beet sugar. The government tax of one cent per pound on sugar means a tax of approximately $30 per acre, which is much more than the farmer makes.

In this connection I might say that the economic life of this country is comparatively simple. Our primary industries produce, and the rest of us live by exchanging our goods and services for the products of the primary producer. I am not overlooking the importance of the home market, but we must not forget that in order to consume the wheat which we can produce in a normal year we would require a population of 30,000,000 or more people. The same might be said in regard to beef and hogs.

We have great natural resources, and I wonder if our immigration laws are not too strict. For the fiscal year ending last March our total immigration was 15,645. Of that number only 2,264 came from the British isles, 5,113 from the United States of America,

and 4,464 from other parts of the world. Included in that number were 1,300 farmers and 339 of the labouring class.

In the southern part of my riding, where they specialize in certain types of farming such as the growing of sugar beets, tobacco, corn, onions and tomatoes, there is usually a distinct shortage of the right type of farm labour, and I would suggest that a selective and less restrictive immigration policy be adopted. This class of immigrant not only enhances farm values but actually creates more work, and they are consumers as well.

Walter C. Cain, deputy minister of lands and forests for Ontario, in answer to a query recently by the Rowell commission, reported that in northern Ontario there were approximately 6,000,000 acres of accessible land capable of agricultural development, but he did not see the likelihood of any rapid development taking place unless immigration bars were lowered. Consequently, if we doubled our population, our market problem would be easier.

I am not going to take up the time of the house regarding the great burden of debt, but it is interesting to note that in 1878, when Sir John A. Macdonald succeeded the Hon. Alexander Mackenzie as premier, the total expenditure of the federal government for all purposes was a little over $30,000,000 a year. Likewise, when Sir Wilfrid Laurier was in office in 1896, the total expenditure was $44,000,000. Now we are budgeting for an expenditure of over $500,000,000 a year.

In connection with government expenditures, I am informed that seventy-five per cent or the dominion's share of the old age pensions is $28,653,000, and the total cost under the Department of Pensions and National Health for the last fiscal year, including the cost of administration and hospitalization, is $55,570,945, or $11,000,000 more than the total expenditure for all purposes forty-three years ago. Mr. Speaker, these are stupendous figures, and the money must all come out of the taxpayers of this dominion. I am not finding fault with this expenditure but just wish to show some of our added costs.

My plea is that the government in all trade treaties and legislation should do everything possible to find markets, and profitable markets, for the primary products of Canada.

Next to that, cattle raising is probably the most important section of the agricultural industry in this country, and our system of marketing beef cattle is definitely bad. In the packing plants at Toronto and elsewhere there is little or no competition among the buyers, with the result that with a fairly large supply of cattle the buyers set their own price and the farmers can take it or leave it. In this way the farmers are annually deprived of thousands of dollars to which they are justly entitled. I am advocating that parliament establish a select standing committee of this house to inquire into the cattle marketing problem, and to study ways and means of providing the British market with a steady supply of beef so that the producers will receive a square deal and the best prices obtainable.

We should not forget that the whole structure of our economic system rests upon the shoulders of those who till the soil or otherwise begin the process of using the natural wealth of our primary industries for the benefit of humanity. Let us beware lest we place on the shoulders of those who support our economic life a burden beyond their ability to bear.

However, our recovery in Canada since 1929 far outruns that of the United States. A chart recently published by the national industrial conference board of the United States, a non-political organization, and considered most reliable, shows that the downward trend from 1929 to 1933 almost paralleled the industrial decline in both countries, and the per capita debt of both countries was reduced by about five per cent; but since that period and to the end of 1937 industrial production has increased in Canada 4·8 per cent and declined in the United States 24·4 per cent. Employment in Canada, exclusive of agriculture, has increased 5·2 per cent but in the United States is down 6 per cent. While Canada's per capita debt has increased 22 per cent, that of the United States has increased 102 per cent, so that we are in much better shape than our neighbours to the south.

The government's decision to take over the Bank of Canada is meeting with general approval throughout the dominion. This step will undoubtedly strengthen parliament's control of national credit. The need of some reform of our present monetary system is apparent to many, and though many theories as to how this can best be brought about are in evidence to-day, it is certain that we cannot continue borrowing money to pay our debts and that a halt must be called in that direction.

Trade negotiations between the British Commonwealth of Nations and the United States are meeting with many difficulties, but we are in hopes that they will be successfully completed at an early date. The general feeling is that trade treaties of this type are greatly to be desired at this time, so that

we may develop a united front against the inroads of economic nationalism; and, of course, reciprocal trade pacts are fair to all parties and are conducive to prosperity and increased foreign trade alike. However, the success of such agreements is dependent upon the closest cooperation of government, producers, and business organizations in general.

Surrounded as we are by dictatorships, our only hope is in cherishing democratic ideals; and now these principles seem to be confined to the English-speaking peoples. Our first duty is to the bulwark of democracy, the British Empire. In Canada, the forces for disintegration are stronger than they have been for fifty years, with a possibility of the country breaking up into a number of sovereign states. Until this tendency is arrested and until Canada can achieve the solidarity at which confederation aimed, we cannot hope for national prosperity and progress.

Let me conclude by saying that if Canada is to continue to make progress, it must be as a united nation. We Canadians have the greatest heritage in the world, and we must think in terms, not of what is in the best interests of this section or that section, but of what is in the best interests of Canada as a whole—and not only nationally, but internationally. So I call on my fellow members to forget party politics and work together in order that this most desired goal may be attained.

Mr. JOSEPH H. LECLERC (Shefford) (Translation): Mr. Speaker, as I am rising to address this house for the first time since I was elected, permit me to offer the remark that I now better understand the meaning of the word parliament as applied to this legislative assembly. No other term could so well convey to the people of this country that an enormous quantity of idle words are spoken in this chamber, contrary to the custom of commercial, financial and industrial establishments, which are none the worse for that, seeing that they provide the government with its major sources of revenue.

Mr. Speaker, permit me to say further that, had I the parliamentary experience essential to preside over the deliberations of this house, I would not accept that honour without securing reforms which would enable me to apply closure to the saviours of the country who would make each session last more than twelve months a year, if every hon. member were to abuse his privileges as much as they do. I dare say, Mr. Speaker, that the government bills would not be less effective were they passed more rapidly, so that sessions could be shortened by half, thus saving several hundred thousands of dollars of the public funds.

My remarks are not in the nature of criticisms against those representatives of the people who, without abusing their privileges, state the legitimate claims of their constituents. I am now in a better position to appreciate the heavy burden resting on the shoulders of statesmen, and I cannot entertain any doubt regarding the devotion to duty and the sincerity of purpose of the majority of the distinguished public men who, in turn, assume power in our country.

Owing to its geographical situation, and to the diversity of interests of the different provinces from one ocean to the other, Canada is perhaps one of the most difficult countries to govern. We have not only the fishermen's problems on the Atlantic coast and the miners' problems in the Yukon territory, but also the intermediate problems of the different provinces. Some of them are industrialized and they want a legitimate protection for their industries so that they may be in a position to pay reasonable wages to workers whose health is rapidly declining in plants so extremely mechanized. The agricultural provinces of western Canada, having but few industries, advocate the lowering or the abolition of protective tariffs.

I realize, sir, what tact, what judgment and what experience are necessary to conciliate those divergent interests and consolidate national unity.

I have not the least idea of criticizing those hon. members who put all their talent to the service of the people whom they represent in this house. We see, for instance, members from the Atlantic coast emulating members from the Pacific coast in order to call the attention of the government to the miserable condition of the fishermen. Every session, from beginning to end, members from western Canada spend their energy defending the cause of the wheat producers who, having known a great prosperity, now find themselves in a difficult situation, although they get the lion's share in the distribution of the favours granted by this house.

A foreigner, having read our Hansard for a number of years, would be under the impression that wheat producing is our only major agricultural industry, and the only one having suffered in recent years.

As the number of hon. members who are interested in dairying is limited, we are apt to forget how that industry has developed in every province of Canada.

I wish to devote this, my first speech in this house, to the dairy industry which is the most important in my constituency and in my province, and which is seldom discussed in this house, but which is nevertheless

the greatest and most important agricultural industry in Canada. In order to show its importance, sir, let me quote a few figures. Although prices have been abnormally low for a long time, the annual value of its products during the last six or seven years still averaged the imposing figure of 200 million odd dollars.

The progress of the dairy industry has been going on steadily in every province of Canada. The number of farmers interested in that industry is 318,000, and 50,000 persons are employed in allied industries. If we add together the heads of families and their dependents working in all branches of that industry, we find that they represent nearly 17 per cent of the total population of the country. This is a very large proportion, possibly the largest, employed in a single industry in Canada.

There has been no decrease in the number of workers in the dairy industry during the last few years of economic depression. This is conclusive proof that this industry is the most stable in Canada, even though it does not receive the full consideration it deserves.

Notwithstanding the increase in prices for farm products during the last two years, for butter and cheese particularly, bringing new hope to the farmers, one cannot overlook the serious trouble the latter experienced from 1931 to 1935, when butter dropped as low as 15 and 16 cents a pound, the lowest level reached in more than fifty years, so much so that in certain sections of the country it was used as a lubricant.

The government of the time did not even think of fixing a minimum price for this product, though they were doing it for wheat and other grain. It was no doubt because no representations were being made on behalf of the dairy industry that such discrimination took place where one class benefited at the expense of another.

Mr. Speaker, in spite of the improved prices for dairy products, the total income of an able farmer is no higher than the annual wage of any factory worker.

Here is a summary of the income that may be derived from a good farm in the eastern townships, a farm where 20 cows can be kept. On the basis of the prevailing prices for the last two years, the average annual income from a cow is approximately $30, which means that the total income derived from the herd is only $600 a year. If we add to that another amount of $600 which a farmer can obtain from the sale of other farm products such as pork, beef, eggs, maple syrup, and so on, we have his gross income. Let us consider what the farmer has to pay for feed, fertilizer and so on, and what he has to pay for municipal and school taxes, insurance, maintenance of farm buildings, interest, and for the purchase of new farm machinery, the cost of all this being entirely out of proportion with the price he obtains for his farm products. It can thus be seen, Mr. Speaker, that he cannot make both ends meet, and that his farm cannot be successfully operated.

Besides, we must not forget that, in order to earn such a small income, the farmer, as well as his wife and children, must toil from sunrise to sunset every day of the week, including Sunday, for the forty-hour week and minimum salaries are unknown on the farm.

In farming communities, needy farmers are dealt with by municipal authorities with less consideration than is given to city indigents. In this connection, I may mention the fact that a farmer was forced to sell his herd of ten milk cows in order to pay for the hospital care of a member of his family.

Mr. Speaker, the plight of farmers is one of the most serious social problems of our times. Therein lies the true reason why people give up farming, considering that all members of the community have a right to entertain common aspirations. Can country people be prevented from yearning after simple comforts, and from being dazzled by their friends from the city who display an artificial luxury which is often bought on instalments. Some of them can see no future for themselves or for their children in farming. Many young country people look for work in the cities, where they replace old men who will eventually have to be cared for by the State.

Mr. Speaker, I do not think I overstated the plight of a great number of our farmers. In my opinion, it is useless to try to improve through artificial means, the diets which prevail in towns, if we fail to create normal life conditions for the tillers of the soil. We would even be doing a service to city workmen in putting a stop to that unceasing migration of families and young people from rural districts, through which the number of those who compete with city workmen is constantly growing.

Mr. Speaker, I fully grasp the difficulties which governments must face. They cannot subsidize all industries without falling into the excesses of socialism. However, I have never heard any good reason for fixing a minimum price for wheat, or for subsidizing production of that cereal in preference to any other branch of agriculture. We have had a commission to regulate the price of wheat, we have a permanent tariff board to protect the legitimate interests of industry. All those

commissions have undoubtedly been useful but, in the economic machinery of this country, there are other branches of the farming industry which need assistance, especially the dairy industry. Whenever minimum prices are again set for wheat, we must demand the same consideration for the dairy industry.

Mr. Speaker, I wish to bring to the attention of this house a new problem which faces the dairy industry. I refer to the vegetable oils imported into Canada for the last few years, coconut, cottonseed, palm, and peanut oils. These oils are refined and made comestible; a large quantity is employed in the production of shortening, salad oils, etc. The inedible oils are used in the manufacture of soap, paint, varnish, lubricants, etc. It is obvious that shortening is displacing to a certain extent the natural lard of Canada even among the farming people. Statistics show that the production of lard is on the decrease in Canada on account of the fact that bacon pork does not give as much lard as the fat pork produced in the past. In the last few years we have heard a good deal of recrimination on account of the importation of vegetable oils. It is rather difficult to estimate exactly the harm done to the dairy industry by those importations because the statistics show that the consumption of butter for 1937 increased by 10,000,000 pounds over that of 1936, and by 100,000,000 pounds over that of 1925. This new problem must not be overlooked if we want to prevent the refined product of foreign countries, highly advertised by the large packing companies, to jeopardize the future of our dairy industry.

Mr. Speaker, one of the farmer's most serious problems is undoubtedly the disequilibrium between the prices of agricultural products and those of manufactured goods. Certainly, I am in favour of social laws ensuring reasonable wages and a reasonable standard of living to the factory worker. But, unfortunately, the farmer now feels the incidence of such laws, having no reasonable wage assured to him, nor a minimum price fixed for his products. Born on a farm, I am acquainted with the work and drudgery of a farmer's life. Having carried on dairy farming all my life, I am perhaps in a better position than others to know the difficulties and sacrifices which the farmers have had to undergo for several years past.

I pay respectful homage to the organizations of courageous farm women of my constituency and my province. They are to be admired for their helpful cooperation and the moral encouragement they are giving to agricultural undertakings. I should be sorry if I failed to mention the clubs of young farmers of my constituency, for which I entertain great hopes. By their practical studies they are becoming, I am convinced, model farmers who will, in their respective centres, contribute to the spreading of the best methods of farming which will ensure the prosperity of our rural districts.

As to the advantages of cooperation, I take pleasure in quoting a few paragraphs of the collective pastoral letter of the bishops of the province of Quebec on the rural problem in relation to the social doctrine of the church and on the dangers which threaten our rural population.

Shall we first venture to state that rural life remains the normal condition of the masses? In a century when all kinds of attractions and needs have, in most countries, uprooted the rural populations to concentrate them in the cities, we should not, it would seem, seek to return to their fields so many improvised townsmen, nor even retain on the land those who are still there. Doubtless, and we readily admit it, rural life can no longer be conceived with the same remoteness and hardships which it formerly offered to the peasants who are entitled as much as anybody else to the benefits of modern science and invention. The fact nevertheless remains that, in spite of the development of manufacturing processes, the fundamental industry will always consist in drawing from the land the daily bread of mankind.

We could at this point paint a happy picture of rural life and describe all its advantages for the individual, the family and society. But, it must be admitted, this happpiness is not common; unless we succeed in placing rural economy on a more stable basis, it will probably vanish altogether. The products which the farmer offers for sale do not bring prices equal to those of the products of industry. And the economic recovery which is gradually manifesting itself in the wages paid to industrial workers is not so apparent in the domain of farming.

The years of depression, from the effects of which the rural districts are recovering more slowly than the cities, have brought about a general distaste for farm work—more particularly among the youth of the country who are more and more attracted by other occupations, seemingly more remunerative, in factories, mines and lumber camps. Tired of the daily complaints of their parents who have difficulty in making ends meet, these young men from the country seek elsewhere employment which they consider more remunerative.

Other causes, however, have accentuated this distaste. A more or less conscious opinion exists among most people that farming is an occupation to which one should resign oneself only as a last resort; that with a modicum of schooling, one should hasten to leave the plough, and that, in order to progress in life, one should settle in the village at least, if not in the city, however lowly the work to be found there. On the other hand, many city people, especially among those whose prosperity is of recent date, are fond of displaying in the village of their birth a sham and superficial luxury and using patronizing airs towards the intimidated countryman.

Cooperative societies protect their members against their own temptations and against the unfair competition of others. Therefore, one of the most pressing things to teach to the farmer is the pecuniary profit he will derive, in addition to peace of conscience, from co-operating with his fellow-farmers instead of working in an underhand way. In fact, the isolated family is exposed to routine methods of farming and is unable to defend itself easily against costly middlemen in the purchase of farm implements and other requirements.

Mr. Speaker, I am glad to bring my full support to these wise teachings.

It was established during the inquiry on the prices of farm implements that the marketing and distribution of farm implements increase the selling price to the farmers by 25 to 40 per cent. Then why not buy and sell through cooperative organizations? Such organizations would have not hundreds, but thousands of members. I am convinced that they would tend greatly to eliminate the middleman in the selling of farm products and the buying of farm implements.

Mr. Speaker, I was glad to hear the Minister of Agriculture (Mr. Gardiner) say that he is establishing machinery for better advertising of our farm products in the United Kingdom. I personally noticed that New Zealand keeps its products well to the fore in the London markets. In fact, what strikes you most in London is the words "New Zealand butter—New Zealand cheese—" in large letters on the busses.

Therefore, I congratulate the Minister of Agriculture for his publicity campaign in regard to our products. I urge the house to give serious consideration to my remarks. To bring prosperity back to agriculture is to give their purchasing power back to the farmers, and it is the safest way to solve Canada's economic and agricultural problem.

Mr. Speaker, before concluding may I quote the following words from Honore Mercier:

> Agriculture, specially in the province of Quebec, is at the basis of public prosperity. Rivers and streams could be turned from their course, artificial works could, for a time, give satisfactory results, but it would be foolish to rely for the future on any other basis than that which agriculture offers us.

Mr. L. D. TREMBLAY (Dorchester): Mr. Speaker, it was not my intention to take part in this debate, but inspiration came to me this afternoon while listening to my hon. friend from Matapedia-Matane (Mr. Lapointe). I congratulate him warmly for having raised certain matters worthy of consideration and for having pointed out certain anomalies, to say the least, in the administration of the Canadian National Railways. These anomalies will no doubt be attended to by the minister of Transport (Mr. Howe). I took note of the statement of my hon. friend from Matapedia-Matane. I do not know if I have his exact words, but here it is as I took it:

> It is a rather extraordinary thing that the stations situated between La Reine and Fitzpatrick and between Noranda and Taschereau, covering a distance of 411 miles, all in Quebec province, are under the jurisdiction of an Ontario superintendent.

The hon. member also pointed out this other anomaly:

> The same situation exists on the Gaspé Coast and from Matapedia to Rivière du Loup, a stretch of 366 miles, where a New Brunswick superintendent is in charge.

I do not know if that is evidence of bad faith. Such a situation would at least call for an explanation. As to freight cars going from Lake St. John to the neighbouring province or, worse still, to Western Canada, for repairs, whereas such work could be done in the province of Quebec, it seems to me that we have grounds for complaint, and I say once again that my hon. friend from Matapedia-Matane deserves congratulations for having called the attention of the house to those matters.

My hon. friend also spoke against the amalgamation of our two railways, and he has my complete approval.

He certainly voiced public sentiment in the Province of Quebec when he stated that we opposed amalgamation of the two Canadian systems.

I have carefully read the evidence given in this connection by Mr. Hungerford and I believe that we must inevitably come to the same conclusion after considering the reasons he offers against an amalgamation of the two railways. Prospects of substantial economies through the unification of our two railways were dangled before our eyes, but the evidence given by Mr. Hungerford shows, I believe, that this is but a bait. With your permission, I would like to quote a few extracts from the report. He states, for instance:

> To sum up my position with regard to the asserted economies from unification or amalgamation, it is my judgment that they are largely unrealizable. Railway savings purchased at the expense of the development of Canada and of a wide disturbance in the already disturbed labour and material markets of the country would be too dearly obtained. The country instead of being better off would be worse off. Yet it is only to the extent that a program of drastic reduction in expenses could be achieved that the country would be warranted in inviting the perils of monopoly and of the great difficulties which I foresee in the type of management of the joint enterprise which is now proposed.

And a little farther on in the report, Mr. Hungerford states that savings could be realized through cooperation, willingly given

or enforced, and his suggestions, as I see them, are practical ones. He suggests, among other things:

Most of the economies which are realizable in a practical sense, in that they relate to economies which can really be made effective without unduly impairing the public interest, will be found upon examination to be obtainable under the principle of cooperation and the country need not incur all of the unknown perils of unification in order to obtain these economies.

I am satisfied that he is perfectly correct. Of course, if one takes a different viewpoint, if those who favour a monopoly of railways in this country give consideration only to eventual profits or dividends, I can readily understand their zeal in promoting unification of the two railway systems. But as far as we are concerned, representing as we do the interests of the people and intending to fulfill our duty, we are overwhelmingly opposed to unification.

A distinguished newspaperman from Quebec city, who does not always share our views, but who holds good ones often enough, Mr. Eugène L'Heureux, of L'Action Catholique, made the following statement in an editorial dated June 17:

The Hungerford plan seems to us sounder, broader and in closer harmony with the real interests of Canada than the other.

The other is the plan put forward by the promoters of unification or, in other words, of monopoly.

We would be mistaken in taking the view that this railway problem is merely a budget matter. The railways are not built for their own benefit, but for that of the nation. Such is the reason why we cannot properly appreciate their financial statement save in the light of their contribution not only to the economic but also to the general progress of the country. If we must shoulder a twenty-five million annual railway deficit, still if they make the development of the country possible as well as that of every section of it, then we may find compensation for it many times over.

In the new settlements, for instance, the railways generally do not earn enough to cover their operating expenses. But shall it be said that just because the railways have a deficit in those settlements, settlers and new settlements must be deprived of the advantages of a railway? Such is not my opinion. That is a viewpoint which the promoters of amalgamation do not take into account at all, but which we must remember nevertheless.

There is another point raised by Mr. Hungerford in his report, and we understand better why the Canadian National Railways have been suffering such large deficits. Let us take the period from 1927 to 1930. Mr. Hungerford has this to say about that period:

[Mr. Tremblay.]

The Canadian National Railways, from the onset of the depression in the fall of 1929 until the middle of 1930, pursued a policy of maintaining at work on the property all its staff for which legitimate employment could be found, rather than taking the drastic step of wholesale dismissals, closing down of shops, etc. This policy, whether well-founded or not, was publicly announced and supported in parliament.

And I say that parliament was perfectly justified in doing so and that it was simply discharging its duty. As regards this railway problem, the possible income or profits of the railway at the end of the year is not the only thing to be considered. Had we considered the question otherwise, what real economies could we have realized? Thousands of men would have been added to those already unemployed, and this house would have been called upon to vote large sums of money to assist those discharged by the Canadian National Railways.

That is the reason why I am definitely opposed to unification or monopoly. I would leave it to Mr. Hungerford whose statement was commented upon by a Quebec newspaper. He says:

I maintain that monopoly is no inducement to good management. I believe it involves a risk of demoralization in the business, a loss of initiative and enthusiasm, a lack of sympathetic understanding between the officers and the staff, between the management and the public.

Moreover, I am not in favour of a railway monopoly in Canada. I sincerely believe that it would be highly detrimental to the public and that it would be contrary to the course we intended to follow when we established the Canadian railways, which aimed at developing new districts impossible of access until those lines were built up.

I will not labour the point but I wanted to say to the house that any scheme of unification or monopolization is one that should be seriously examined.

I come to the conclusion, as Mr. Hungerford states, that if we were to set up a commission composed of a representative of the Canadian National Railways, a representative of the Canadian Pacific Railway and a representative of the government cooperating with a view to improving services in the various parts of the country and to eliminating duplication in some others, we could effect large savings without any prejudice to the people of Canada.

Now, Mr. Speaker, there is another question on which I should like to draw the attention of the Minister of Transport (Mr. Howe). I have here the official report of the Royal Commission on Anthracite Coal and I read it from beginning to end. For some time now I have requested the National Harbours

Board to try to utilize the space called "public wharf" in the Quebec harbour. Last year, a certain space was put at the disposal of the public for coal importations but, as it was a public place to which anyone had access, it was clear that the period of time in which it could be used was limited. The National Harbours Board issued a regulation dealing with the use of this public wharf and it was no surprise to me that they set a time limit of three weeks in case others might claim the same privileges. I brought to the attention of the National Harbours Board the fact that the regulation under which that public wharf could be used during that period would freeze-out all possible competitors of the coal monopoly in Quebec. Thus was removed in Quebec all serious competition against the trust of the Webster group which is described as such by the Tory report. Limiting to three weeks the period of time during which a coal importer could use this public wharf would have the effect of eliminating all competition.

The Minister of Transport had to answer a few questions I asked him about the use of that public wharf. I had anticipated the situation and I hope that action will be taken with a view to remedying it. The National Harbours Board has already received communications wherein the request is made that responsible organizations, financially sound, be permitted to organize for the importation of coal, which they are not allowed to do at the present time. For instance, who would care, with this regulation allowing the wharf to be used for three weeks only, to incur the cost of setting up machinery for unloading and handling coal? They have to use the machinery of their competitors, the powerful Webster concern operating under the name of St. Lawrence Stevedoring Company.

The commissioner appointed by the honourable the Minister of Labour (Mr. Rogers) had this to say about the St. Lawrence Stevedoring Company, as shown on page 79 of his report:

> Your commission believes it is justified in calling special attention to the profits of the St. Lawrence Stevedoring Company. This company has practically no commercial risks; it does not buy or sell coal; it merely unloads, prepares and delivers coal for the companies of the Webster group and, in addition, unloads or transhipps coal and small quantities of other commodities for other occasional customers.

And I ask you, Mr. Speaker, to take notice of the following statement made by the Commissioner:

> The St. Lawrence Stevedoring Company has outstanding $200,000 of fully paid capital stock; its permanent assets are valued at $146,000; its accounts receivable (due almost entirely from the British Coal Corporation)—

As every one knows, that means again the Webster group.

> —are $470,000, its cash on hand $60,000. In the three years 1933, 1934 and 1935, its net profits were $360,000, $391,000 and $250,000; a total of over $1,000,000, or an average of 167 per cent per annum on its paid-up capital stock. In other words, the rates it charges its own associated companies are grossly out of proportion to its cost of operation and the responsibility it assumes.

To that company the Webster group's competitors will have to apply as regards the handling of the coal imported by them. Should they ever dare to compete with that all powerful group, I feel sure that, under such unfavourable conditions, they would not remain long in business.

I wished to bring these matters to the attention of the house. Knowing as I do the ability and patriotism of the Minister of Transport, whom I greatly esteem and trust, I am convinced that he will give to my remarks his most sympathetic consideration. I wish to thank him in advance and I hope that before long we, in Quebec, will be afforded an opportunity of witnessing genuine competition in the importation of fuel.

I could quote another paragraph from Mr. Tory's report,—paragraph 21, on page 117:

> Retailers' gross margins have also generally declined since 1930. In the city of Ottawa, however, the retailers' margins are much higher than in Quebec, Montreal or Toronto. In Quebec city, where the Canadian Import Company has a complete monopoly of the wholesale trade, the wholesale price is $1 higher than in Montreal, while the margin for the retail dealer is exceedingly narrow.

The report of this royal commission should be read by every one. It should be circulated, in order that the public may be made aware of the methods used by their exploiters. The word is not too strong. Every page of this report reveals the coal trust's desire constantly to extend its tentacles and to make exorbitant profits. I ask the minister to take the measures required to give Quebec the benefit of competition in the matter of fuel.

I wish to add a word of appreciation of the general policies enunciated in the budget speech. The general situation is extremely encouraging and we have reason not only to feel proud of the present government, but also to view the future with the greatest optimism.

Mr. H. B. McKINNON (Kenora-Rainy River): Mr. Speaker, I wish to congratulate the Minister of Finance (Mr. Dunning) upon the financial showing for the fiscal year 1937-38, the deficit of $13,775,000 being substantially less than the minister had thought it safe to predict a year ago, and also sub-

stantially less than when we headed into the depression eight years ago. The remarkable thing about this financial showing is that it comes at a period when world economic conditions are receding and also at a time when Canada has been hard hit through having a series of droughts in the western wheat fields.

As the member for Kenora-Rainy River, which district is the bottle-neck through which western grain moving to the east must pass, I am much gratified over the present prospect of a western crop this year. With both transcontinental rail lines passing through the riding, the railroad industry is of great importance to the district. The people of the district will rejoice with the farmers of the west over crop prospects for three reasons: First, as a relief to the farmers themselves after a series of heart-breaking experiences; second, because of the general improvement that will follow throughout Canada from a more prosperous west and, third, because of the improvement in the railroad industry and what this will mean to the employees.

In his budget speech the Minister of Finance drew a sharp distinction between pump priming and government assistance to the building construction industry, where such assistance is aimed at stimulating private endeavour. This distinction is a most proper one. The steps which the government is proposing to parliament in the form of advancing money for municipal works construction, the broadening of the scheme of loans for private housing construction and greater assistance to low rental housing schemes are all in the proper direction. I would suggest that dominion participation in these schemes be such that in addition to careful administration of the dominion end of these projects the operation of the various acts be thoroughly and constantly watched and studied so that each year the federal government may be advised what further steps should be taken, what additional measures should be applied and what changes should be made in order that parliament may be asked to pass such further legislation or amendments to existing legislation as are needed better to stimulate construction.

Though admittedly the volume of employment is better throughout Canada than a year ago, and considerably better than two or three years ago, it so happens that Kenora-Rainy River is one of the few ridings in which conditions are not as good as they were last year. It would seem that this riding is affected by the condition of every one of the industries which have experienced recessions as compared with a year ago. Because of the western crop situation, railroading and flour milling in the district are depressed. Conditions in the United States have had an adverse effect upon the lumbering and pulp and paper industries. There are no opportunities for alternative employment in northwestern Ontario such as exist in other districts. This district has only a few industries, and in bad times it must rely on governmental assistance, though of course in good times this is not the case.

With reference to the general subject of employment, may I say I feel that such a step as the creation of the national employment commission was a move in the right direction. My only criticism is that there should be such a body, possibly in a different form, more or less permanent in character in order constantly to study Canada's employment needs and problems. The Minister of Labour (Mr. Rogers) promised the appointment of a committee to carry on some of the work begun by the national employment commission. I express the hope that this matter will receive early attention and that the government will set up some competent board of permanent advisers to consider the all-important matter of employment.

I heartily approve the policy of the government in continuing the Canadian National Railways as a separate enterprise. It is quite true that the railway deficit is serious, but that is the price we must pay for the undue optimism of years ago in connection with railways and also because of our great distances. This deficit, which should be reduced when conditions warrant, would have to be paid in some form or another by the people of Canada regardless of what shift there may occur in the management of the railways.

The budget contains an exemption from income tax of lump sum payments into pension schemes by employers. This is a step in the right direction. Employers and employees should receive every encouragement to build up pension funds for the protection of the employees, along similar lines to the civil service pension fund. In this way employees will be taken care of in old age, they will be able to maintain their self-respect and they will not become public charges. The government might very well watch this pension scheme business in order to discover whether there is not some other way in which employers and employees can be encouraged to enter into such scheme.

As with pensions, so with the lifting of the sales tax on building materials. This should be quite a help to the workers through giving assistance to the building industry. I

suggest a constant study of building and construction in order to devise ways and means of aiding that basic industry. This principle of easy taxes to encourage building should receive particular attention.

If the experience of the last several years has taught us anything, it has taught us the need of unemployment insurance. Prolonged unemployment and heavy relief costs without a dollar saved to meet the situation at its beginning should prove the need of some such provision as unemployment insurance if we are going to care properly for our population. I realize that the scope of the dominion is limited in this field, but the scheme should be national in order to be effective. I hope the dominion government will pursue to a conclusion the present policy of seeking provincial agreement to a dominion scheme. In no event should the utmost necessity be lost from sight. Should the negotiations with the provinces not yield a final conclusion within a reasonable time, then the dominion government should canvass the situation thoroughly in order to discover what alternative course might be adopted by the parliament of Canada to ensure a national scheme. As a first step toward unemployment insurance the dominion government might see what could be done about taking over the public employment offices. These would be needed for the insurance scheme, and in any event any scheme to grapple with employment would require a good system of employment exchanges under the sole control of the dominion.

I feel that if a few of these schemes were put into effect, they would go a long way toward taking care of the situation that will no doubt arise in the future. If we build up a sound unemployment scheme, I am sure that when the next depression strikes us we shall not find ourselves in the same difficulty as that in which we have been during the last eight years. I hope the government may see its way clear during this session of parliament to implement some of the recommendations I have made.

On motion of Mr. Marsh the debate was adjourned.

On motion of Mr. Mackenzie King the house adjourned at 10.57 p.m.

Thursday, June 23, 1938

The house met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

BLISSVILLE, N.B., AIRPORT

Mr. BROOKS:

1. What amount of money has been appropriated for the development of the Blissville airport, New Brunswick, for the year 1938-39?
2. Is this work being done as a relief project under the Department of Labour?
3. What are the names of engineers and foremen in charge of the work?
4. Who is responsible for the employment and dismissal of the men, and what is the rate of wages paid the different employees?
5. What machinery, such as trucks and tractors, is being used, and by whom is it furnished?

Mr. HOWE:

1. $40,000.
2. No.
3. Mr. E. C. Percy, district airway engineer, Moncton district, engineer in charge of work.
Cornelius Hageman, foreman in charge of work.
4. Mr. E. C. Percy, district airway engineer, Moncton. Standard rates as per the fair wage schedule established by the Department of Labour for the district are paid.
5. All machinery in use is the property of the Department of Transport, including: 3 caterpillar tractors; 2 Adams leaning wheel graders; 1 Brush-breaker plough; 1 road ripper; 5 Baker-Maney wheeled scrapers; 2 hydraulic scoops.

J. J. BOWLEN—NATURALIZATION

Mr. POOLE:

1. Did one J. J. Bowlen, of Calgary, Alberta, obtain naturalization papers as a British subject?
2. If so, on what date were such naturalization papers granted?
3. On what date was application made for said naturalization papers?
4. Before whom was such application made?
5. Who recommended the granting of naturalization papers to the said J. J. Bowlen?

Mr. RINFRET:

1. Certificate No. 6069, series D, in the name of John James Bowlen issued to him.
2. Certificate issued March 21st, 1938.
3. Application for this certificate made by applicant under date 17th March, 1938
4. Based upon birth in Cardigan, King's County, Prince Edward Island, Canada, 20th July, 1876, and readmission to British nationality before His Honour Judge Warburton, a Judge of the County Court, at Charlottetown, Prince Edward Island, in or about 1904. Under the statute relating to naturalization in force in 1904, all naturalizations were effected directly by the court and not by the issue of a certificate from a government department. The application states that certificate was lost and that doubts had arisen in consequence. Therefore application was for

a certificate under section 6 and, in accordance with that section, was made directly to the department.

5. Application submitted to department in ordinary course; and granted by Secretary of State.

VANCOUVER-YUKON AIR MAIL SERVICE

Mr. MacINNIS:

1. Has the government given a contract for an air mail service between Vancouver and the Yukon by way of Fort St. John and White Horse?
2. If so, to whom has the contract been given?
3. What was the date of the signing of the contract?

Mr. EULER:

1. Yes.
2. "Ginger" Coote Airways Limited, of Vancouver, B.C.
3. Contract not yet executed.

UNEMPLOYMENT INSURANCE—APPROVAL BY PROVINCES

Mr. NEILL:

1. Which of the provinces have indicated their willingness to agree to the proposed change in the British North America Act to allow unemployment insurance to come under dominion jurisdiction?
2. Which of them have indicated objections, and for what reasons?
3. Which of the provinces have indicated approval of the draft measure to provide for unemployment insurance submitted to them by the Government?
4. Which of them withheld consent, and for what reasons in each case?
5. Will the government lay on the table the draft bill mentioned above, for the information of the house?

Mr. ROGERS:

1. Six of the provinces, Nova Scotia, Prince Edward Island, Ontario, Manitoba, Saskatchewan and British Columbia.

2. The provinces of Alberta, New Brunswick and Quebec have not been willing to agree to an amendment.

The premier of Alberta stated in a letter dated March 15, last that he intended to submit the proposals to the legislature. No official communication regarding the attitude taken by the legislature of Alberta has been received, but the press has reported that the legislature adopted a resolution which declared:

"That the introduction of an unemployment insurance scheme does not require an amendment to the B.N.A. Act. This sovereign legislature of Alberta cannot agree to any amendment of the B.N.A. Act until the present unsatisfactory constitutional situation in the dominion has been cleared up to the complete satisfaction of all provinces."

The government of New Brunswick has forwarded a copy of a resolution adopted by the legislature on April 14th, which, after drawing attention to the relation of the dominion government's proposal to the investigations of the royal commission on dominion-provincial relations, continued in these terms:

"Be it therefore resolved that in the opinion of this house the government of this province should respectfully urge upon the government of Canada the advisability of deferring further consideration of the said proposal until the report of the said commissioners is available, when the whole field of social services and any re-allocation of legislative powers in respect thereof may be given fuller study and consideration in the light of the findings and recommendations of the said commissioners."

The premier of Quebec has, thus far, not acknowledged the draft amendment which was communicated to him on January 20, 1938.

3. The government did not submit a draft measure to provide for unemployment insurance to the provinces. What was submitted to the provinces was a draft of the proposed amendment to the British North America Act to give the dominion the necessary jurisdiction.

4. Answered by No. 3.

5. To lay on the table a bill which the government knew in advance to be ultra vires would not be in conformity with the government's view of sound constitutional practice. To publish a draft, which would not even be a bill, would appear to be open to even more serious misconstruction. The government feel that, before attempting to proceed with specific detailed proposals for legislation, it is essential that the necessary legislative jurisdiction should be vested in parliament.

QUESTIONS PASSED AS ORDERS FOR RETURNS

LEEDS COUNTY, ONT., PUBLIC WORKS

Mr. STEWART:

1. What amount was contributed by the Dominion of Canada under agreement with the province of Ontario, dated September 10, 1936, toward the cost of: (a) project No. 76, Brockville West, grading and culverts, 4 miles; (b) project No. 111, Delta to Phillipsville, grading and culverts, 3·67 miles?
2. What other contributions have been made by the Dominion of Canada to any works carried on by the province of Ontario, in the county of Leeds, in the years 1936 and 1937?
3. Has the Dominion of Canada agreed to make contributions to any works in said county during the year 1938, and, if such agreement has been made, what are the particulars of such undertakings and the estimated amount of such contributions?

DOMINION COAL COMPANY—BONUSES AND SUBVENTIONS ON COAL AND COKE

Mr. BROOKS:

1. What amount of money has been paid the Dominion Coal Company for shipments of

coal on different railways in Nova Scotia under the Maritime Freight Rates Act for the years 1935, 1936, 1937, and 1938 to date?

2. What amount of money has been paid the Dominion Coal Company for shipments of coal on different railways in New Brunswick under the Maritime Freight Rates Act for the years 1935, 1936, 1937, and 1938 to date?

3. What bonuses have been paid the Dominion Coal Company for the manufacture of coke for the above period?

PENITENTIARIES

INCORPORATION OF COMMISSION FOR ADMINISTRATION, CONTROL AND MANAGEMENT—AMENDMENT OF EXISTING ACTS

Right Hon. W. L. MACKENZIE KING (Prime Minister—for the Minister of Justice) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to introduce a measure to incorporate a commission with power under the Minister of Justice to administer, control and manage the penitentiaries; to provide for salaries of the commissioners and assistant commissioners and to amend and consolidate the Penitentiaries Act and amending acts and repeal the same.

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.

OPERATIONS OF SPY RING

INQUIRY WITH RESPECT TO REPORTED ESPIONAGE IN CANADA

On the orders of the day:

Mr. VICTOR QUELCH (Acadia): I should like to address a question to the Minister of National Defence (Mr. Mackenzie). In view of statements appearing in the Toronto Daily Star of June 22 and the Montreal Gazette of June 23, is it true that the minister has definite information to the effect that the German spy ring which has been operating in the United States has extended its operations to Montreal; also that the minister has knowledge of the identity of one of these spies? If these statements by the press are correct, what action is being taken by the minister?

Hon. IAN MACKENZIE (Minister of National Defence): As the question asked by the hon. member deals with matters concerning the secret service, it will be obvious to him, for reasons which he will appreciate, that I am not in a position, in the public interest, to make any definite reply to his question. But I can assure the hon. member that the public interest is being safeguarded.

BUSINESS OF THE HOUSE

VALIDITY OF ALBERTA STATUTES—CORRESPONDENCE AND OTHER DOCUMENTS RESPECTING DISALLOWANCE

On the orders of the day:

Mr. E. J. POOLE (Red Deer): In regard to a motion standing in my name on the order paper, it is quite satisfactory to me if the names are given and a resume of petition tabled as suggested by the Prime Minister and the leader of the opposition.

Right Hon. W. L. MACKENZIE KING (Prime Minister): My hon. friend is referring to a motion for papers which will come up on another day. I think I understand what he has in mind.

Mr. POOLE: It is the one which was mentioned yesterday.

INQUIRY AS TO FURTHER LEGISLATION—MORNING SITTINGS

Right Hon. R. B. BENNETT (Leader of the Opposition): I should like to ask the Prime Minister (Mr. Mackenzie King) whether or not he has any statement to make to the house with respect to the business during the remainder of the session.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I think the house now has before it on the order paper an indication of all the government measures that will be brought to the attention of hon. members before prorogation. There is one measure that relates to Canadian National Railways securities; there may be one or two other more or less formal matters, but I am unable at the moment to think of anything of importance that is likely to be added to the measures already known.

I have asked the clerk to place in the votes and proceedings notice of morning sittings to begin on Tuesday morning next. I am advising the house of this at the moment as I have thought were we to begin morning sittings next week it might be possible to bring the proceedings of the house to a close before July 1. The government however is, of course, entirely in the hands of hon. members in regard to the number and length of sittings of the house.

CANADIAN NATIONAL RAILWAYS

PROPOSED LAY-OFF OF SHOP EMPLOYEES AT FORT ROUGE AND TRANSCONA

On the orders of the day:

Right Hon. R. B. BENNETT (Leader of the Opposition): In common I suppose with many other members of the house I have

received communications in connection with the withdrawal from employment of a considerable number of Canadian National Railway employees at Fort Rouge and Transcona. I desire to ask the Minister of Transport (Mr. Howe) whether he would not take this matter up with the railway authorities to ascertain whether, in view of present crop prospects, it might be possible to find useful work for these employees until such time as the requirements of the service demand that they be employed on full time.

Hon. C. D. HOWE (Minister of Transport): This is a continuation of the same subject brought up some two or three months ago of unemployment of railway shop men. At that time it was decided that the situation would be met by a reduction of hours. However, all the shop unions met in convention at Vancouver and decided in favour of a continuous forty hour week instead of a reduction in hours. This of course means a reduction in staff. This is a matter entirely between the management and the union. Every possibility is being explored of putting additional work in the shop to justify added employment; nevertheless the management feel that under the agreement with the union they are bound to abide by the decision of the union, now that such decision has been arrived at with all the facts of the situation immediately before them.

THE BUDGET

CONTINUATION OF DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Wednesday, June 22, consideration of the motion of Hon. Charles A. Dunning (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the proposed amendment thereto of Mr. Lawson, and the amendment to the amendment of Mr. Coldwell.

Hon. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, in resuming the debate on the budget I may be permitted to express my sincere regret that the Minister of Finance (Mr. Dunning) is temporarily absent, and to express the hope that he will soon be able to resume the duties of his office. This incident indicates the stress and strain which is imposed not only upon members of the government but upon the leader of the opposition and other members by the political and economic conditions under which our parliamentary labours are conducted at the present time.

On the whole one must commend the budget speech of the Minister of Finance as a clear presentation of statistical facts relating to domestic economic conditions and to Canada's economic relations with the United Kingdom and the United States; but we may differ as to several of the conclusions to be drawn from a careful consideration of these statistics.

The paramount value and importance to Canada of sheltered markets in the United Kingdom are made clearly apparent by the trade returns cited by the minister. For the fiscal year ended March 31, 1937, our exports to the United Kingdom were $406,825,443 and our imports $129,507,885 in value. For the fiscal year ended March 31, 1938, our exports to the United Kingdom were $407,797,610 and our imports $144,978,493. Our aggregate export and import trade with the United Kingdom in the two years ended March 31, 1937, and March 31, 1938, were:

Exports	$814,623,053
Imports	274,486,387
Excess of Canada's exports	$540,136,666

Mr. SPEAKER: Order. I would ask hon. members to keep as silent as possible, in accordance with the rules of the house. It is very difficult to hear the hon. member who has the floor.

Mr. CAHAN: Surely a profitable trade with the United Kingdom to that extent should not be sacrificed by reason of any emotional or hysterical appeals for the improvement of our political relations with the neighbouring republic, as a basis for the establishment of peace throughout the world.

During the same two years, exclusive of gold, Canada's export and import trade with the United States was as follows:

Exports	$707,605,659
Imports	881,049,642
Excess of Canada's imports	$173,433,983

So in those two years, exclusive of gold, our trade with the United States showed a balance in favour of that country amounting to $173,433,983, as compared with a balance in favour of Canada in its dealings with the United Kingdom, for the same two years, of $540,136,666.

The existing trade agreement between Canada and the United States came into force on January 1, 1936. For the preceding calendar year 1935 the average ad valorem rate imposed on dutiable imports was 41·5 per cent in the United States, and from that high tariff level—the highest in the United States for decades, under the Hawley-Smoot tariff—the president of the United States proceeded to negotiate bilateral reductions in tariff rates under the conditions pre-

scribed by the United States congress; first, that no commodity subject to customs duty would be placed on the United States free list; second, that no rate of duty would be reduced more than one-half; and third, that the term of the agreement should be limited to three years.

The ad valorem rate of customs duty in Canada on dutiable imports in 1935 was only 27·4 per cent, so that in reducing the tariffs of the two countries percentage for percentage the United States ad valorem rate could be reduced to 20·8 per cent while the same reduction in Canada would leave an average ad valorem rate of only 6·6 per cent. So the president of the United States, from the beginning of these negotiations, has held the whip hand.

In the calendar year 1935, exclusive of gold, out of our total exports to the United States of $358,569,735 there were commodities to the value of $35,723,003 on which the United States customs duties were reduced under schedule II of the trade agreement which came into force on January 1, 1936. In the calendar year 1936, under the reductions made in the United States tariff, by schedule II of the existing trade agreement, these same commodities increased in volume in 1936 to $59,281,878, and in 1937 to $64,582,851, showing in two years, in respect of the commodities upon which specific reductions were made by schedule II of the trade agreement with the United States, a net increase of $28,859,858.

In the same two years, our total exports of commodities to the United States, on which no specific change was made in the United States tariff under schedule II of the trade agreement, increased from $312,846,003, in 1935, to $395,130,685, in 1937, an increase in two years of $82,284,682, thus showing conclusively that our exports of commodities to the United States, on which there was no specific change of duty, increased by $82,000,000, while the volume of our exports of commodities, on which the United States tariff was reduced under schedule II of the trade agreement, increased in the same two years by only $28,000,000. In other words, Canada fared more than twice as well in respect of exports on which there was no specific change in the United States customs duties than we did in respect of the volume of commodities on which reductions were made under schedule II of the trade agreement.

Canada's annual exports to the United States of commodities on which reductions in duty were made under schedule II of the trade agreement, increased by $28,800,000, while the United States exports to Canada of commodities on which Canadian duties were reduced under schedule I of the trade agreement increased from $29,132,174 to $69,274,933, an increase of $40,142,759 in favour of the United States.

Taking the trade returns of Canada with the United States for the months of January, February and March of this present calendar year, 1938, we find from the finance minister's statement that Canada's total exports of merchandise to the United States were only $61,600,600, while our imports from the United States for the same three months period were $106,400,000, showing a trade balance adverse to Canada of $44,800,000 for the period referred to.

I commend the words of the finance minister, though they indicate a reversal of policy on the part of the Liberal party, that "Canada cannot give to-day and bargain to-morrow." And he added:

> It is even more true, Mr. Speaker, in the world as it is to-day, that unilateral tariff reductions will not get the wider export markets which our products need.

We must not overlook the fact that there are bilateral trade agreements which are based on commensurate reciprocal concessions, and then there are trade agreements which are bilateral in form only, but the terms of which indicate merely the generosity of one contracting party in conceding tariff reductions without receiving compensatory advantages. The existing trade agreement with the United States is, in my opinion, of the latter kind, and I sincerely trust that all its adverse features may not be renewed.

In two years we obtained by our trade with the United Kingdom a credit balance of $540,000,000, while our trade with the United States showed a debit or adverse balance of $173,400,000, which we covered by our exports of gold.

Moreover—

> Says the finance minister, dealing with particular commodities—
>
> —examination of exports of individual commodities to the British market for the last fiscal year as a whole shows such striking increases as 17 per cent in the case of bacon and hams, 33 per cent in the case of coarse grains, 86 per cent in the case of tobacco leaf, 49 per cent in the case of fresh and canned fruits and 27 per cent in the case of iron and steel products.

The existing trade relations between the United Kingdom and the United States are not less unsatisfactory to the government of the United Kingdom.

It is stated in the Foreign Commerce Year Book for 1937, an official publication of the United States Department of Commerce, and

the last to which I have had access, that the United Kingdom imported from the United States in

1934	$413,001,000
1935	429,015,000
1936	463,785,000
Three years' imports	$1,305,801,000

I have not access to the statistics for 1937. On the other hand the United States imported from the United Kingdom, of United Kingdom products:

1934	$ 88,546,000
1935	112,222,000
1936	137,341,000
Three years' imports	$338,109,000

The excess of imports into the United Kingdom from the United States, over exports from the United Kingdom to the United States, for three years, was $967,692,000. I have not had access to the figures for the year 1937.

I commend to the attention of this government, the words of Hon. Oliver Stanley, president of the board of trade in England, as reported in the parliamentary debates of the House of Commons at Westminster on May 24 last, while dealing with the adverse balance in British trade for the first four months of this year. I quote:

The striking point which hon. members may not realize is that the whole increased adverse balance of trade in the first four months is covered by the increased adverse balance of trade of the United States.

Thus showing that the figures which I quoted up to the end of 1936 have not improved.

The increase in the adverse balance in all countries is £17,000,000. In the United States it is £22,000,000. With all British countries our balance has improved by £3,000,000 and with other foreign countries by nearly £2,000,000. It is true that this increase in the United States is due to certain fortuitous circumstances, such as a good American wheat crop and a bad Canadian one, and the increase of our imports of iron and steel to which I have already referred. But facts and figures of this kind need watching and must be taken into account in the negotiations now proceeding with the United States.

Mr. Stanley proceeds:

The whole question of the balance of trade leads naturally to another matter in which the board of trade is particularly interested and with which I desire to deal briefly. That is the question of trade agreements. By far the most important question arising in that connection is that of the negotiations which are now proceeding with the United States. Those negotiations have been protracted. Our mission has been there since last February. Hon. members will recollect however that, under the American procedure, in connection with trade negotiation, provision is made for public hearings sometimes very prolonged and those were not concluded until, I think, some time in April. Any discussion between two great commercial countries like these must raise complicated and difficult problems and negotiations must necessarily be long.

I quote this long statement as it has some bearing upon the Canadian negotiations.

Mr. Stanley proceeds:

I have already told the committee of the great importance which I attach to a successful outcome of these negotiations. What I mean by a successful outcome—and only such an outcome will bring the least benefit either to us or to America or to the world—is a genuine trade treaty for a fair expansion of trade on the part of both countries. Nothing is to be gained by some kind of political treaty, and the United States and ourselves approach this matter from a purely economic angle. Nor do I think anything is to be gained by either side making anything in the nature of a unilateral gesture. The treaty when it comes, must be a treaty which can stand on its own legs, which is fair to both countries and which leads to a fair expansion of trade between the two countries.

I am sure every one would wish to make it plain to countries abroad that, great as may be our desire to give them, as far as is compatible with fairness to our own manufacturers, access to this great consuming market, to a large extent the amount of that access must depend not only on us but on them. Unless they are willing to give us access to their market as we give them access to ours, eventually ours must disappear.

We cannot any longer afford to make unilateral gestures in trade matters just as gestures of goodwill. International trade is vital to this country to-day, and under any agreement or any trade treaties with other countries, we must be assured of equal terms and fair play for our goods. It is a very difficult world in which to do business to-day. It is a very difficult world in which to negotiate. There are not many parts of the world now where you do not find some form of closed economy, whether it is subsidy, license or control, the effect of which may be suddenly to upset any treay and even to upset the course of ordinary commercial relations.

I commend Mr. Stanley's words to the finance minister and government of this country in the hope that they may influence the policy and conduct of this government in their pending negotiations with the United States.

I think I recall former addresses of the Prime Minister and also, if my memory is trustworthy, addresses of the finance minister, which suggested and even advocated that Canada should make unilateral tariff concessions to some other countries, in the hope and expectation that, following our example of unsophisticated generosity, they would reciprocate by also making commensurate tariff concessions to Canada; but that hope and that expectation have proved utterly futile. I am pleased that the government is now

reverting to a more realistic tariff policy which they were previously disposed to condemn.

I trust that the government may no longer be deluded by the hallucination which the United States secretary of state has sought to create in the minds of members of this government, that by giving to the United States a large share of our existing markets in the United Kingdom and by increasing the neighbouring republic's share of our Canadian domestic markets, we will be promoting the peace of the world. We are all anxious to maintain the peace throughout the world, but it is folly to suggest that we should seek to attain peace by bankrupting our own industry and forcing our workmen and workwomen into the ranks of the unemployed, or that we should open our domestic markets to the products of industrial activities and industrial employment in the United States of America, all for the purpose of inducing the neighbouring republic to pursue the paths of peace.

It is satisfactory to note that the secretary of the British board of trade sees very clearly that nothing is to be gained by seeking to effect any kind of political treaty with the United States by making economic concessions to that country. There are those in this country, and even in this government, who are apparently persuaded that the political support and cooperation of the United States in international affairs may best be obtained by the grant of trade concession in the markets of the British commonwealth. That, it seems to me, is an utterly vain hope. Bribes, however insidiously and persistently presented, never procure permanent personal or political support.

The finance minister affirms that the national interest of this country is bound up inseparably with free and stable international trading conditions. I would have preferred that he should have said, fair and stable trading conditions, but, unfortunately, the existing conditions of our trade with the United States are neither fair nor stable. They will never, in my opinion, prove to be fair or stable so long as the United States maintains its Hawley-Smoot tariff, which is probably the highest of any modern state, for the purposes of influencing or, I might more accurately say, intimidating, other countries, in the hope of forcing them to make tariff and trade concessions to the United States, although the United States congress has by statute precluded the president of the United States from making similar and coextensive concessions to any British country in the trade negotiations now pending. The United Kingdom and Canada, as the trade statistics disclose, have both opened their domestic markets to the United States to an extent which no other country has done, while the United States has precluded both the United Kingdom and Canada from entering the United States market on equal terms or to a similar extent.

The finance minister asserts that the cooperation of the United Kingdom and Canada with the United States in the field of trade will prove to be a political fact of world importance, but, unfortunately, the United States has never learned the obvious lesson that cooperation implies the working together of at least two parties to the same end; and since the close of the great war there has been no evidence that the congress and the people of the United States desire to reach with British countries such unanimity of purpose, either in political or in economic matters. I sincerely trust that the government of this country will not be induced either by intimidation, or by irritating and protracted delays in the pending negotiations, to make such tariff concessions to the United States as will still further retard much needed developments in the industrial life of this country.

Since our trade agreements for reciprocal tariff concessions within the empire were concluded at the imperial economic conference which was held at Ottawa in July and August, 1932, successive governments of the United States have persistently sought to impair, if not to frustrate, the interimperial trade agreements which were consummated at that conference. Moreover, in the trade negotiations which were recently carried on at Washington, it is clear from the reports that have reached us that the government of the United States has persistently sought, as the price of any trade concessions on the part of the United States, either to the United Kingdom or to Canada, to restrict the existing markets for Canadian products in the United Kingdom, and to increase the market for United States products in Canada. I sincerely hope and pray that the efforts of Washington in that direction, which are, in a large part, selfish and self-seeking, may not be wholly successful.

Lasting trade agreements with either the United States and the United Kingdom or between the United States and Canada must necessarily be based upon tariff concessions by the United States which will ensure, for the future, well-balanced trade between each of these two British countries and the United States of America.

In closing, I wish to commend the statement of the finance minister that:

It is of little use to prime the pump of business enterprise with government expenditure, if, at the same time, we dry up the springs of private initiative which feed the well.

I was brought up in a country village, where almost every family depended upon its pump for one of the chief necessities of life. Pump priming was occasionally resorted to when the fittings of the pump commenced to loosen and to dry up. No efforts at pump priming ever increased the capacity of the well. The pump priming to which the finance minister referred should never be resorted to except possibly as a temporary expedient, but in any case its necessity clearly indicates the drying up of our industrial activities and the need for such remedial measures as will foster and encourage domestic industry.

Therefore I again heartily commend the following words of the finance minister:

If, therefore, the answers to the questions as to whether plants are to be built or extended, new houses are to be erected, and industry is going to expand or to stagnate, depend upon the decisions of tens of thousands of individuals who are free agents and not regimented sheep, it follows that governments must pursue policies which create confidence rather than fear and uncertainty, and which give leadership and guidance and encouragement rather than stifle initiative and paralyze new enterprise.

Therefore I am fully persuaded that if this government should maintain a stable monetary policy and adopt and pursue such stable trade and tariff policies as will create and maintain the confidence of the thousands of our people who are engaged in industry, then and then only will industry, and especially the manufacturing industry, so renew and extend its domestic activities as to solve for our time the problem of unemployment that now grievously perplexes not only the members of this parliament, but also the great majority of the Canadian people.

Hon. W. R. MOTHERWELL (Melville): Mr. Speaker, every time it is my privilege to address this assembly in the budget debate I am filled with gratitude that long down through the ages someone has handed down to me the right to speak of the grievances of the oppressed in any part of Canada, and more particularly in my own constituency. I have also the further privilege of speaking favourably of the worthy budget recently brought down by a worthy man, a noble man who dares to do the right, but who is temporarily laid aside for a well-earned rest to resume, we all hope, his duties in this chamber in the course of a few days.

I am not going to carry on very long but I think I should say a word or two now lest I forget, about the two piffling amendments. One was well meant—I would not say anything unkind of the gentleman who is the financial critic of the opposition (Mr. Lawson)—but oh dear, how unlike the rugged, intrepid character of his present leader in this house, the right hon. leader of the opposition (Mr. Bennett)!

In passing I should like to say a word or two about the other amendment. Who will dare at this time to interfere with the buoyant revenues that we have available for taking care of the requirements of Canada? Does anyone think we could dispense with any of those revenues in safety at a time when the war clouds are hovering over us? Nothing but a piece of trickery was at the bottom of this subamendment. Do you think it will deceive anybody but the mover himself? It will not deceive me or my constituents or any sensible man in Canada. I despise such things on the part of men who pretend to be able to handle the affairs of Canada better than either of the old two parties. I hope I shall have a few minutes later on to deal further with the subamendment.

Now I come to another matter that I shall have to put on my glasses for. I hope I shall not need my auricular decorations but I have them on. I rather like interruptions, and I have a pair of ears beside me that will lend themselves to me to-day so that Hansard will not be full of interjections that I did not hear anything about. I do not think hon. gentlemen will do that, but it is well to be forearmed because I have had it done to me many a time.

In my morning paper, and you may be astonished when I tell you it is the Journal, I find the following extract, headed "Unable to say how many branch banks to close":

It is "impossible to say at this stage" how many bank branches are likely to close in Alberta, Sydney H. Logan, president of the Canadian Bank of Commerce, said to-day in commenting on yesterday's Calgary announcement that five branches will close within the next month.

"We will have to close more of them if we find the losses are too heavy. There are some small points out in the west where there is little business and the taxes make it impossible for such branches to pay."

Mr. Logan consulted records to show that of 221 branches 41 made profits and 180 were operated at an actual loss.

Well, I do not want hon. members to think what I am going to say is a brief for Mr. Aberhart. Heaven forbid that I should read a brief for that mistaken gentleman, but it is a brief against the president of the Bank of

Commerce or any other bank at this critical time adding fuel to the flames in our western province of Alberta by closing branch banks, no matter how desirable it may be economically to do so. It would be most untimely at this time; and who is going to say what will happen if it is done? The Bank of Commerce closed a branch bank in my home village last Christmas, and if similar arbitrary methods are employed, I am going to show this chamber what is now proposed to be done in Alberta. Go out into Alberta, forsooth, and start closing banks! An outrageously arbitrary act such as that of Mr. Logan in my riding and in my own village extended to Alberta at this critical time would be a regrettable incident the results of which no man can foretell. I hope there is some means in the hands of the government of restraining or at any rate guiding or controlling Mr. Logan, but I understand there is not.

Before I go further with this matter I should like to read a summary of the correspondence between myself and the same Mr. Logan—the most pinheaded, antediluvian bank president on the face of the earth, that I know of. I should also mention before I go any further that, because he would not give us a hearing, I told him "I will make you hear us on the floor of the House of Commons," and that is what I am endeavouring to do now.

Here is a summary of the correspondence. First, my own letter and my last to Mr. Logan:

January 15th, 1938.

S. H. Logan, Esq.,
President,
Canadian Bank of Commerce,
Toronto.

Dear Mr. Logan:

Yours of January 8th has been received, and I was glad to note that at least on one important point we have arrived at the same conclusion. In speaking of the last few years' excessive drought here, you say:

"We regard this, as you do, as temporary and expect that the district will return to its former productiveness."

What a contrast that statement is to that which you made in your letter of December 23rd, when discussing the same theme, as follows:

"The fact is that conditions have been changing greatly for the last ten or more years all over the west, and Abernethy is no exception. Volume and income have been decreasing for causes which seem to be permanent."

And then he followed that by saying that it is only "temporary." Well, Mr. Logan is certainly a lightning-change artist on manufacturing alibis.

This is only one more example of the rapidity with which you can change and vary your excuses for closing our bank here.

As several of our lettergrams and letters have passed each other in transit it occurred to me that a resumé of the whole disappointing occurrence might prove both interesting and constitute a consecutive record of the major facts of the case.

On December 15th, 1937, all patrons of the branch Bank of Commerce at Abernethy received the following letter from the manager thereof, with such variations in wording as individual cases necessitated:

"We regret to have to inform you that it has been decided to close our office at Abernethy on the 31st instant,"

That is December, 1937.

". . . as our experience has shown that the volume of business offering in the district is not sufficient to warrant our remaining.

Unless we hear from you to the contrary in the meantime your account will be transferred to the Balcarres branch of the Royal Bank of Canada on the 31st instant.

Interest will continue on savings accounts without interruption.

We wish to take this opportunity to thank you for the business you have entrusted to us in the past.

Yours truly,

Manager."

That is, the local manager of the bank at Abernethy.

Although I am talking specifically about this branch, my information is that there are scores—I will not say hundreds, but there are many—similarly situated and, I understand, dealt with in the same arbitrary manner, throughout Canada.

Thus it will be seen that after doing a real good business at Abernethy since 1905 till the world depression and drought struck us and even a fair business afterwards, as crops continued wonderfully good, except in 1931 and 1937, when the major crop, wheat, was anything but a failure, as per figures already supplied you, we are to be ruthlessly deprived of our own bank with not as much notice given of your intentions as the most humble monthly labourer is entitled to before dismissal.

This real "bolt from the blue" resulted in a hurry-up telephone call being sent out over the ten rural lines converging on this point, announcing a meeting would be held the same evening to consider possible action to be taken to avert if possible, such hasty and unwarranted action, by remote control, as if your patrons had no more right to be heard in their own behalf than so many inanimate chattels.

The meeting was well attended by a stunned and increasingly indignant people. A petition was drafted addressed to yourself and largely signed, praying that no further action be taken looking towards closing our bank until patrons thereof had an opportunity to be heard and show cause why such drastic action should not be taken, at least until all the facts bearing on the situation were disclosed. Realizing that a reply to this petition could not be expected inside a week or possibly more, a committee of ten was named to interview your superintendent at Regina on Friday of the same week, as that was felt to be the proper course to pursue even though he (the superintendent),

might have little, if any, say in the matter whatever. Which indeed proved to be the case as it did with ourselves afterwards.

Our interview with your Regina superintendent was quite frank and I would say satisfactory as far as it went, but it was quite apparent from the outset that the place to seek redress was higher up, as we had anticipated by addressing the before mentioned petition to you.

I addressed all these communications to Mr. Logan as did the local committee also.

Among other things we discussed with your Regina superintendent was the heavy overhead cost of operating the Abernethy branch, due partly to the capital cost of a much larger building than was necessary and the maintenance of a seemingly expensive staff. It was also pointed out to your superintendent that so far as collecting old paper was concerned, your then branch manager was a dandy, but so far as holding many old and valuable farm customers was concerned, he was a dud, owing to his haughty and high-hatting attitude towards them generally.

I pointed out to your superintendent that his manager at Abernethy was really a round peg in a square hole, inasmuch as he might make an excellent city banker, his total lack of rural instincts or sympathies was bound sooner or later to help to put any small village rural bank more or less on the decline by driving away good customers altogether, while others went elsewhere for their loans.

Between December 16th and 29th several further lettergrams and letters were exchanged in which, to support your determination to close your Abernethy branch, you stressed first, that the volume of income so decreased in recent years that there was no alternative to closing. To this I replied, in effect, that if every institution and business whose volume of business and income had shrunk were to be on fifteen days' notice closed up and deserted, there would not be much of anything left open and running.

I dilated on that in my original letter, but I want to emphasize it as much as possible. What would have been left running if every activity which showed declining revenues had been closed out? This parliament would have been out; the railways, the churches, all the best institutions of our land, our foreign missions included, would have been shut down and out. And yet this was the specious pretext made by this gentleman banker.

I followed this up with the actual shipments of wheat from this point as per railway figures for the years 1934-35-36; being 390,000, 250,000 and 354,000 respectively.

While 1937, the worst year we have ever had, the shipments of wheat thus far were about 120,000 with an estimated 20,000 yet to ship, and also 20 carloads of live stock. To this you came back with the unhappy plea that it was not the drought or yield or grade so much as the question of area—ours being too small in your estimation to support a bank.

Well, even a layman would know that it is the volume of business rather than the size of the area which would be the determining factor. But this banking expert puts up an excuse that a third rate clerk would be ashamed to put up to try to satisfy us.

Surely, Mr. Logan, you do not expect anyone to accept that paltry excuse, especially as I showed you in one of my letters that our area had really remained permanent in that any little that had been lost by grain deliveries at Gillespie, most of which went through Abernethy branch bank, was more than made up by the accounts of the two rural municipalities, Abernethy and Tullymet.

Your faithful superintendent at Regina seemed to have acquired a premonition about this time that you needed some support on the theory that it was the area rather than the density of production and population that counted, as under date of December 28 he wrote me, from which letter I quote the following, wherein he intended to show that the area was over-banked:

"The Royal Bank of Canada having branches at Balcarres and Lemberg, while Indian Head cuts directly into the territory from the south."

That was the biggest whopper of them all.

This statement that "Indian Head banks cut directly into our territory from the south" is pure fiction. Prior to the construction of the Brandon-Bulyea-Regina branch line railway the farmers around where Lemberg now is and north thereof, also Abernethy and Balcarres and north thereof, practically did all their marketing and banking at Wolseley, Sintaluta and Indian Head respectively, but when banks were established at Abernethy and Balcarres in 1905 it cut so directly into Sintaluta and Indian Head banking area that the bank at Sintaluta was closed and the three banks at Indian Head were reduced to one, with the deep Qu'Appelle valley as a distinct boundary between them, thus lessening the bank competition from the south, instead of increasing it as alleged.

If this gentleman could get away with this kind of dope, well he deserves to; but as long as I have my voice and my general health to back it up he is going to hear from me. Talk about dictators; you do not have to go to Italy or Germany for them, we have them right here in Toronto—and not Toronto particularly; we have them right here in Canada.

But why dwell upon all these—many of them petty and fictitious—alibis for closing down our bank when the real reason is given in your favour of December 28, in which, after reciting a number of other minor reasons why banks were being closed in the west and east also, you state as follows:

"In this present instance Abernethy was interlocked with other points, the Royal Bank and ourselves having arranged saw-offs involving nine places in all where a similar condition existed."

He must have thought that I was easy, when our bank was valued not on the business that was being done but as a trade-off

for something else. Who could not be a banker if such qualifications as this went at par?

After all this pretence at reviewing and reconsidering the pending fate of our branch bank you now admit that it was all prearranged with the Royal that Abernethy was to be one of the victims of an admitted deal in which merit on our part made us all the more valuable as a pawn in your "saw-off" dickerings with the Royal.

I have nothing in the world against the Royal bank—

In fact I have nothing against any bank, but I have a lot against this loganberry banker who to our sad misfortune and mischance has apparently been raised to the high eminence of president of a great bank, the Canadian Bank of Commerce. I do not know much about banking; they have always treated me well, but I know this guy from the ground up.

—indeed I have had very satisfactory business dealings with it for many years, but to be bargained off to it or any other bank on a miserable fifteen day notice smacks altogether too much of the old massa and slave days of yore for a free people to accept with quiescent complacency.

Well, I am not going to accept it. Any man born of Irish parentage on one side and Yorkshire on the other and who carries a Scotch name cannot be held quiet under such diabolical treatment as we have received from that bank president. Though the heavens fall I shall have my say. It is coming to me, not by privilege but by right. I gave them notice last New Years that it would come, and it has been fermenting here within every day since, waiting patiently to be let out, and out she comes now. There is more correspondence yet:

The always doubtful practice of "saw-offs" in dealing with election protests was quite common up to twenty-five or thirty years ago, but largely frowned down upon in more recent days. But with the Bank of Commerce at least saw-offs seem to be yet quite the right thing in determining which bank is to be continued and which closed, and with the same cavalier disregard for their patrons' interests as if they had been so many cattle.

Perhaps it shows disrespect to the cattle in making such a comparison.

At the beginning of this protest we did think that if we succeeded in presenting our case fully and had sufficient time to do it in, our branch bank with a business record behind it for thirty-two years which we have good reason to believe few village banks excelled, might yet be saved. But when we read your "saw-off" letter, we then knew what we had formerly only suspected, that our good old bank had not the chance of a corpse on the dissecting table.

Merit does not figure in it at all. Did you ever hear of such a condition of things? Did you ever think that would or could happen in Canada? I did not; and when I awoke to the fact that it was there as a stern reality the Irish and the Scotch and the English in me rose to the highest pitch in my life—and they have had some rises. Now I am giving vent to my feelings, Mr. Speaker, at your pleasure. I had better hurry up, or the forty-minute time limit will be called on me. I wonder how many minutes I have left. Who is the timekeeper in this parliament anyway?

May I conclude by drawing your attention to your several references to our and my interview with your Regina superintendent. The reason we urged so strongly that either he or a responsible bank inspector should visit Abernethy was to meet your various customers at that point who had taken their bank accounts elsewhere, at some inconvenience to themselves, rather than meet your local manager personally and go through the non-diplomatic and repelling experiences to which hitherto they had been subjected. And these customers are some of our very best farmers in good circumstances, whom we desired your Regina representative to meet and size up for himself. But ye would not.

Yours truly,

W. R. Motherwell.

Well, there it is; and on inquiry I find that there is no official redress available and that the government has no power to act. I find that I have eleven minutes left. Heaven be praised; I feel like a new man, with all my garments on. But I am interrupting myself; I am full of appreciation of the kindness that has been bestowed upon me from all sides. I have a little more to say, but my few notes have taken wings elsewhere. I understand that there is no redress that can be accorded by the government or the parliament of Canada; in other words, this is a huge monopolistic banking institution—a free lance—to do as it pleases as above set forth. Through you, Mr. Speaker, I am going to address myself to the Canadian Bankers' Association. I want them to call off their dogs, to call off their autocratic presidents from entering Alberta at this untimely time. For fifty-six years I have been living in my farm home, building up the little village adjoining, and this is the sort of treatment I get from on high—not from on high; from below, from the depths of hades. Why should a man have his whole life-work interfered with by a ruthless bank outsider who knows nothing and apparently cares less about the rural areas of the country? Is it any wonder I am furious and indignant? And then there is no redress. I am addressing myself to you, Mr. Speaker, and through you to the bankers' association. There are many noble, fine, christian men—not like this man—at the head of our banking

affairs, and I feel that if they are appealed to they will see that some remedial action is taken. I am going to see that they get copies of this Hansard, I am going to see that it is sent to them, and I am going to depend upon them to correct this growing evil all over Canada. Is that not democracy? The Lord be praised for those who went before, who have given me this privilege of free speech on behalf of the oppressed.

I have only one further word to say, Mr. Speaker, to those who have listened to me so patiently. If the banks will not correct this situation, what am I going to do? There is a great flexibility about our parliamentary system. I can remember when we had no law governing our grain trade; in that case the difficulty now is that we have a law but it is so difficult to get it carried out honestly. That, however, should not deter us from having a bank law and setting up a board of bank commissioners. Oh, that would be thought terrible. I suggested that to one or two in Ottawa, and I thought they were going to take a cat-fit. Why not? We have boards controlling almost all other institutions, and, in the light of the letter I read, who needs such control more than at least some of these banks? I am going to suggest to the Minister of Finance, the Prime Minister, and all the government, that they take into careful consideration the desirability of having a board of bank commissioners, so that when a bronco banker like this one breaks out, a snub twitch or a lariat can be put upon him. Do you think Canadians should have to submit to such tyranny? I do not. I would be ashamed to think that Canada had degenerated to that extent. Freedom? Yes, there is a lot of nonsense spoken about it, but here is a real case where freedom has been usurped and authority flouted, almost equal to the case of the Canadian Manufacturers' Association with regard to farm implements.

That brings up another matter to which I should like to refer, since I have three or four minutes left, and it concerns the hon. member for Rosetown-Biggar (Mr. Coldwell), who is a very capable representative of that constituency. I only wish his capabilities could be turned to better purposes than pin-pricking annoyances such as this subamendment to the Tory amendment, which itself did not mean a thing. Neither the amendment nor the subamendment is worth enough paper to light a kitchen fire with, though if there is any choice between them the subamendment seems to be the worse. The hon. member wants to give away all the tariffs that we inherited, which at the time of the Dunning budget of 1930 we had down to the lowest point since confederation. He wants to give away all those remaining high tariffs which the present government inherited in 1930 with nothing in return from the United States. I want to use those tariffs as the basis of an agreement with the United States, in order to get something valuable in return in the form of more markets for Canadian products. That is the point. Is the hon. member for Rosetown-Biggar (Mr. Coldwell) not a good-natured fellow? A leader in agriculture wants to give away this chance. He says, "I do not want anything in return." Oh, Lord forgive him; he knows not what he says. How could he, when he would say that? Perhaps he thinks that would be a crackerjack campaign issue to carry around. Well, I will see that it is not. I will spike it if possible before it gets out of the shell.

I think I have two or three minutes more, but perhaps Mr. Speaker will turn a blind eye to the clock this time. Speaking of shells: The hon. member for Rosetown-Biggar is so anxious about agriculture and so anxious for immediate reform that he cannot wait a few months for one of the most wonderful proposals about to come out of its shell. I remember the early days, and the old reciprocity treaty of '54-'66. Why should I not be friendly towards everything that will promote trade between us and our southern neighbour—and much more so, the prospective trade agreement now pending between the United Kingdom, the United States and Canada, these three great democracies? But Mr. Rosetown-Biggar wants to give it all away for the purpose of doing a little pin-pricking at the Minister of Finance. Ah, my dear young man, it will rebound on you, just the way the Saskatchewan musketeers drove the Aberhart invasion back into the lairs and kennels of the foothill country, and to the land of the breezy Bow. That is what we will do with the next invader. That is the way we will handle the C.C.F. at the first opportunity.

But this is not banking. I think I might very well terminate my speech right now. I could prolong it, but I am perspiring freely this hot day, and I want to retire to my drawing room and wardrobe.

Mr. J. EMILE FERRON (Berthier-Maskinonge): Mr. Speaker, with your permission I shall begin my remarks by paying a tribute to the whole population of the constituency of Berthier-Maskinongé, whose representative I have the honour to be in this house. I feel proud of those people, most of whom are farmers and workmen, and I take pleasure in honouring them. I rise on their behalf in order to express their appre-

ciation of the Liberal government's achievements, and to make what they believe to be timely suggestions.

To be sure, in my constituency we are perhaps unable to juggle with figures as cleverly as the hon. member for York South (Mr. Lawson), but we do know that it is much better to strive after a balanced budget than to show huge deficits, as happened under the former government. We are no outstanding mathematicians, but we consider that we are not indulging in any whim when we prefer a deficit of a few million dollars to those of hundreds of millions which our critics have brought about and experienced.

Our knowledge of economics is still quite deficient; but we feel justified in stating that, on the whole, conditions have improved in every field af activity. Statistics show that unemployment has decreased to a certain extent in our country and, what is more comforting, confidence and hope are everywhere more noticeable. There is more confidence on the part of the farmer who acknowledges the goodwill which the government has shown towards him since they took power, in lowering to 7½ per cent the duty on farm implements which formerly stood at 25 per cent. He feels more confident, as I say, because he knows that the different trade agreements which were negotiated have made it easier for him to sell most of his products; for instance, butter, which was selling for 22·8 cents a pound in 1933 and 24·7 cents in 1935, rose to 28·1 cents in 1937 and to 35·3 cents in February last.

Again, there is more hope among workmen who, in 1935 through the policies of our opponents, were under the threat of being discharged by the owners of the factories that employed them, for those factories would have to be closed, they said, if our party came into power. This we did, but those same factories are still in operation and giving employment to our workmen. In the case of the textile industry—a case in which the town where I come from is especially interested—it is now obvious, as a result of the inquiry which was held in connection with those companies, that they were not affected as they claimed to have been by our policy, but that they could pay better salaries to their employees.

The salary of men employed in lumbering and log driving operations has been raised because the market for forest products is now better than it was in 1935. Therefore we take pleasure in congratulating for that achievement, both the hon. the Minister of Finance (Mr. Dunning) and the government of which he is a member.

After those congratulatory words, I am unfortunately constrained, Mr. Speaker, to make a few remarks and suggestions which might seem to border on criticism—which is not to my liking—but I am in duty bound to make them.

I will certainly support the budget on which we will soon be called upon to vote, but I should do it much more willingly if the millions of dollars intended for my province as a contribution towards the relief of the unemployed and needy were, in future, used more fairly than they have been in the past.

In 1936, and again last year, I had the opportunity of seeing the results of works done on the basis of cooperation. I am referring to projects 78A and 78B carried out in Louiseville, and to the Sainte-Geneviève road, between Berthier and Pointe-du-Lac. I did all I could to urge upon the authorities the principle of letting municipal councils choose workmen among the more needy of the locality, so that justice might be given to all, liberals as well as conservatives. Not only was my request turned down, but, on projects 78A and 78B there were foremen, or representatives of theirs, who did not hesitate to say to good unemployed labourers who wanted work in order to buy food: "You are not yet good enough tories to be given work here." The choice of workmen was made by political organizers, and I can assure you, Mr. Speaker, that the only thing about which they made no mistake was the political persuasion of the applicants. In spite of my protests, cases of political patronage and of glaring injustice have followed one another.

On the highway between Berthier and Pointe-du-Lac there have been injustices just about similar. In conection with that project, the Board of Railway Commissioners did something which, in my opinion, should not pass unnoticed. They found it expedient—I do not know for what purpose—to provide in conjunction with the Canadian Pacific Railway and out of moneys appropriated for the elimination of railway crossings, over $400,000—that is nearly one half of the value of such work—after which they applied their unemployment relief conditions to about one third only of the project. As a result, almost all along that road, people in wretched circumstances were ignored so that employment could be given to political friends of the Quebec government. I ask again whether the Board of Railway Commissioners acted in good faith in that matter. If so, let me suggest that they are easily deceived.

Yes, Mr. Speaker, how much more willing would I be to vote these millions if, at least one half of that money was to be used a little more fairly.

As regards our old men and women, our unfortunate blind people and our youths, the vote of thousands and thousands of dollars will soon be sanctioned, so that their life conditions may be improved. I must say, that if, in this respect, the Quebec authorities deal with other parts of the province as they are dealing with my constituency, we may again expect numerous cases of abuse. There again, equal and fair treatment is unknown. After having discussed the subject with the hon. the Minister of Finance, I realize how difficult it is for the federal government to interfere with such matters, but I wish to know if, after a thorough inquiry, such facts should not be brought to the attention, perhaps none too heedful, of the authorities in my province.

Mr. Speaker, dealing now with another subject, I wish to draw the attention of the hon. the acting Postmaster General (Mr. Euler) upon the rural mail carriers and to request his support on their behalf. I know that he is quite sympathetic to them and I hope that before long a reasonable and uniform salary will be paid to them, in spite of the difficulties which such action may involve.

Before I conclude, may I say a word about unemployment which, although less acute, is still existent. No class of the population has suffered more from the depression than the plucky labourers of our villages and small towns, where direct relief is unknown and cannot reasonably exist.

I have always been and still am of the opinion that governments should direct towards the land their efforts to end this sad state of affairs. Would it not be advisable gradually to reduce the grants for direct relief and transfer the difference to agriculture? But, let us not forget to begin by the beginning. We should in the first place seek to retain on the land those who are still there. We should strive to inculcate in the youth of the country the love of the soil, and the best way would be, in my humble opinion, to make grants for the encouragement of farm accounting. When books of account are kept in every farm house, the farmer's son will come to realize that farming is not what he had thought it was. He will be able to compare his income with the wages of labourers and factory-workers, with the salaries of store and bank clerks, and he will certainly find that farming is preferable to these other occupations.

Such a result, however, will not be obtained by conferences and fine speeches. It will never be attained if, in the home, the child hears farming referred to only in words of disdain, and if means are not taken to make him find out for himself the truth of what I am advancing. He must be made to realize that the professional man without clients, the unsuccessful merchant, the unemployed workman may have to go without food, but that the soil of our country never withholds the means of subsistence from those who till it properly.

Yes, Mr. Speaker, let us direct our efforts towards the land. Let us seek to retain on the farm those who are there now, and their children. Let us try to return to the land those who have thoughtlessly left it, and the desired equilibrium will soon be restored. Let us not look for happiness in the newer and easier doctrines. God has said: "Thou shalt earn thy bread by the sweat of thy brow," and also: "Thou shalt love thy neighbour as thyself."

Let us rather return to the old doctrines which are and will ever remain true. If we always preach them and practise them, happiness will assuredly return to every Canadian home.

Mr. C. E. JOHNSTON (Bow River): Mr. Speaker, in the few minutes that I have at my disposal on this occasion, I must say that I view this budget with a great deal of disappointment. I looked through the speech of the Minister of Finance (Mr. Dunning) in the hope of finding something that would be of benefit to the common people, but I was not successful. As I scanned the pages I could not help but think that it was nothing but a big man's budget. Those who control finance in these days may well applaud the Minister of Finance on the efficient work he has done in bringing down this budget. It is a bankers' and financiers' budget, and they might well say to him: Well done, thou good and faithful servant.

In the past it has been the practice to refer to matters of tariff and foregn trade, but these things are not noticeable in the budget this year. However, they have been brought forward by many hon. members who have taken part in this debate. It has been contended that increased foreign trade would alleviate our present condition and put our unemployed young men back to work, but that is the one thing it has failed to do. We have tried that off and on since 1867, but we find ourselves to-day in our present unfortunate position. As I look through the budget I find that there is not one solitary thing that will increase the purchasing power of the best customers we have, those who live in

Canada. I was in hopes of finding at least some little reference to some of the promises made by the government during the last election. They said they would endeavour to cope with unemployment by means of increased public works. This should be done without increasing our national debt, as that is too tremendous at the present time.

There was not one thing in the budget which would tend to increase home consumption. I have mentioned before, and I mention it again, that our best market is the home market. Until we realize that, until we do something that will increase home consumption and thus take care of our unemployment, we will find serious conditions arising from time to time. I remember saying a year ago that things were getting worse and that unless something was done there would be a great deal of discontent in Canada. I have no hesitancy in saying now that things are getting to such a state that if something is not done it will not be long before the number of riots will increase tremendously. The situation must be changed and I think it is the duty of this government with its overwhelming majority to see that that is done.

As I said a moment ago, this is a big man's budget. It leaves the common people absolutely nothing to which to look forward. In his speech the minister estimated the total taxation revenue for the country this year, these figures being found on page 3924 of this year's Hansard. The total taxable revenue is $436,950,000, made up as follows:

Customs duties	$ 82,000,000
Excise duties	51,000,000
Income tax	138,000,000
Sales tax	125,000,000
Manufacturers', stamp, importation and other special taxes	39,000,000
Banks and insurance companies	1,950,000
	$436,950,000

Practically every dollar of that revenue will be obtained from the common people. They pay the customs duties and the sales tax. They pay the excise duty, because that is added by the manufacturer to the cost to the consumer. They pay a large part of the income tax. The estimated grand total revenue is put at $501,700,000. Such a statement should not be applauded; it should be looked at with a great deal of dissatisfaction. We expect to get that much revenue this year, and yet the deficit is put at $13,775,000. That means that we are going into debt that much more. There is another thing that should be mentioned because we heard so much about it a few years ago. It was said that conditions were going to be so much better and the Liberals were going to make it their earnest endeavour to bring about that state of affairs. When we compare the budget of last year with the one of this year we realize that there is something like $62,538,000 more to be collected. It is not very consoling when you realize that that increased amount will have to be taken from the people in the form of taxation. It will mean a lower standard of living, and the people are certainly not going to be content when they see their standard of living being lowered year after year.

We see the results of this all over the country. We saw it in Vancouver and in Winnipeg, and it is evident in Ontario. A thousand men have been laid off in the Canadian National Railway shops in central Ontario. If nothing is done, these men will be organizing themselves into unemployed strikers. We will find the same thing spreading over the whole country. These men will be forced to organize and when they are organized they probably will be able to obtain some results. That is what will happen if we keep on in this slipshod manner. The main and supplementary estimates this year call for total expenditures of $524,600,000. This amount, which included the expected deficit of $13,775,000, will either have to be collected from the people or borrowed. If we borrow the money, then we must pay interest. Our national debt at the present time is over $3,500,000,000. I intended to bring down with me figures showing the increase in the national debt from the year 1912, but I am sorry I have not them with me at the moment. The gross debt in 1912, as I recall it, was something like $483,232,000, and on that we paid roughly $12,605,000 of interest. Out of every dollar of revenue collected there was about 7·7 cents required to pay interest on the debt. In 1936-37 the debt had increased to something like $3,542,000,000 with a total amount of interest of $137,410,000 and we had to pay for interest 30·30 cents out of every dollar of revenue collected. That is a tremendous amount to pay for interest. There must be some end to this ever increasing debt. In order to raise the necessary money we had either to borrow directly from the banks or to float loans. I had intended to bring down figures on that this afternoon, but speaking from memory, the cost of these loan flotations ran into millions and millions of dollars every year. Included in the expenses of the flotations were travelling expenses, bank fees, solicitors' fees, brokerage fees and many things of that nature. This is something which the government should take into consideration, and which they promised to take into consideration in the election campaign of 1935.

I noticed when the budget speech was being delivered that there was a great deal of applause from the Liberal benches when it was stated that interest rates had been slightly reduced. It is quite true that they have been reduced, and the government deserves commendation and encouragement in that respect. In that connection I want to read from page 3902 of Hansard, where the Minister of Finance said, speaking of the interest rate on the debt:

> On the other hand the average rate of Canada's debt outstanding as at March 31, 1931, was 4·98 per cent, and to-day the corresponding rate is 3·53 per cent, a decrease in the case of Canada of 29·1 per cent.

That is very commendable, and as I say, the minister's statement brought a great deal of applause from the Liberal benches. That is one thing that should be carried further, and I should like to make this point: If the rate of 4·98 per cent was too high and we were able to lower it to 3·53 per cent, why not lower it still more? True, 3·53 per cent is better than a higher rate, but the evil is only lessened in a small degree. I think we should recognize that fact and be consistent in our thinking and reduce interest rates, as we in this group have advocated on every occasion, or eliminate interest entirely; because there is no logical reason for borrowing money and paying interest on it. Rather, as was said by the Prime Minister in his election speeches, we should issue money in terms of public need.

At page 3903 of Hansard the Minister of Finance makes a statement in which he ridicules the contention of the social crediters that debt free money should be issued. He said:

> There are some, of course, who appear to believe that the government should not pay interest at all or, indeed, should issue debt free money to finance its expenditures or to retire its interest-bearing debt, or to do both of these things. It is incredible that this hoary fallacy should persist after so many historical demonstrations of its devastating possibilities.

The Liberals thought it was all right to reduce the rate of interest on the debt from 4·98 to 3·53 per cent, and yet the Minister of Finance condemns those who advocate issuing debt free money.

Mr. DUFFUS: Did he use the words "social credit"?

Mr. JOHNSTON (Bow River): No, but there was no doubt to whom he was referring, because he looked straight over here and said

[Mr. C. E. Johnston.]

that for the last two or three years this fight had been going on. Listen to this and we will see if there is any doubt about it:

> The government is of opinion, after watching developments during the past two years, that it is highly undesirable and very much against the national interest that there should be continued political controversy with respect to the constitution of the bank itself. It is for that reason that, in addition to maintaining the control which the government now has through a substantial majority on the board of directors, the government should acquire the whole of the ownership of the shares of the bank. This has been suggested on more than one occasion by members on all sides of the house, and the government hopes that it will dispose once and for all of political discussion relating to the constitution of the bank itself.

Political discussions! I am afraid the political discussions will not be stopped merely by the nationalization of the bank. While that is very commendable, and I have no bone of contention to pick with the minister in that respect, the mere nationalization of the bank will not do what the voters intended should be done when they voted the Liberals into power. It was not only the nationalization of the bank that they asked. What they asked for was the issuance of currency and credit in terms of public need, and as the hon. member for Vancouver-Burrard (Mr. McGeer) said the other day, everyone expected that that was to be done, not by borrowing, but by issuing our own money and credit. But that has not been done. This party has consistently stood fast by the principle of nationalization of the bank if nationalization was necessary. We have supported that and have no dissatisfaction with that proposal at all. We think that if it was necessary it was the proper thing to do. But we contend that mere ownership is nothing, that unless the bank is controlled and directed by parliament then all talk of democracy is idle and futile. These words were never more true than when they were spoken by the Prime Minister himself. The Prime Minister listened, I think, very intently to the hon. member for Vancouver-Burrard speaking in this house the other day, and acquired a great deal of knowledge he never had before in regard to banking. It is not only the Bank of Canada we have to watch, but the chartered banks. They are the ones who control the issue of money. They are the ones who are responsible to a great degree for the poverty that exists in this country. These conditions are not due to any lack on the part of the producers, manufacturing, or agricultural, because we have an abundance. Those are responsible who sit in control of finance, and who are

now very highly lauding the budget that was presented this year. They are the ones who are responsible, and they should be made to answer directly to parliament.

The unemployed, when they read the budget will find small consolation. They will realize that this government intends to do little for them. Certainly the thousand men who were laid off the other day from the Canadian National shops will not, when they read the budget, find in it a great deal to be proud of. The men in Vancouver, in Victoria, in Winnipeg, and those who were in Calgary not so long ago, will find nothing whatever to look forward to, but everything to their detriment, when they read over this budget. Some of them get a small relief allowance, part of which we immediately take back from them in the form of a sales tax, increased to eight per cent, on everything they buy with the proceeds of that allowance. If they buy sugar they have to pay an added tax; on almost anything which they buy they have to pay excise tax or custom duty or sales tax or some other kind of tax. In that way their standard of living is being continually lowered. I think this is a matter to which we should give the most serious consideration. Now is the time to do it; we should not wait until there is a recurrence of what has just happened in Vancouver.

I am astonished that the government has not given more attention than it has to the situation of these unemployed young men. The other day I received a letter regarding a young fellow who, married two years ago, had steady work and just managed to get by until a few months ago. His mother wrote to me and asked, "What is he going to do? He is out of work." I personally know this man; he is as fine a man as I have ever met, a personal friend of mine. Yet he is going to be in the class of those unemployed men who are now striking. Can you blame them? All they are asking for is a chance to work at a decent wage. I do not suggest that strikes or relief riots or any action of that kind will get them what they desire, but I say that we down here are the ones to blame, we are the ones who should shoulder the responsibility, and if we would do what the Liberal party said they would do, issue money in terms of public need, one of our greatest difficulties would be overcome.

I believe that when the farmers review the budget they, too, will not have very much ground for satisfaction. It is true that they have been granted a little reduction on gopher poison, but all the gophers were poisoned before the budget came down this year, so they have not much to look forward to in that respect; and next year probably the tariff will be changed. Then there is a reduction on harness. But in the west harness is becoming obsolete; the farmers are using tractors, but there is no reduction in the duty on tractors or on farm implements. This is one of the matters to which a great deal of consideration should have been given. We had a committee sitting here for I do not know how long, investigating the prices of farm machinery. They brought in a very good report, yet nothing has been done.

On the whole the budget is a great disappointment to thousands upon thousands of the Canadian people. So far as I can see, the only ones who will benefit from it directly or indirectly are those who are in control of finance, those who are continuously making huge profits, running into millions of dollars each year, out of interest rates. I notice that the interest rate was cut. I also noticed in the return—I am sorry I have not it here—that every year without exception the amount of money we pay to the bondholders on our funded and unfunded debt has increased. It is all right to lower the interest rate as we have done. But on the other hand our national debt has increased so that we have to pay more money by way of interest each year. That is a thing which must stop. When people cheer the reduction in interest rates they do not know what they are doing. If they look more carefully at the return which was brought down in this house they will find that they are paying more money out of revenue in interest than was ever paid before, because our national debt is going up faster and higher than the interest rate is being lowered.

I do not intend to take much time, because I know the house is anxious to get through with this debate. When the Bank of Canada bill comes down I should like to see a great many changes made in it, so that the common people of this country will be given a chance, so that the young men and women who are depending upon work for wages will have a decent chance of a livelihood, that they will have a Canada of which they may well be proud. Although the budget has not provided for it, there can well be provided in the Bank of Canada bill what the Liberals promised, namely, the issuance of credit and currency in terms of public need.

Mr. THOMAS FARQUHAR (Algoma East): I wish to make a few observations which have come to me as I have sat in this house and listened to the debates for the past three years.

As this is the first time I have risen to speak in the house, may I, Mr. Speaker, impose on your good nature to the extent of saying a few words in regard to the constituency of Algoma East, which I have the honour to represent.

First, let me say that I live on Manitoulin Island,—the island of one hundred lakes, the largest island in fresh water, one of the beauty spots of the province of Ontario, which is fast becoming one of the most attractive tourist resorts in Canada. Manitoulin Island, however, though one hundred miles long, is a very small part of the constituency of Algoma East.

To give you some idea of the size of the constituency of Algoma East, let me say it covers an area of 17,700 square miles, and is as large as all of the following constituencies combined—you will note in making this comparison I have left out all the larger centres and have confined my comparison very largely to rural constituencies:

Glengarry	Russell
Haldimand	Simcoe East
Halton	Simcoe North
Hastings South	Stormont
Huron North	Waterloo North
Huron-Perth	Waterloo South
Kent	Welland
Lambton West	Wellington North
Lincoln	Wellington South
Middlesex East	Wentworth
Middlesex West	York East
Norfolk	York West
Northumberland	York South
Ontario	York North
Oxford	Brant
Peterborough West	Durham
Prescott	Elgin
Prince Edward-Lennox	

All of these thirty-five constituencies could be comfortably placed within the boundaries of Algoma East constituency.

I am sure, when you fully realize and appreciate the amount of work involved in keeping in touch with and looking after the needs of my constituents, you will agree with me that in fairness to my constituents, the Minister of Transport (Mr. Howe) should supply me with an aeroplane. Nevertheless, if I were asked to-day what part of my constituency I would be prepared to give up when the next redistribution bill comes down, I would find it very difficult to decide.

I think a great deal of my constituents. I have much reason to think a great deal of them. Let me tell you what they did for me in the election of 1935. Algoma East has always been very closely contested—Liberals in one term, Conservatives in the next; no member was allowed to represent it very long at any time. In the election of 1935 I had three opposition candidates—Conservative, Cooperative Commonwealth Federation and Reconstructionist—each and all of whom lost their deposits. I had a substantial majority over all three combined. I was sorry to see my opponents lose their deposits. They are splendid fellows. Since the election two of them have joined the Liberal party, and we are expecting that the third will be working with us before the next election. I am not telling this to try to give the impression that I am popular in my riding, not at all; I am doing it to indicate that Algoma East to-day is decidedly Liberal. The reason for this of course is that they appreciate what has been accomplished by the present administration and have confidence in them.

When I hear hon. members making the statement that the present government has done nothing, all I can say is that they have no regard for the truth. I am not going to try to enumerate the accomplishments of the present government; I do not think it is necessary. I just wish to say there has never been a government in Canada that has reduced the tariffs so much in the same length of time, as the present government, nor has there ever been a government that has brought about so many trade agreements and treaties with a view to opening up markets for our products. While the government have not gone as far in the way of reducing tariffs as I should like to see it go, still we must agree that it is on the right road and going in the right direction. It is true that we on this side of the house do not always agree on questions of this kind; therefore hon. members opposite have said that as a party we are not united. But I point out that that is one of the privileges we enjoy in being Liberals; we are allowed to do our own thinking and give expression to our own thoughts. In this connection I quote the statement made by the Prime Minister, speaking to a group of newly-elected members, of whom I was one. He said: Your first duty is to be true to yourself, true to your own convictions. That is Liberalism. Of course we differ among ourselves; it is through honest differences of opinion that we arrive at sound conclusions.

A good deal has been said in this house and outside of it in regard to the spread of com-

munism and fascism in Canada, and what we should do to prevent it. There is only one way in which the spread of such organizations as these can be prevented, and that is the way pointed out by the Minister of Justice (Mr. Lapointe), speaking in this house last year. He said: We must remove the cause. What is the cause of the spread of these movements in Canada? To my mind there are two principal causes. One is the poisonous literature that is being manufactured in this house from day to day, false statements made by hon. members and broadcast throughout the dominion, the free postage privilege being used for this purpose. Anyone who reads Hansard from day to day must agree that most of the criticisms made in this house are destructive and a very small percentage indeed constructive. This is doing more to poison the minds of the Canadian people and create a feeling of dissatisfaction and discontent than anything else that has happened in Canada. It is causing men to lose faith in a democratic form of government. Fair-minded members of this house resent the detestable and cheap method of political propaganda which some hon. members of the opposition continue to carry on from time to time, for no other reason than to create a feeling of suspicion and hatred. Any hon. member who allows himself to descend to this low level of destructive criticism is to my mind an enemy to the cause of democracy.

The other cause of the spread of these movements in Canada is the determination of the capitalistic classes to continue to enjoy their high dividends and excessive profits at the cost of the sacrifice of the great masses of the people who work on the farms and in the factories and who are to-day having such a struggle for existence. I know we have a class of people who are not anxious to work, who say that the world owes them a living; this class however is comparatively small, and it is not the class to which I refer and at whose expense the capitalistic classes enjoy their high dividends and large profits. I refer to the great army of honest toilers, struggling under serious disadvantages and making great sacrifices for those dependent on them, denied the advantages, many of them, of a proper education, and robbed of many of the necessities of life, while others live in luxury and enjoy the wealth which the toilers have produced. This has been proven by many investigations which have been made during the past number of years. If ever a dictatorship form of government should come to Canada, the moneyed interests carrying on under this system of greed and selfishness would be one of the direct and principal causes of its coming. There are no truer words than those of Burns, who said:

> Man's inhumanity to man
> Makes countless thousands mourn.

I have been very much interested in the discussions in this house from time to time with respect to farm problems. One thing on which I am sure we all agree is the fact that we cannot have prosperity in Canada unless the farming industry, the basic industry of Canada, is placed on a profitable basis. We must admit that it is far from that to-day. I have heard many suggestions in this house as to what would help the farmers, such as reduced tariffs, reduced taxes, reduced transportation rates, freer access to the markets of other countries, and so on. These will help, but to my mind neither any one of them in itself nor all combined will solve the farm problem. The farm problem will never be solved so long as farmers continue to work under their present system. Farmers must learn to do their own business, and not depend on others who are virtually conducting the farming business to-day, not for the benefit of the farmer but for their own benefit and profit. Why should not farmers own their cheese factories, their creameries, dairies, cold storage and packing plants, abattoirs? The farming industry will never be on a profitable basis as long as private interests control the sale of farm products. This must be removed from the control of private interests and a system of cooperative buying and selling adopted, a system which is working so satisfactorily in such countries as Denmark and Sweden. This cooperative system was not easily brought about, but followed a long and continuous struggle with the moneyed interests who fought so hard to prevent the farmers from getting together in a cooperative movement. This has been the history of every country where the farmers have undertaken to organize for the purpose of working cooperatively in any branch of the farming industry. In this regard Canada has been no exception, and our Canadian farmers, in undertaking cooperative organization work, must be prepared for a long, continuous struggle; for it will take some years to bring about this cooperative farm movement unless the government will come to their assistance, which I am hoping it will see the necessity of doing. If the farmers of countries such as I have mentioned can make a success of the cooperative farm movement, as they have, surely there is no reason why the intelligent farmers of Canada cannot make a success

of it. I am thoroughly convinced that there is no way in which the government can be of more assistance in helping solve farm problems than to encourage the farmer with financial assistance so that he may become properly established in a cooperative marketing system. Either that, or the government should take over all the plants handling farm products and operate them in the interests of the farmer.

When the control of the marketing of farm products is taken out of the hands of private interests and operated in the interests of the farmer, then, and only then, will we have a satisfied and contented farm population in Canada. Then we will have something to attract the young and rising generation to the farms instead of crowding into the cities, as they are doing to-day, and our farm problems and to a very great extent our city relief problems will be solved.

Mr. S. J. FURNISS (Muskoka-Ontario): Mr. Speaker, I desire to add my felicitations to those already extended to the Minister of Finance (Mr. Dunning) upon the presentation of his third budget in this parliament. I have a great deal of admiration for the minister, and a great deal of sympathy as well. There is scarcely a member of this house who at some time or another does not pull at the minister's purse-strings; yet at the same time many of us complain bitterly about the taxes we help to create. I also admire the patience of the minister, which sometimes must be severely tested in carrying out his difficult task. I hope he will soon achieve his aim, which ought to be the aim of every Minister of Finance in the country; that is, a balanced budget.

In rising for the first time to take part in a budget debate, Mr. Speaker, I do so not so much to discuss the budget as to avail myself of the opportunity that is afforded hon. members to express their views regarding problems peculiar to the constituencies which they represent. The riding of Muskoka-Ontario, which I have the honour to represent, is predominantly rural. Therefore I wish first to say something in the interests of those engaged in agriculture, as one of them sees the situation.

Unemployment is still our great and immediate concern; but behind this question is the problem of agriculture, about which in my humble opinion too little is said in this house. Notwithstanding the various suggestions and theories that are offered in order to provide work for all, I believe the problem of unemployment will remain with us until there is some more equal distribution of our population; until such time as our people can be induced to return to the land and remain where there is plenty of room for all. This depends upon the prosperity of agriculture in relation to the prosperity of other industries of our country. Moreover, agriculture is the basic industry of Canada, and unless that basic industry is prosperous and on an equal footing, neither can other industries enjoy prosperity. Money is put into circulation from year to year in return for the new wealth that is produced from year to year from our forests, our mines, our fisheries and, most important of all, our agricultural resources. I say our agricultural resources are most important of all because the products are more diversified, and those engaged in agriculture form the largest producing class in Canada. Much, then, depends upon the prosperity of agriculture. If the farmer has good crops and fair prices, he has money to spend and buys freely of the things he needs; not only for his household requirements, as is the case with the industrial worker, but in connection with the equipment he needs for his farming operations, because every farm is a separate producing unit. His money is thus continually in circulation. The merchant or dealer sells the goods; the manufacturer and urban worker supply them, and thus in a properly balanced population we have general prosperity. If, on the other hand crops are poor, or, worse, if prices are such that the farmer receives little and at times next to nothing for his products, then he has little to spend, and the stream of prosperity is dried up at its very source.

Let us take a look at the situation in Canada to-day. What do we see? We behold a country—I was going to say the spectacle of a country, because to my mind it is a spectacle—vast in extent, richly endowed with natural resources of all kinds, capable of supporting a population of forty million or more in comfort or plenty, yet possessing a population of only between ten and eleven million people, which includes nearly a million who apparently are not needed in our economic system, who are a burden on the country. If we were cooped up in a country about half the size of Ontario, we would be clamouring for more land, as some of the nations of Europe are doing to-day; yet here we are with an abundance of land, and for reasons which I hope to make clear our people cannot be persuaded to stay upon it.

It may be interesting here to note the trend of population in Canada since confederation, some seventy years ago. I do not wish to burden my remarks with figures to any extent, but a reference to the statistics in this

respect is necessary. In 1871, when the first census was taken, the rural population of Canada was 2,966,914 and the urban population, 722,343. In 1901, thirty years later, the rural population was 3,357,093, while the urban population was 2,014,222, showing an increase of only 390,179 in the rural population, while the urban population had increased by 1,291,879. When the last census was taken, in 1931—again thirty years later—the rural population was 4,804,728 and the urban population was 5,572,058, showing a further increase in the rural population of only 1,447,635, while the increase in the urban population amounted to 3,557,836. In other words, out of every one hundred people at confederation eighty lived in the country and twenty in the towns. This has gradually changed, at a fairly even rate during the various census periods, until in 1931 out of every one hundred people in Canada only forty-six lived in the rural districts and fifty-four lived in the urban centres.

In referring to this matter in a speech on the report of the farm implements committee as reported at page 2678 of Hansard, the right hon. leader of the opposition (Mr. Bennett) had this to say:—

So long as you had in Canada a population the major part of which was rural, you had a situation which was not very difficult to deal with. But to-day we have a population the major part of which is to be found in cities and towns. That has created for all governments—and I trust hon. members will agree with me as I proceed, because I am trying to keep away from controversy—a problem of great magnitude. Think of it: Over one-half of the population of this dominion has gone to the cities and towns. That became apparent for the first time when the census was taken in 1931. It has been greatly accentuated since that time. Our population in cities and towns has grown and grown. People are going from the country to the towns and cities, in the west chiefly because of crop failures and in the eastern communities for other reasons which need not here be discussed; and the result is that to-day, in this early period in our history as a dominion—only now, be it noted, something like seventy-one years, which is but nothing in the life of a country—the major part of our population is in cities and towns.

That is what the right hon. gentleman said regarding the problem to which I am referring. The question which arises in my mind is: Why are they there? Why should it be that in a country so richly blessed in agricultural resources we find in so short a time that our farms are becoming deserted and our towns and cities are overcrowded? There must be reasons, and I submit, Mr. Speaker, that chief among them is the policy of high tariff protection which has been unnecessarily followed and to which the right hon. the leader of the opposition and his followers still pin their faith. Under this policy an artificial disparity has been created between the returns from industry, whose product is sold in the protected home market, and the returns from the products of agriculture the prices of which are set in the open markets of the world.

This inequality in wages, if you like to call it such, has set up a higher or more attractive standard of living in the urban centres, than in the rural districts, and may I say, at the expense of the rural districts. Mankind, true to nature, has followed the lines of least resistance. He has gone where living conditions were easiest, where he obtained higher wages for shorter hours of labour, and so we find the equilibrium between rural and urban population seriously out of balance. If the situation could be reversed, I venture the opinion that our unemployment problem would soon disappear.

If I might be permitted, I would like to refer briefly to a speech made in the house by the hon. member for Huron North (Mr. Deachman) as reported in Hansard for 1937, at page 1503:

In the old days at home there was a man making shoes in a little village near where I was born. That man is now keeping a shoe store in an adjacent town. Many a time when I was a boy I watched him making shoes, and talking to the man last summer I asked him: How is it that after all the changes which have taken place, with all the fine machinery with which the shoe factories are equipped to-day, with all the improved methods of distribution, when I come to buy a pair of shoes from you to-day they cost more than they did in my boyhood when a man working at the bench made them?

That was the question the hon. member asked after comparing the relative income of agriculture with the total national income.

In the same debate the hon. member for York South (Mr. Lawson) replied in part to the questions, as reported at page 1533 of Hansard for March 5, 1937:

I was in the course of outlining some factors which enter into the cost of shoes to-day. I named one. Secondly, in the days when the shoe merchant of to-day was the shoemaker of yesterday, the shoemaker's wife probably got one new dress a year. To-day the shoe merchant's wife probably gets three or four or five or six new dresses a year.

That is one of the reasons given for the failure of industry with all its labour saving machinery to reduce the cost of its product. It might be noted here, though, that the tariff protection on ordinary boots and shoes is 20 per cent under the British preferential and 30 per cent otherwise, and the question that comes to my mind is: When the farmer sells in the open markets

of the world and buys in the protected market, how much will he have left to buy for his wife the half-dozen new dresses a year that she so rightly deserves? The farmer pays for the dresses when he buys the shoes, but the shoe merchant's wife wears them. This applies not to shoes alone, but to almost everything the farmer purchases.

Reading on in the speech of the right hon. leader of the opposition, to which I referred, we find what he proposes as a solution of the problem of unemployment. He says:

> I suggest to hon. members that in a country with a population so sparse, inhabiting an area so vast, that with an urban population so great relatively to the rural population, subject to the conditions I have imposed as to quality and price, the tariff should be such as to give to the Canadian producer in factory and mill the business of his own country. I have never hesitated for a moment to say that I apply that principle also to agriculture.

That is the same policy as was adopted in 1930 when the hon. gentleman was elected to office, only more of it,—even carrying it to a point of exclusion. But we must remember that Canada is primarily an agricultural country and if her farms are properly occupied and worked as they should be, our products will be in excess of home requirements for years to come. We must therefore seek outside markets for our surpluses.

If, as under the policy enunciated by the right hon. leader of the opposition, we will not buy, then we cannot hope to sell, and the result is restricted markets for our farm products, a glut on the home market, lower prices, less purchasing power by the largest consuming class of manufactured goods, and more unemployment until the latter condition is worse than the former.

It appears to me as a farmer that the policy of high protection of the Conservative party is designed to commence at the top and build down, to make the towns and cities prosperous first with the hope that some measure of prosperity will trickle through to the primary producer. But so far this has been a forlorn hope. In contrast to this, the Liberal policy is to commence at the bottom and build up, by seeking to trade with nations who are willing to trade on more equitable terms. It aims first to make the primary producer prosperous, thereby securing a more evenly balanced population, and assuring a greater measure of prosperity for all.

Between these policies it seems to me a serious question is involved. Is this dominion, of which we are all so justly proud, to be the home of many thousands more of happy families, contentedly tilling the soil as nature intended, producing enough and to spare; or on the other hand, is our rural population to be restricted by the needs of the towns and cities within our borders only? Let us pay heed to what has taken place in the world in the last few years. Let us endeavour to people our country as it should be, lest we too fall a prey to the covetous eyes of nations who are not so favourably situated as we are.

There is another aspect to the farm problem about which I wish to speak. I often wonder if those who are not engaged in farming ever realise the position that agriculture holds, relative to the other industries that make up our economic system. Let me use a simple illustration, so simple that I feel like offering an apology for it, but I know of none better and so am going to use it to serve my purpose. It is nothing more than a direct application of the underlying principle of all business, which at some time or another is applied to adjust prices by the various industries that make up the round of our industrial life. Might I ask hon. members to indulge their imaginations for a short time and think of me as a farmer raising hogs on an extensive scale?

Some years ago, just before a sharp rise in freight rates took place, I sold a carload of hogs to be delivered two weeks hence f.o.b. shipping point. In the meantime the increase in freight rates had gone into effect. When the meat packer received the hogs he found his freight bill was up $50, and likewise the freight on all his other shipments of hogs was up corresponding amounts. He immediately gets busy and says, "Here, my hogs are costing me more money; I must have more money for my products." He marks up his prices accordingly. He passes on the increase. He sells his products to the retailer who receives them over the same transportation system. The retailer finds that his invoice is marked up, as well as the cost of his freight or express. He gets busy and says, "My goods are costing me more; I must mark up my prices." He marks them up accordingly and passes on the increased cost. A housewife comes in for her weekly supply of foodstuffs and discovers that prices are up. When she goes home she says to her husband, "I will have to have a larger allowance next week because I find that groceries and other necessities have gone up in price." Her husband meets with his fellow workmen to talk over the matter, and finally they decide that since their living costs

have gone up they must ask for more wages. Their employer being a reasonable man, he grants their request. They pass on the increased cost to their employer.

Suppose this employer is a manufacturer of farm implements. When he looks over his payroll he discovers that it has gone up ten or fifteen per cent. He says, "My labour costs are up; I must mark up the price of my implements," and he does so accordingly. He passes on the increase. I may need a new set of implements the following spring. When I interview the agent I find that prices are up fifteen or twenty per cent. As I must have the implements I buy them. If the cost of my implements is up, I must have more money for the next car of hogs I send to market. However, when I try to pass on my increased cost, what happens? I am just as likely to have to take less for my hogs as I am to get more. I am lucky if I break even in a comparison with the previous year's prices. That is the position which agriculture occupies as compared with other industries in our country. Farmers to-day are working eighty, ninety and one hundred hours a week for less wages than the urban worker receives for a forty-four hour week. That is why people are leaving the farms and flocking to the cities.

With our present system there has to be some industry that bears the burden of any readjustment in prices. In our case that industry is agriculture because it cannot count any increased cost of production as a factor in setting its selling price. I have taken you around the circle and shown that even though agriculture has not contributed to the increased cost, yet it has had to bear that additional burden. I had to pay the additional cost for my implements, but I had no way to recoup myself. That being so, then the only thing that can be done is to make the burden as light as possible. I complain only of unjust burdens, and I named the most vicious one when I referred to high tariff protection. There are many others which I shall not attempt to mention, but let me say here that I consider anything for which no value is given as an unjust burden.

I would refer particularly to profits on watered or common stock which do not represent a single dollar of cash investment. One has only to refer to the Turgeon report on the textile industry, or to the report of the committee on agricultural implements, for glaring examples of this. I might refer also to the artificial prices placed upon real estate for which no value is given, but which must be paid by some person. These are some of the burdens that eventually have to be borne by the farmer. Until they are removed from our system, our farmers are doomed to be hewers of wood and carriers of water for the other organized interests in the country.

One other way in which agriculture can be helped, is in the marketing of its products. Hitherto the activities of our departments of agriculture have been along the lines of increasing production, but I am pleased to see that the present Minister of Agriculture (Mr. Gardiner) has initiated an aggressive program of marketing. I trust that this will not stop short of assisting in the cooperative processing of our live stock. We have one plant fashioned after the Danish system which is operating successfully in Ontario at the present time. I believe this is the only solution to be found for the problem which has been referred to this house on several occasions.

There are other things about which I should like to speak in connection with my constituency, such as reforestation and the tourist trade, but they must wait for another occasion.

Just a word about the unemployment situation. I have listened to many speeches in this house with regard to unemployment, and I have come to the conclusion that some people think all this government has to do is to wave a magic wand, say "presto", and the problem of unemployment will vanish overnight. This problem has been too long in the making to be cured in one year, in three years or in ten years. For tens of years the best brains of the country have been employed in the discovery and invention of labour destroying machines without a single thought being given to the effect on our economic system. Now our best brains will be required for many years to find a way out of this difficulty in order that we may maintain our individual freedom and our democratic form of government.

Let me say in conclusion that I do not believe man can create any condition which he cannot redeem if he sets himself diligently to the task of finding out the cause and resolutely applying the remedy. That is the task which confronts not only this country, but every other nation in the world. If this problem cannot be solved, then civilization as we know it, is doomed to perish.

Mr. H. R. FLEMING (Humboldt): Mr. Speaker, it is with a certain degree of trepidation that I rise in my place in this house to make a few remarks on the budget that was presented to the house last Thursday. I must say, Mr. Speaker, at the outset of these brief words how deeply I feel for the absence of

the Minister of Finance (Mr. Dunning) from this house on account of illness. The Minister of Finance is one of my oldest and closest personal and political friends. I have known him intimately from my early years in Saskatchewan. He has always given the best of his time and his energy for the welfare of his adopted country. I hope that his recovery will be rapid and that he will soon be back in his place in the House of Commons where he occupies a position of such eminence in this new country.

I was pleased as I sat here and listened to the fine exposition of the Minister of Finance concerning the financial affairs of the country. I listened also with considerable pride to the degree of improvement that has been made in our financial position during these difficult, trying, and troublesome times. The financial management of the country has been good, but I was dumbfounded when I found no measure of relief in the way of tariff reductions for the people of the western plains and the people of the constituency that I have the honour to represent in this House of Commons. I must offer, in my humble way, my protest.

I returned just a short time ago from the election battle in Saskatchewan, and during that campaign I addressed, with my fellow-members of this House of Commons, a great many meetings. At these meetings men and women of all shades of political thought and political beliefs were gathered together to listen to the problems to be discussed, and at all these meetings I found that the people we were addressing were one in asking for some relief from the troubles they were enduring. I personally addressed some thirty-five meetings in the time I was absent from this house, and the one question that was uppermost in their minds was that the government of Canada should do something to alleviate in some small way the distress under which they were labouring. At nearly every meeting questions would be asked, and the question that was always asked was: What is your government going to do in the way of removing duties on agricultural implements?

I told them that if they would be reasonable; if they would wait for a short time, I was sure that when the budget was presented this year some measure of tariff reduction would be contained therein. I told them that it was a Liberal government under the leadership of the late Sir Wilfrid Laurier, in 1911, that brought to them the first measure of tariff reform. I told them that it was the Liberal government under the leadership of the present Prime Minister (Mr. Mackenzie King) that brought, in the Dunning budget of 1930, the second great measure of tariff reform to the people of western Canada.

But many of these people asked this question: Why do they wait until election year to do these things? I, in my implicit faith in Liberal governments, in Liberal policies, in Liberal doctrines, said to them: Send Liberal representatives to the parliament at Regina who will be in favour of lower tariffs, and if you do this I can return to my place in parliament and say with strong united voice: "Lower those tariffs, Mr. Dunning. We still trust you. We still believe in you as one of Saskatchewan's great premiers."

But, Mr. Speaker, when I find that nothing has been done in the matter of tariff reductions on farm implements or on anything else, it is difficult for me to support a policy of this kind. The Liberal party had its rise in the natural impulse of the people toward greater freedom, and in all its history it has never lacked witness to the fundamental truth which that word has come to mean. Liberalism means more to me than a passing fancy. I have always believed that in the Liberal party there was the greatest measure of freedom of thought and freedom of action. But the other day, within the hallowed walls of this house of parliament, I happened to ask for some information from one of the ministers of this government, and he turned upon me and said that this Saskatchewan bunch was so-and-so, and that he would not support the wheat board if we did not support the budget. Mr. Speaker, let me tell this house, and let me tell this government, that as long as I am a member of this House of Commons I will not be intimidated by any minister of the crown. I come from a race that has never admitted defeat. For seven hundred years the Irish people fought the might of imperial England, and I as a member of that race will never be coerced by any ministerial threat, whether it comes from privy councillor or governor. This is supposed to be a democratic government, and no party whip will snap me into action.

I resent the intejection that was made during this debate a few days ago by the hon. member for Northumberland (Mr. Fraser), when he said in a sneering way that we, the members from western Canada, would vote for the budget. Let me tell that hon. member; let me tell this house; let me tell this government, and let me tell this country, that I believe in the Liberal policy and in the Liberal platform. I believe in a united

Canada. Too long have we, the people of the western plains, been sacrificed upon the economic altar of St. James street. I believe in national unity; I believe in confederation, and in a strengthened confederation at that, but I believe that the conflict between dominion and provincial powers has reached a point where we may have to decide between a strong federal government and a redivision into provinces and sovereign states. Personally I believe that national unity is essential. Western Canada has contributed much to our national unity and to our national economy.

I mentioned in a former address in this House of Commons that we had been discriminated against by transportation rates and by tariff walls under various federal administrations, but that we had never openly advocated secession. We have always relied upon the good will and understanding of other parts of this great Canadian country which have profited by the new markets which the development of our western lands has opened up to them. But we have now reached the point when something must be done to help the people in those great areas of western Canada. Whatever may be the outcome of our difficulties, I am confident that our destiny lies in confederation, and I am convinced that the way leads through the Liberal party. If there ever was a danger to the west's position, it is through that political appendage of industrialism, the Conservative party.

I cannot vote for the amendment, nor can I vote for the subamendment, because one would mean a Conservative policy, and the other would mean that in order to bring those things into effect it would have to be done through a Conservative government, and we know what that would mean because it is the party of higher protection. The socialist or Cooperative Commonwealth Federation amendment is simply adding a few words to the Conservative amendment, and it in no way modifies or changes the Conservative amendment.

Mr. Speaker, we are an intelligent people. If we gave as much time to the consideration of the broad principles of distribution of the benefits of our progress as we do to much squabbling over inconsequential items of routine administration, the people would have more confidence in us as their leaders. Let us face the future fearlessly. Let us walk with dignity and with pride into the future. Let us believe in the character of our people. Let us believe in the legitimacy of our dreams. Let us return to the principles of Liberalism, those principles that were taught to us by the great leaders who have gone before, those principles of orthodox Liberalism that I learned at my mother's knee. I think, Mr. Speaker, the government should promote a policy of the technique of transition:—

So in the long hereafter this Canada shall be
The worthy heir of British power and British liberty—
Spreading the blessings of her sway to her remotest bounds,
While with the fame of her fair name a continent resounds;
True to her high traditions, to Britain's ancient glory
Of patient saint and martyr alive in deathless story,
Strong in her liberty and truth to shed from shore to shore
A light among the nations—till nations are no more.

Mr. Speaker, after thinking the question over, after communing alone with myself, I have decided that there is no solution that I can offer to this problem which I have been debating with my inmost self, but that I must support my own distinguished leader the Prime Minister of Canada (Mr. Mackenzie King) and will vote for the budget.

Mr. G. G. McGEER (Vancouver-Burrard): May I tender my regrets and message of sympathy to the Minister of Finance (Mr. Dunning) in the unfortunate break in his health at this critical time? I sympathize with him the more because I feel that under the course which he is following it is utterly impossible for any Minister of Finance to retain his own health, much less the health of the public purse of the nation.

We have been listening to budget statements for a great many years, and they are all attended with a great deal of justifiable optimism. Apparently that optimism must come from the fact that "hope springs eternal in the human breast," because on every single occasion, whether openly acknowledged or ingeniously concealed, our budgets have consistently shown a deficit that has continually mounted as the impossible and unpayable debt burden of the nation.

If you examine this budget, Mr. Speaker, you will find it strangely similar to every other budget which has ever been introduced in this house. It indicates the persistent rise in the ever-increasing dominion, provincial and municipal taxpayers' load of debt, which is now over $7,000,000,000. The fact is that the Conservative party was elected in 1930 on a promise that they would cure unemployment with an appropriation of $20,000,000 of public funds, and that our national debt has increased by over $1,000,000,000 since 1929, and is still increasing without any real solution being offered of the unemployment problem

in Canada, notwithstanding some measure of success. Why is it that a nation as rich as Canada cannot have progress without that progress being overshadowed by unpayable increases in existing unpayable debts? To-day, notwithstanding that the budget shows the highest revenue ever collected in the history of the dominion—and similar expressions are coming from cities and municipalities—investment in city property from one end of Canada to the other is practically a liability. Under the blight of existing taxation business in Canada has come practically to a standstill. Our public service lags far behind twentieth century standards, and unemployment not only continues but is again rising.

I do not want to be one who has not hope for the future. But I read to-day that in the Canadian National Railway shops some thousand men are being laid off until the fourth of July, and Mr. Kingsland, one of the vice-presidents, announces that we shall have to wait until then to see what is going to happen. In my own province of British Columbia we had hopes that the war in Asia would not last very long and that there soon would be a revival of Asiatic trade. To-day, as a result of there being little or no hope of an immediate conclusion of that disastrous conflict across the Pacific, some industries have been hit with almost the same force that the drought conditions struck the farms in southern Saskatchewan. I suggest to the government that it will be a serious mistake for this house to rise without some more ample provision being made for the emergency possibilities of unemployment during the coming year than exists at the present time. It may be unfortunate, but I understand that neither Ontario nor Quebec is willing to cooperate in guaranteeing the loan which this government has made to municipalities for the purpose of preventing unemployment through the promotion of self-liquidating enterprises at a two per cent rate of interest. I know there is no possibility, with the amount of money which would be our share in the province of British Columbia and in the city of Vancouver, of meeting the problems that I feel reasonably satisfied we are going to face before the coming winter is over.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. McGEER: Before recess I had drawn attention to the fact that under our present system progress seems to suffer under the inevitable stalemate of debt. But worse than that, every sane person must acknowledge that a system which taxes us into depression and prevents progress and prosperity, where there is every reason for believing that prosperity and progress both can and should exist, does not contain the remedy for the most important of all Canadian problems, namely that of financing greater Canadian expansion and development, and more widespread and general prosperity. The time approaches when we must all come to the conclusion that our present and previous budgets indicate that those who have the responsibility of administering public affairs must give much more real thought and study to theories and practical details of monetary policy than has been the case in the past. If there is one outstanding feature of our whole economic program to which public men, whether they be in municipal life or provincial or national life, give little or no attention, it is the actual details of our monetary system. Such thought would go very far to disclose that the root of much of our present economic difficulty will be found in our overcautious attitude towards public administration of national currency and credit. We seem to be afraid as public men to grasp and take hold of that all-important problem. Worshipping at the shrine of orthodox finance we ignore the truth that our government is poor simply because parliament has given away its power to create money to those who have made the cost of financing government prohibitive. The result is that while the government exerts great and ingenious efforts to balance the budget, a little thought would disclose that in reality it is vainly trying to budget on a balance. That is, we are trying to budget the affairs of the nation on the inadequate balance of the nation's money power which the taxpayers can afford to borrow from the private hoardings of accumulated savings and from the owners of our privately owned credit system.

The absurd and impossible situation of being taxed into depression exists simply because we have followed the thoroughly unsound proposition that sovereign governments have no access to public spending power other than by collecting taxes from and making other levies on the people and by borrowing from accumulated savings. That this proposition is thoroughly unsound is no longer open to question. Ever since the Minister of Finance for Canada has acknowledged that we in this country have adopted a monetary system based on "a managed paper standard" under which "the value of our currency is determined by the principles of demand and supply," we in parliament, by the adoption of that

policy, have made the lawmaking authority of parliament the source of supply of Canadian money. Therefore, unless the government has given away its power to create money through law, or does not know how to manage national currency and credit in the service of the nation, parliament has the power to create and circulate the medium of exchange in the volume that is needed to sustain Canadian progress with orderly advancement. Unfortunately we in parliament have given away, not to the Bank of Canada but to the chartered banks, the power to create Canadian money. Surely every member of this house and every citizen of Canada must, at one time or another during the last few years, have asked himself or herself, From what source are other nations securing the power to finance progress to the extent that it is being financed in other nations, as well as to finance what is unfortunately more costly than progress, the enormous war programs which are under way in practically every nation in the world? This parliament, due to its affiliation with the League of Nations has a right to review what has been said by the director of the international labour office at Geneva. He summarises the world situation in these words:

> But perhaps the most outstanding lesson of the slump is to be found in the profound change it has produced in ideas about monetary policy. In this field more than in any other lies the key to economic prosperity and social progress. The demonstration that in one country after another the upturn of business and employment coincided not with the reduction of wage rates, the cutting of costs or the deterioration of working conditions, but with the abandonment of deflation and the adoption of monetary expansion, has made a deep impression on the world.

Surely this experience the world over proves that the time has gone by when men can scorn controlled inflation and monetary reform and dismiss it idly as something unworthy of consideration. Nations the world over have found a new lease of national strength and new recovery of internal prosperity in the management of their own currency, the acceptance of this conclusion is not dependent upon the evidence which may be found in the monetary experiments of the dictatorships, Russia, Japan, Germany or Italy, or in the pump-priming program in the United States, although the successes and failures of their fiscal policy should not be ignored; for such countries, bankrupt a few years ago, irrespective of whether they are using their financial resources effectively or otherwise, are no longer short of money. People say that the Roosevelt program of expenditure has failed. Let me ask any member of this house what would have happened in 1933, 1934, 1935, if the national government of the United States had not undertaken such expenditures. Even to-day those who scorn Roosevelt's attempt to conquer poverty for the people of the United States are forced to acknowledge that if the national government of the United States failed to go forward with a further spending program, the inevitable result would be a disastrous depression of unparalleled dimensions.

But quite apart from the dictatorships or the Roosevelt administration in the United States, there is ample evidence to support the significance of monetary reform to be found in the recovery program of the British isles, where under a completely revolutionized monetary outlook, human and national need policies are being projected and financed upon entirely new theories of financial and political economy. The epochal British revolt against orthodox finance and classical economy was engendered by sheer necessity, and arose directly from the failure of the deflationary policy launched in 1925 by Winston Churchill, the then chancellor of the British exchequer. Under that policy Mr. Churchill hoped to restore international trade and, in turn, internal trade in Britain by reducing public expenditure, salaries, wages, working conditions, living standards and the cost of industrial production, accompanied by whatever increases in taxation were necessary to balance the budget. Under that misguided policy, which I am afraid we are continuing to pursue in Canada, the national credit of Great Britain was almost destroyed. The resulting collapse of her national credit and security forced the British government to repudiate orthodox finance and classical economy and stake her whole future on inflation.

What has happened in England is simply this: The government has taken the control of currency and credit away from irresponsible bankers and placed it where it properly belongs, under responsible government. From the point of view of human well-being this revolution against banker rule is just as important as and more far-reaching than Magna Charta; for through it the government has found the means of financing the public services that are essential to orderly progress. The old days of laissez-faire are over in England; the day when the government can be indifferent to industry and the well-being of the people has passed. Now the British government moves to protect the standard of living of the humblest and to

guard and protect industry in all its ramifications. The first great step in the emancipation of Britain from the slavery of orthodox finance has been taken, and other steps are certain to follow; for this money revolution in Great Britain was not born of blind selfishness or class hatred but had its genesis in the evolution of intelligent understanding. It has been fostered by outstanding industrialists, the London Chamber of Commerce and men of high finance such as Reginald McKenna, war-time chancellor of the exchequer, who financed the war on a managed currency basis. As chairman of the Midland bank, on January 27, 1934, he laid down this basic rule for all governments to follow:

> Nothing in monetary practice is more certain than that contraction of the volume of money, or even failure to secure an adequate increase, tends both directly and indirectly to put a brake upon business of every kind, and to produce the very troubles—unemployment, unremunerative commodity prices, unbalanced budgets and general depression—which have been apparent in almost every country of the world in the past four years. "With expanding population and production we need expansion in the supply of money, or it will inevitably follow that consumption will not keep pace with production."

The support of McKenna for the new British policy was quickly followed by the endorsement of John Maynard Keynes, who pointed out:

> The creation of legal tender has been and is a government's ultimate reserve; and no state is likely to decree its own bankruptcy or its own downfall so long as this instrument remains at hand unused.
>
> Thus we accept Mr. McKenna's contention that an expansion of credit is the key to the situation. But we conclude that if whilst an increase volume of bank credits is probably a sine qua non of increased employment, a program of home investment which will absorb this increase is a sine qua non of the same expansion of credit.

What we have done in Canada is to create an abundance of credit, but we have not provided that adequate program of home investment which puts that accumulation of credit to work for the Canadian nation and the Canadian people. This problem of public spending presented by Keynes is in reality the one that the British government has solved, and I think it has been solved in this way. If the people owning savings fail or refuse to exchange their savings for treasury notes or other governmental securities offered on terms fixed by the government to provide the government with funds needed for new enterprise or to balance the budget, then the banks are called upon to absorb such securities by expanding bank credits which are placed at the disposal of the government in the form of bank deposits. Therefore the British government always has at its disposal a plentiful supply of money on its own terms. By investing such credits in social services, public works, the development of trade, and the national defence, the British government is able to keep circulating the medium of exchange needed to increase the production, distribution and use of wealth, to raise the standards of living of the people, to enlarge the national income, to increase the volume of trade and the stability of commerce, to supply the means of paying taxes, to maintain all public services and to make more secure the defence of the United Kingdom and its world-wide interests. The British government, by spending national credit, is now fulfilling "its most conspicuous and sacred responsibility," namely that of supplying the circulation of consumers' buying power which is the economic blood-stream of the commerce and industry of the capitalistic democracy that it is charged to sustain.

In avoiding the evil consequences of inflation the British government first limits its expenditure to what it thinks are the practical, economic, social and national needs of the day. It also maintains a scheme of high and widespread taxation on income which prevents the accumulation of an excessive volume of issued buying power medium of exchange. It also maintains a definite leadership in the regulation of prices, wages, working conditions, production and distribution, taking particular care to prevent the development of speculative booms in securities and commodities. Expenditures on social service in Great Britain are no longer feared as burdens of the state but are now being recognized as essential not only to those in need but to the general going-concern activity of the business of the nation. For the same reason the British government now spends freely in granting financial aid to housing and slum clearance programs; to shipping and industry; to the development of electrical energy; to the recovery of fuel oil from coal and the nationalization of coal mines; to agricultural production and, through other channels, to all phases of national development.

Under this practical perspective of currency management the British government now meets the entire public cost of unemployment relief, unemployment insurance and health services, old age pensions, mothers' pensions and aid to children; and through grants in aid has assumed much of the liability of the poor laws and many other obligations which formerly fell upon the taxpayers in counties and municipalities. In pursuance of her policy of relieving the owner of improved property under

local government from the burden of excessive taxation by local authorities, the national government of Great Britain now pays some sixty per cent of the cost of education and fifty per cent of the cost of local police services. In addition to these continuing obligations she goes forward with a tremendous program of national rearmament.

Mr. BENNETT: On borrowed money.

Mr. McGEER: Well, I did not hope to get that obsession out of the mind of the right hon. leader of the opposition (Mr. Bennett), but I am hopeful of getting it out of the mind of the Prime Minister (Mr. Mackenzie King).

Mr. BENNETT: She floated a loan of $400,000,000 just the other day.

Mr. McGEER: Yes, I read about it very carefully.

Mr. BENNETT: It looks like it.

Mr. McGEER: Now that my right hon. friend has raised that question, let me deal with it. In addition to pouring out money for those in need through her inflationary policies, she is also able to pour out, to those who have accumulated savings, an income via the interest route; but if my right hon. friend will be patient for a little while, I shall deal with the reason for that and I think he will agree with me, because probably he knows more about it than I do. But there are men in the old country who agree with me, and I am going to quote one now. For instance, in connection with the controlled inflation program of the British government, in his annual statement to the shareholders of his bank in 1935 Mr. McKenna pointed out that the adoption of controlled inflation was the first essential to the recovery of British commerce and industry, and he then stated:

> The quantity of our money is no longer governed by the fortuitous supply of gold and the degree to which hoarding is practised by central banks and others. The quantity of money is subject now to pure management with first regards to the needs of commerce and industry.

I venture to say that the experience and record of the Right Hon. Reginald McKenna, both as chairman of the Midland bank and as chancellor of the exchequer place him in at least as high a position of authority as that held by the right hon. leader of the opposition in the Canadian House of Commons.

In the May 21, 1938, issue of The Economist, which I have no doubt the right hon. gentleman reads, we are also told:

> There are distinct signs that the policy of cheap plentiful credit is being continued and intensified so as to combat the recession, and also so as to facilitate the financing of rearmament. Such a deduction is not at variance with the occasional reaffirmations of monetary policy which from time to time have emerged from official quarters.

That the British system of managed currency is directly under the control of the government was positively declared by Mr. Neville Chamberlain, then chancellor of the British exchequer and now Prime Minister, in his address at the Mansion House on October 7, 1936. On that occasion he stated:

> Sterling is still free. It is unlinked to gold or any other currency. There is no alteration in the credit policy which is necessary to preserve the internal prosperity of this country or of the other countries of the British empire. "Our improvement is principally due to two causes, both of which arise directly out of government action. The first is the system of very moderate protection which we have established, and the second is the maintenance of low rates of long term interest. We have not in contemplation any change in either of these two branches of our policy."

Here is the chancellor of the British exchequer taking full responsibility on the part of the British government to regulate the rate of interest on long term credits in the British isles. When I mentioned this fact to the house the other night I thought it well to quote it again, because it impressed me so much. I believe I have nearly committed it to memory. When I heard the governor of the Bank of England acknowledge that the government had the unqualified cooperation of British bankers, and that the government was in complete control of the money system, I was amazed. However these are his exact words:

> Those for whom I speak welcome the freedom which we have in comparison with those in many other markets, but we wish to use that freedom in the only proper way it can be used, and that is in harmony with the government's policy. I assure the ministers that if they will make known through the appropriate channels what they wish us to do in furtherance of their policies they will at all times find us willing with good will and loyalty to do what they direct as though we were under legal compulsion.

Here is a British chancellor of the exchequer declaring a policy of government control, and the head of the Bank of England, speaking on behalf of the bankers, declaring that "we, as bankers in England, agree with that program."

We have a little different attitude in Canada because the statement of the governor of the Bank of England stands out in marked contrast to the statement of the deputy governor of the Bank of Canada who, speaking on March 28 in Ottawa to the junior board of trade, said:

> In many countries the policy of the government is the policy of the central bank; certainly no respectable central bank would accept a policy from its government with which it differed fundamentally.

Of course that was the rule when Mr. Osborne was imported by the leader of the opposition (Mr. Bennett) from the Bank of England to come to Canada to run our bank; but it no longer prevails in any respectable democracy; for now in respectable democracies the governments and not the bankers rule the nation's currency and credit. British economic and national power to-day gives final refutation to those who have parrot-like repeated the shibboleth that a nation cannot spend her way to prosperity and security. Proportionately to her population, national income, wealth and debt load, Great Britain is spending annually not as much as Germany or Russia, but slightly more than Roosevelt is spending annually in the United States, and at least double the amount we are spending annually in Canada.

If Great Britain were to reduce her budget to the basis we have adopted as safe and sane for Canada, she would cut her annual expenditure in two. What would be the result? Her national defence would be destroyed; her foreign trade would be lost, and her internal economy would stagnate in a welter of bankruptcy, destitution and revolution. We would have conditions in England such as unfortunately we have to-day in Vancouver.

The present plan of Great Britain may be criticized as being far from perfect. I know they are still borrowng unnecessarily, and I know they are still paying interest unnecessarily, but it can be said that much of the public financing has been reduced to the lowest rate of interest in history, and the government is in control. But the great thing about British policy is that Great Britain is no longer short of money. It must be remembered that this new plan is only seven years old. It dates from the bankruptcy of Great Britain in 1931, when she collapsed under the gold standard, orthodox finance and classic economy.

It must also be remembered that it is being carried out by a government which represents the Conservative minority in England whose respect for the wages of money is still higher than its regard for the wages of men, and whose worship of the institutions of accumulated wealth overshadows its concern for the well-being of individuals other than those possessed of interest bearing bonds, and those who live by the sweat of other men's faces. What a great thing it would be for this Dominion of Canada if the right hon. the leader of the opposition would take as much interest in the wages of men as he takes in the conditions of those who collect interest on government bonds!

To the government may I say this, that continued indifference to the financial needs of provinces, cities and people, and to Canadian progress, prosperity and security will not command the respect of the majority indefinitely, who I believe are beginning to feel that the time has come when we should be moving along the lines of currency management which other nations are successfully developing.

Along the course of controlled inflation that Great Britain has taken to success we in Canada must not be afraid to follow; for through her new monetary system developed under the British empire currency policy of 1933, to which Canada is a party, Great Britain now has billions for unemployed relief, pensions, education and other social services; billions for reconstruction of home and city; unlimited billions for the promotion of trade and commerce and the maintenance of empire defence, and billions for the betterment of the world at large.

How is it that that little country, with her limited natural resources, her tremendous obligation to maintain the value of her buying power in the world's markets, and in view of the relation she has to import trade, can do all she is doing under managed currency, when we still are afraid to move—with so little done, so much to do and so much to do with? There is no reason why Canadian development cannot go forward in the light of the experience of other nations, which demonstrates the facilities that can be used for development.

What I wish to point out to the house is this, that we have adopted inflation, and we adopted it under the right hon. the leader of the opposition, when he was Prime Minister, at the time when he put into effect the British empire currency policy at the Ottawa conference in 1932. That was the development which followed the collapse of the world economic conference in London of that year. We adopted that policy first in 1930, second in 1932, and then what did we do in 1933?

To make it effective in our dominion coined gold was withdrawn from circulation; the right of the free export of gold was cancelled; the

price of gold was raised from $20 to $35; the right to secure the conversion of paper money and bank deposits into gold on demand was wiped out, and we established a virtual government monopoly over the purchase and export of gold. The issue of a stabilization fund of $250,000,000 to maintain the international value of our dollar was authorized by an act yet to be proclaimed, presumably because our favourable balance of trade has been so satisfactory that it was not necessary, which is a fact.

In 1934 parliament, recognizing the need for currency and credit expansion in Canada, which the new policy contemplated, enacted the Bank of Canada Act containing provision for the reduction of gold reserves for currency purposes to 25 per cent, and it also provided for the complete suspension of gold reserves by order in council in case of national emergency.

Parliament also amended the Bank Act to permit chartered banks to create and issue bank deposits on a five per cent reserve of Bank of Canada bills. By these laws this parliament reduced currency and bank deposit legal reserves and extended the limits of inflation so that our banking system could provide the government with the use of the nation's credit in almost unlimited volume. Parliament in addition did everything necessary to permit our banks to extend to our dominion, provincial and civic governments the plentiful supply of money that a managed currency system is designed to supply, which, under public control of currency and credit, is now available to the governments of Great Britain, Germany, Italy, Japan, Russia and many other nations.

The cardinal features of these laws, which every member of parliament should know if he is performing his full duty, are very simple. They are to be found, first, in section 26 of the Bank of Canada Act, 1934, which permits the Bank of Canada to issue full legal tender money on a 25 per cent gold basis, which means that it can expand gold into four to one of legal tender currency. This section gives the Bank of Canada the exclusive right to issue all Canadian full legal tender cash in the form of currency bills and, as I said a moment ago, on a basis of expansion of four to one.

Under section 27 of the same act, and under subsection 4 of section 59 of the Bank Act, 1934, the chartered banks are authorized to issue bank credit in the form of alleged bank deposits on a five per cent reserve of Bank of Canada bills. Therefore, for every five dollars of Bank of Canada bills which the Bank of Canada may issue, our chartered banks are authorized by parliament to create bank credit in the form of bank deposits up to the value of $100, which they can create with a bookkeeping entry and use to purchase government bonds and securities. While these enactments hardly justify the statement made by the Minister of Finance (Mr. Dunning) in this house on March 8—

Mr. SPEAKER: I am sorry to have to interrupt the hon. member, but he has exhausted his time.

Mr. McGEER: I have taken up very little of the time of the house during the last two years.

Some hon. MEMBERS: Go on.

Some hon. MEMBERS: Time.

Mr. SPEAKER: There does not seem to be unanimous consent, so I shall have to ask the hon. gentleman to resume his seat.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I do not rise to address this chamber on the budget. I had intended to make a few remarks, but on account of the regrettable absence of the Minister of Finance (Mr. Dunning), which I trust will be but for a very few days, I shall defer what I have to say until his return. My remarks would have to do with questions connected with the balance sheet as presented the other day, and I shall not trouble the house in that regard at this time. However, I desire to make a few observations with respect to the amendment to the amendment which has been submitted by my hon. friends to my left.

I well recall the circumstances under which the present Minister of Mines and Resources (Mr. Crerar) so brilliantly and powerfully sought the support of the electors in western Canada on promises that were not unlike those contained in the 1919 platform of the Liberal party. Those of us who recall the election of 1921 and the attitude of the Progressive party of that time with respect to matters mentioned in the subamendment, as well as the attitude of the present government in the presentation of its platform, will well remember the picture that was painted as to what was to happen if they came into power. They succeeded in 1921. The subamendment directs attention to the fact that they disregarded the pledges contained in their platform of 1919, of two years previously.

I am bound to say that I cannot find it possible to express regret that they did disregard their pledges. I rise merely for the purpose of directing attention to the fact that it is hardly fair to blame those of us who opposed that platform and who pointed out

what would be the inevitable consequences of its being adopted in practice, if we do not to-night give our support to that subamendment. It will be a matter of curious interest to us all to observe the attitude of some of those who assisted in the preparation of that platform. Many of them were not members of parliament at that time, but there are many who attended the great convention of the Liberal party held in this city in 1919 at which that platform was prepared and at which those promises were given to the electorate. We did express the view that if those promises were given effect to; if they were promulgated in the form of policies; if they were enacted as statutes, the result would be disastrous to Canada. It is a matter not of regret but of satisfaction to know that those who now sit upon the treasury benches have seen fit, as evidenced by their conduct, to admit that the position which we took was sound and that their promises were made, shall I say, in error.

There remains, therefore, nothing for us to do but to dissociate ourselves from the amendment to the amendment; not to express regret, but to express our pride and satisfaction that the government, by reason of their appreciation of conditions having recognized that to have given effect to these pledges would have been disastrous to the nation, have seen fit to do the exact opposite. They have thereby given my hon. friends to my left an opportunity to ask those who promulgated those promises publicly to express their disapproval of the promises they made and of the platform they promulgated by voting against the resolution which expresses regret that they have not kept those promises.

Mr. Speaker, I repeat that I rose merely for the purpose of expressing, not regret that the promises made were not kept, but satisfaction that they were not. Despite all the promises that were made and the speeches with which this country was deluged; despite the literature that was spread from one end of this country to the other; despite the votes that were secured and the great and powerful campaign carried on by my hon. friend who was the leader of the then Progressive party, he now finds himself associated with the government in forgetting those promises. I congratulate them warmly upon this state of affairs. I congratulate the country upon the fact that we have a government with, shall I say the courage to disregard its promises, with such a high and fine sense of its responsibilities to the people as to forget these pledges were ever made and to wish that they had not been made.

[Mr. Bennett.]

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, like the right hon. leader of the opposition (Mr. Bennett) I had not intended to say anything at the present time in this debate. However, since the right hon. gentleman has pointed out to the members of the Cooperative Commonwealth Federation group how anxious he is to dissociate himself from them, perhaps I should point out to them that about all they have succeeded in doing by this amendment is to associate themselves with him. When they come to support their own amendment I hope they will realize that they are endorsing the Conservative party in its amendment. This is how the amendment of the Cooperative Commonwealth Federation begins.

That the amendment be further amended by adding the following thereto:

In other words, they have left intact the amendment moved by the spokesman for the Conservative party, and in supporting their own amendment they will be linking themselves through its amendment with that party.

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

YEAS

Messrs:

Blackmore	Leader
Coldwell	MacInnis
Douglas (Weyburn)	MacNeil
Elliott (Kindersley)	Macphail
Fair	Marshall
Hansell	Mitchell
Heaps	Needham
Jaques	Pelletier
Johnston (Bow River)	Poole
Kennedy	Quelch
Kuhl	Woodsworth—23.
Landeryou	

NAYS

Messrs:

Ahearn	Brunelle
Anderson	Cahan
Baker	Cardin
Barber	Casselman
Barry	Clark (Essex South)
Beaubien	Clarke (Rosedale)
Bennett	Clark (York-Sunbury)
Bertrand (Prescott)	Cleaver
Bertrand (Laurier)	Cochrane
Black (Chateauguay-Huntingdon)	Coté
Black (Yukon)	Crerar
Blair	Damude
Blanchette	Deachman
Bothwell	Denis
Boulanger	Deslauriers
Brooks	Donnelly
Brown	Douglas (Queens)

Duffus
Dupuis
Emmerson
Esling
Euler
Evans
Fafard
Farquhar
Ferguson
Ferron
Fiset (Sir Eugène)
Fleming
Fontaine
Fournier (Hull)
Francœur
Furniss
Gariépy
Gauthier
Girouard
Gladstone
Glen
Golding
Gosselin
Goulet
Grant
Gray
Graydon
Green
Hamilton
Hanson
Hartigan
Héon
Hill
Howard
Howe
Hurtubise
Hyndman
Ilsley
Isnor
Jean
Johnston (Lake Centre)
King, Mackenzie
Kinley
Kirk
Lacroix (Beauce)
Lalonde
Lapointe (Matapedia-Matane)
Lapointe (Quebec East)
Leclerc
Leduc
Lennard
Little
Lockhart
McAvity
McCallum
McCann
McCuaig
McCulloch
Macdonald (Brantford City)
McDonald (Pontiac)
McDonald (Souris)
McGregor
McIntosh
McIvor
McKenzie (Lambton-Kent)
MacKenzie (Neepawa)
Mackenzie (Vancouver Centre)
MacKinnon (Edmonton West)
McKinnon (Kenora-Rainy River)
McLarty
McLean (Melfort)
McLean (Simcoe East)
MacLennan
MacNicol
McPhee
MacRae
Mallette
Marsh
Martin
Maybank
Motherwell
Mullins
Mulock
Mutch
Neill
O'Neill
Parent (Terrebonne)
Patterson
Perley
Plaxton
Pottier
Pouliot
Power
Purdy
Raymond
Reid
Rhéaume
Rickard
Rinfret
Robichaud
Rogers
Ross (St. Paul's)
Ross (Moose Jaw)
Rowe (Dufferin-Simcoe)
St-Père
Sanderson
Senn
Slaght
Spence
Stevens
Stewart
Stirling
Streight
Sylvestre
Taylor (Nanaimo)
Taylor (Norfolk)
Telford
Thauvette
Thompson
Thorson
Tomlinson
Tremblay
Tucker
Turgeon
Turner
Tustin
Veniot
Vien
Walsh
Ward
Warren
Weir
Wermenlinger
White
Winkler—169.

51952—266

Miss AGNES MACPHAIL (Grey-Bruce): Mr. Speaker, the question is on the amendment. I had not intended to speak, but the right hon. the leader of the opposition (Mr. Bennett) pointed out that his party felt they could not vote for the subamendment on account of the fact that they had always been against the principles expressed; fortified by the further fact that the party which brought those principles into being were against it; and further, that he was followed by the Prime Minister (Mr. Mackenzie King), who pointed out to the groups in this corner that we ought not to associate ourselves with the Conservatives since they were not pleased to associate themselves with us, I feel moved to speak. I believe that the group in this corner are following the policy which we have used for many years, that of voting with any group which states our ideas, so in a moment it will not trouble us at all to vote with the Conservative party.

May I point out to the Prime Minister —what he may not have noticed—that the Conservatives have just voted with the Liberals; or, shall we put it the other way, that the Liberals have just voted with the Conservatives?

Mr. LAPOINTE (Quebec East): This is our budget.

Miss MACPHAIL: Any thoughtful person in Canada has known for a long time, certainly since that marvellous speech the Prime Minister made on the night of the election of 1935, that we have one great Conservative party in Canada. It is true that it has two parts, one called Liberal and the other called Conservative. But it is quite obviously a conservative party, with a small "c." Many people in Canada, and possibly many in the Conservative ranks, are somewhat worried over the lack of success of the Conservative party throughout Canada. May I point out to the Conservatives in this house that the reason why they are not more successful is that Canada does not need two Conservative parties. Having one that is so overpoweringly successful, we do not need another. As a word of advice and encouragement to the Conservative convention about to convene, I would say that the only way I see that they can attain power is by becoming liberal, because Canada certainly stands in need of liberalism. The group in this corner has stood by the ideas in which they believed in voting for the Liberal platform of 1919, a platform the principles of which have been reaffirmed by Liberals many times since 1919.

Mr. MacINNIS: At election times.

Miss MACPHAIL: Yes, and at convention times. They have said over and over again that they believed in the principles for which we have just voted. So it has now come to the place where the only Liberals who sit in the house are those who sit in the southeast corner and the hon. member for Portage la Prairie (Mr. Leader) whose courage I admire. What Canada needs very much and in time will have again is a strong people's party, and when that time comes the sentiments expressed in the amendment on which we are now going to vote are likely to be fulfilled. It must have been hard on some of the Liberals to vote against their own program. I was astonished at the hon. member for Huron North (Mr. Deachman) after his eloquent speech the other day, which would have convinced me had I needed it, but I agreed with him to begin with; it surprised me to see him following the leadership of the Conservatives in the House of Commons.

Right Hon. W. L. MACKENZIE KING (Prime Minister): All I wish to say to my hon. friend who has just spoken (Miss Macphail) is that I did not for one moment say to the hon. members of the group to which she belongs how they ought to vote. I did point out what they had succeeded in doing by their subamendment, namely that as a party they had placed themselves as an appendage to the Conservative party. I may have made a good many mistakes in my life, and I know I have a good many limitations, but one thing I have not done is to tell any lady how she should behave.

The house divided on the amendment (Mr. Lawson) which was negatived on the following division:

YEAS

Messrs:

Anderson
Baker
Barber
Bennett
Black (Yukon)
Blackmore
Brooks
Brown
Cahan
Casselman
Clarke (Rosedale)
Coldwell
Douglas (Weyburn)
Elliott (Kindersley)
Esling
Fair
Graydon
Green
Hansell
Heaps
Héon
Jaques
Johnston (Bow River)
Kennedy
Kuhl
Landeryou
Lockhart
McGregor
MacInnis
MacNeil
MacNicol
Macphail
Marsh
Marshall
Mitchell
Needham
Pelletier
Perley
Poole
Quelch
Ross (St. Paul's)
Rowe (Dufferin-Simcoe)
Senn
Spence
Stevens
Stewart
Stirling
Thompson
Tustin
Walsh
Wermenlinger
White
Woodsworth—53.

NAYS

Messrs:

Anearn
Barry
Beaubien
Bertrand (Prescott)
Bertrand (Laurier)
Black (Chateauguay-Huntingdon)
Blair
Blanchette
Bothwell
Boulanger
Brunelle
Cardin
Clark (Essex South)
Clark (York-Sunbury)
Cleaver
Cochrane
Coté
Crerar
Damude
Deachman
Denis
Deslauriers
Donnelly
Douglas (Queens)
Duffus
Dupuis
Emmerson
Euler
Evans
Fafard
Farquhar
Ferguson
Ferron
Fiset (Sir Eugène)
Fleming
Fontaine
Fournier (Hull)
Francœur
Furniss
Gariépy
Gauthier
Girouard
Gladstone
Glen
Golding
Gosselin
Goulet
Grant
Hamilton
Hanson
Hartigan
Hill
Howard
Howe
Hurtubise
Hushion
Ilsley
Isnor
Jean
Johnston (Lake Centre)
King, Mackenzie
Kinley
Kirk
Lacroix (Beauce)
Lalonde
Lapointe (Matapedia-Matane)
Lapointe (Quebec East)
Leclerc
Leduc
Little
McAvity
McCallum
McCann
McCuaig
McCulloch
Macdonald (Brantford City)
McDonald (Pontiac)
McDonald (Souris)
McIntosh
McIvor
McKenzie (Lambton-Kent)
MacKenzie (Neepawa)
Mackenzie (Vancouver Centre)
MacKinnon (Edmonton West)
McKinnon (Kenora-Rainy River)
McLarty
McLean (Melfort)
McLean (Simcoe East)
MacLennan
McPhee
MacRae
Mallette
Martin
Maybank
Motherwell
Mullins
Mulock
Mutch
Neill
O'Neill
Parent (Terrebonne)
Patterson
Plaxton
Pottier
Pouliot
Power
Purdy
Raymond
Reid
Rhéaume
Rickard
Rinfret
Robichaud
Rogers
Ross (Moose Jaw)
St-Père
Sanderson
Slaght
Streight
Sylvestre
Taylor (Nanaimo)
Taylor (Norfolk)
Telford
Thauvette
Thorson
Tomlinson
Tremblay
Tucker
Turgeon
Turner
Veniot
Vien
Ward
Warren
Weir
Winkler—136.

PAIRS

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

Messrs:

Dunning	Massey
Gardiner	Harris
Michaud	Church
Wood	Lennard
Chevrier	Beaubier
Fraser	Hyndman
Gray	Lawson
MacLean (Cape Breton North-Victoria)	Hayhurst

Mr. LENNARD: I was paired with the hon. member for Brant (Mr. Wood). Had I voted I would have voted for the amendment.

Mr. HAYHURST: I was paired with the hon. member for Cape Breton North-Victoria (Mr. MacLean). Had I voted I would have voted for the subamendment and for the amendment.

Mr. HYNDMAN: I was paired with the hon. member for Northumberland, (Ont.) (Mr. Fraser). Had I voted I would have voted for the amendment.

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

YEAS

Messrs:

Ahearn	Francœur
Barry	Furniss
Beaubien	Gariépy
Bertrand (Prescott)	Gauthier
Bertrand (Laurier)	Girouard
Black (Chateauguay-Huntingdon)	Gladstone
Blair	Glen
Blanchette	Golding
Bothwell	Gosselin
Boulanger	Goulet
Brunelle	Grant
Cardin	Hamilton
Clark (Essex South)	Hanson
Clark (York-Sunbury)	Hartigan
Cleaver	Hill
Cochrane	Howard
Coté	Howe
Crerar	Hurtubise
Damude	Hushion
Deachman	Ilsley
Denis	Isnor
Deslauriers	Jean
Donnelly	Johnston (Lake Centre)
Douglas (Queens)	King, Mackenzie
Duffus	Kinley
Dupuis	Kirk
Emmerson	Lalonde
Euler	Lapointe (Matapedia-Matane)
Evans	Lapointe (Quebec East)
Fafard	Leclerc
Farquhar	Leduc
Ferguson	Little
Ferron	McAvity
Fiset (Sir Eugène)	McCallum
Fleming	McCann
Fontaine	McCuaig
Fournier (Hull)	McCulloch
Macdonald (Brantford City)	Plaxton
McDonald (Pontiac)	Pottier
McDonald (Souris)	Pouliot
McIntosh	Power
McIvor	Purdy
McKenzie	Raymond
McKenzie (Lambton-Kent)	Reid
MacKenzie (Neepawa)	Rhéaume
Mackenzie (Vancouver Centre)	Rickard
MacKinnon (Edmonton West)	Rinfret
McKinnon (Kenora-Rainy River)	Robichaud
McLarty	Rogers
McLean (Melfort)	Ross (Moose Jaw)
McLean (Simcoe East)	St-Père
MacLennan	Sanderson
McPhee	Slaght
MacRae	Streight
Mallette	Sylvestre
Martin	Taylor (Nanaimo)
Maybank	Taylor (Norfolk)
Motherwell	Telford
Mullins	Thauvette
Mulock	Thorson
Mutch	Tomlinson
Neill	Tremblay
O'Neill	Tucker
Parent (Terrebonne)	Turgeon
Patterson	Turner
	Veniot
	Vien
	Ward
	Warren
	Weir
	Winkler—135.

NAYS

Messrs:

Anderson	MacInnis
Baker	MacNeil
Barber	MacNicol
Bennett	Macphail
Black (Yukon)	Marsh
Blackmore	Marshall
Brooks	Mitchell
Brown	Needham
Cahan	Pelletier
Casselman	Perley
Clarke (Rosedale)	Poole
Coldwell	Quelch
Douglas (Weyburn)	Ross (St. Paul's)
Elliott (Kindersley)	Rowe (Dufferin-Simcoe)
Esling	Senn
Fair	Spence
Graydon	Stevens
Green	Stewart
Hansell	Stirling
Heaps	Thompson
Johnston (Bow River)	Tustin
Kennedy	Walsh
Kuhl	Wermenlinger
Landeryou	White
Leader	Woodsworth—52.
Lockhart	
McGregor	

PAIRS

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

Messrs:

Dunning	Massey
Gardiner	Harris
Michaud	Church
Wood	Lennard
Chevrier	Beaubier
Fraser	Hyndman
Gray	Lawson
MacLean (Cape Breton North-Victoria)	Hayhurst

Mr. LENNARD: I was paired with the hon. member for Brant (Mr. Wood). Had I voted I would have voted against the motion.

Mr. HAYHURST: I was paired with the hon. member for Cape Breton North Victoria (Mr. MacLean). Had I voted I would have voted against the motion.

Mr. HYNDMAN: I was paired with the hon. member for Northumberland, Ont. (Mr. Fraser). Had I voted I would have voted against the motion.

WAYS AND MEANS

SPECIAL WAR REVENUE ACT

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

Resolved, that it is expedient to introduce a measure to amend the Special War Revenue Act, chapter one hundred and seventy-nine of the Revised Statutes of Canada, 1927, and amendments thereto and to provide:

1. That schedule III to the said act being the list of articles exempted from the consumption or sales tax be amended by adding to the said schedule the following:

Materials for use exclusively in the manufacture of gopher poison;

Harness for horses and complete parts therefor and articles and materials to be used exclusively in the manufacture thereof;

Feeds for fur-bearing animals whose pelts have commercial value;

Articles and materials for use exclusively in the equipment or repair of boats used by fishermen in the fisheries;

Bricks; building tile, building blocks and building stone; plaster; lime; cement; stucco and stucco dash;

Lumber; sash; doors; shingles; lath; siding; stairways; balustrades;

Plaster boards, fibre boards, wallpaper, building paper, and materials manufactured wholly or in part of vegetable or mineral fibre for wall coverings or building insulation;

Paints, varnishes, white lead and paint oil;

Prepared roofings;

Shower baths, bath tubs, basins, faucets, closets, lavatories; sinks and laundry tubs, not including pipes and pipe fittings;

Glass for buildings;

Furnaces for heating buildings;

Builders' hardware, namely: locks, lock sets, butts, hinges, pulleys and window fasteners.

Hon. J. L. ILSLEY (Minister of National Revenue): Before this paragraph of the resolution is discussed, may I state that I have an amendment adding two paragraphs which I shall ask one of my colleagues to move. The amendment is:

That paragraph 1 of the said resolution be amended by adding thereto at the end thereof the following:

"Structural steel to be used exclusively for the framework and support of buildings and bridges.

[Mr. Hyndman.]

"Articles and materials to be used or consumed exclusively in the manufacture or production of the aforementioned building materials, but not to include materials consumed by waste or wear or abrasives, lubricating oils, fuel oils or non-permanent plant equipment."

This amendment would be added at the end of the list of building materials which are to be exempt from the sales tax.

Mr. BENNETT: Notice should have been given in votes and proceedings because this amendment will have material effect upon the exemption provisions.

Mr. ILSLEY: It does. The first paragraph of the amendment deals with structural steel. That is simply an addition to the list, although it is important. The second paragraph provides for the exemption of articles which enter into the manufacture of building material, and is a very important provision. I hope it will not be necessary to delay consideration of this by reason of the addition of these two items. I would suggest that since this applies only to the exemption of building material, and since there are a few other changes in the Special War Revenue Act which come before this, we might deal with the others first. The first item is, "Materials for use exclusively in the manufacture of gopher poison."

Mr. BENNETT: I think, Mr. Chairman, that would be an admirable way in which to take the resolution.

Materials for use exclusively in the manufacture of gopher poison.

Mr. ILSLEY: Gopher poison as a finished product has been exempt from sales tax for some years. No provision, however, was made in respect of the materials used in its preparation, although the ingredients constitute the main item of expense in making gopher poison. Administrative difficulties in the past have made it impossible to effect the exemption in respect of ingredients inasmuch as they were purchased from so many different sources, and at times through retailers possibly many times removed from the manufacturer of the ingredients, who under the law is responsible for this portion of the tax. The manufacturer was not able in most instances to certify that any particular portion of, say the strychnine sold, found its way eventually into gopher poison. Recently it has been found that more than 75 per cent of the gopher poison used is of one brand, and this concentration of supply makes the exemption administratively feasible.

Item agreed to.

Harness for horses and complete parts therefor and articles and materials to be used exclusively in the manufacture thereof.

Mr. ILSLEY: Farming machinery generally and farm equipment of many specified kinds are exempt from sales tax, and it is found that this general exemption might properly include harness. It has been estimated that about 95 per cent of all harness made is used by farmers, and accordingly the exemption is made general rather than limited to the particular use by farmers. Parts and materials used in making harness are also exempt from sales tax, following the existing practice which obtains in respect of parts, machinery and equipment and materials.

Mr. BENNETT: That would include buckles and copper rivets?

Mr. ILSLEY: Yes.

Mr. BENNETT: And the wax ends used in sewing, I suppose?

Mr. ILSLEY: Yes.

Mr. BENNETT: I have been asked whether it would include collars. Should not also the wording of the item include mules, which are used in some places quite extensively for farming?

Mr. ILSLEY: I am informed that it is construed as covering harness for mules.

Mr. BENNETT: If that is so, all right. I just wanted to know.

Item agreed to.

Feeds for fur-bearing animals whose pelts have commercial value.

Mr. ILSLEY: The existing exemption in respect of animal feed specifically mentions fox feed. Calf, cattle, hog and poultry feeds are also exempt, and the specified list of particular kinds of stock feed are exempt. Under the existing wording, however, no exemption is allowed in respect of feeds for fur-bearing animals other than foxes, as for example, minks. To remove this ambiguity it is proposed to allow an exemption in respect of feeds for all fur-bearing animals whose pelts have a commercial value.

Mr. BENNETT: That was what was originally intended, anyway.

Item agreed to.

Articles and materials for use exclusively in the equipment or repair of boats used by fishermen in the fisheries.

Mr. ILSLEY: At present an exemption exists in respect of ships licensed to engage in the Canadian coasting trade and in respect of boats purchased by individual fishermen for their own personal use in the fisheries. Furthermore, materials used in the construction, repair, or equipment of ships are exempt, also articles and materials used in the manufacture of boats owned by individual fishermen for their own personal use. It will be noted that with regard to these exemptions no mention is made of articles and materials used in the equipment or repair of the boats. This is an anomalous situation, and the proposed amendment removes the anomaly by extending the exemption to cover all articles and materials for use exclusively in the equipment or repair of these boats.

Mr. NEILL: This was asked for by the fishermen on the Pacific coast, principally the small boat owner. They will appreciate the amendment made. I should just like to have it made clear that the boat will not have to be registered to get the benefit of this exemption.

Mr. ILSLEY: It will not.

Item agreed to.

Bricks; building tile, building blocks and building stone; plaster; lime; cement; stucco and stucco dash.

Mr. ILSLEY: The amendment which I have proposed adds structural steel to the list of building materials. Structural steel is in competition with cement, and since cement was in the list it seemed to be desirable to add structural steel. Then came the question about the materials that enter into the manufacture of these exempted building materials. If they had not been added to the list, it would have meant the tax would have been transferred from the finished building materials to the taxable elements which enter into their manufacture, and that would have reduced the effective exemption from eight per cent in some instances to a considerably smaller amount. Since the budget was presented last Thursday, a great many representations have been made by persons interested and others, from which it was apparent that serious administrative difficulties would arise. For example, a manufacturer who manufactures taxable building materials and materials that hereafter would be exempt from sales tax would find it very difficult to separate the raw materials into those which were to go into the tax exempt finished product and those which were to go into the taxable finished product. That is one of the administrative difficulties which arises, and for that reason and others it was felt desirable to add this to the list of exemptions.

It means, of course, that the eight per cent will now be completely removed without deduction for the tax on the materials.

Mr. BENNETT: Mr. Chairman, with respect to the item dealing with bath tubs, et cetera, not including pipes and pipe fittings, it means that the accessories to the various items mentioned here will pay the tax, even though they may be chromium plated, whereas the bath itself and the shower will be free from tax. Is that a sound provision having regard to the fact that we are now dealing allegedly with the construction of homes? It must be remembered that we are supposed to be making exemptions here to help the man who is building a house, and clearly there are pipes connected with the introduction of a bath into his home, some of them chromium plated but coming under the head of pipes, because a bath tub as it comes from the factory has no accessories attached to it at all. Before it is put into place you attach the various accessories; very often nowadays they are plated with chromium. But as this item reads, even these pipes would not be free from the sales tax.

There is this further point to which I desire to direct the minister's attention. After all, structural steel does not enter into any cheap houses. Structural steel has practically nothing to do with the kind of houses we have been discussing, and the provision regarding it cannot be taken as any incentive except where the larger construction in cement does touch the smallest and lowest priced house. I can understand the desire to make the items complementary, and the action is thoroughly understood in that regard. But when you come to say, "articles and materials to be used or consumed exclusively in the manufacture or production," you have all this machinery. Take, for example, the grinding of white lead. What are you going to do about it? These articles are used exclusively for that purpose. I do not think the minister had that in mind, but surely that is what it means in a court of law where ultimately it would have to be construed.

Articles and materials to be used or consumed exclusively in the manufacture or production of the aforementioned building materials, but not to include materials consumed by waste or wear or abrasives, lubricating oils, fuel oils or non-permanent plant equipment.

"Non-permanent plant equipment." You see it does not include non-permanent plant equipment; therefore it would include permanent plant equipment. That would be the construction which I know the minister would say should be put upon it by a judge. The very fact that it does not include non-permanent means that it does include permanent. I did not see the amendment until a moment ago, but I do not think the minister had in mind the machinery used, for instance, in grinding white lead or in preparing linseed oil. I notice that the words "paint oil" are used. That, of course, involves the use of an inferior product instead of what has usually been the standard product in connection with matters of that kind, but I take it the minister had good reasons for doing that. The cheaper oil makes an inferior paint. Linseed oil is used in the higher standards of paint, white lead being the basis of it. The minister, I am sure, does not mean to free the machinery, shall I say, or any parts of it that are permanent in their character, from the sales tax. I am not quite sure, but I think the clause is drawn in such a way as to leave it open to an ambiguous construction.

Mr. ILSLEY: The wording is that at present used in the act to cover materials, and it has not before been argued, although the—

Mr. BENNETT: The necessity has not arisen.

Mr. ILSLEY:—right hon. gentleman has argued it very well, I think, that "articles" may, perhaps, literally taken, mean machinery; "articles . . . to be used or consumed exclusively in the manufacture or production" of these products has always been construed by the department and held to mean materials or something that actually goes into the product, and not the machinery, and the reason "non-permanent plant equipment" is inserted is to make it clear that this non-permanent plant is not included under "materials."

Mr. BENNETT: I realize that.

Mr. ILSLEY: It is often argued that non-permanent plant of certain kinds is material.

Mr. BENNETT: Oh, yes, I know.

Mr. ILSLEY: That is the reason for that.

Mr. BENNETT: I realize fully why that is inserted, but I direct attention to a possible ambiguous meaning of it.

Mr. ILSLEY: It is now suggested that when the words "non-permanent plant equipment" are used, an implication arises—

Mr. BENNETT: The minister is an excellent lawyer, and he remembers the rule of law that if you mention the one you exclude the other.

Mr. ILSLEY: Yes. There is no objection to putting it beyond doubt by saying "non-permanent or permanent plant equipment."

Mr. BENNETT: Yes. I think that would overcome a possible difficulty.

Mr. ILSLEY: I think it is better to put both words in than to leave both out.

Mr. BENNETT: Quite. One or the other.

Mr. STEVENS: Unfortunately we have no copy of this amendment or any information about it at all except what we have heard read. I may be wrong in what I have caught from the words of the minister. Might I suggest that instead of using the word "articles," the word "materials" or "ingredients" should be inserted, because that is all that is involved. It is materials or ingredients which enter into the manufacture of these things, and obviously not an article that is used in the manufacture; yet the amendment, I understand, says, "articles to be used."

Before the minister answers me, may I point out this, which I gather has been considered by the minister in the last few days. I understand, as regards this list of items entering into the construction of houses, building construction, the resolution as it is at present drawn will create a chaotic condition among those who are manufacturing these articles. I notice the minister referred to subseqent items in this group, so I shall also do so. Take for instance:

Builders' hardware, namely: locks, lock sets, butts, hinges, pulleys and window fasteners.

Have representations been made—I understand they have—by the manufacturers of these goods, and, if so, have they been given full consideration? I am informed that if the resolution passes in its present form, it is going to create a serious condition, the objection being that under the law as it has been worked for many years the original parts which enter into a finished article are not taxed at all, but the finished article is taxed. Now, if the finished article is exempted, it leaves the manufacturer of the primary part taxable. That, of course, was never intended. I do not think the amendment will correct that situation.

Mr. ILSLEY: It is intended to.

Mr. STEVENS: I have just received a copy of the proposed amendment. It reads:

Articles and materials to be used or consumed exclusively—

The CHAIRMAN: Order. I do not want to interrupt the hon. member, but I think, to keep the record clear, this amendment should be read. It has not yet been read from the chair, and it has been suggested that there should be some change. It is moved by Mr. Power:

That paragraph 1 of the said resolution be amended by adding at the end thereof the following:

"Structural steel to be used exclusively for the framework and support of building and bridges.

"Articles and materials to be used or consumed exclusively in the manufacture or production of the aforementioned building materials, but not to include materials consumed by waste or wear or abrasives, lubricating oils, fuel oils, permanent or non-permanent plant equipment."

Mr. ILSLEY: Quite—"permanent or non-permanent."

Mr. STEVENS: I do not wish to seem to quibble over this matter, but as I read the proposed amendment it refers to building materials. What does that include? Would it not be necessary to classify under one group all the materials affected by that proviso? There is one item here:

Bricks; building tile, building blocks and building stone—

And a number of items, all of which go into buildings. Am I to understand that this amendment will apply to all those items?

Mr. ILSLEY: Yes.

Mr. STEVENS: Does the minister think that is sufficiently clear?

Mr. ILSLEY: Yes, it will be placed at the end of a paragraph containing that list.

Mr. STEVENS: I suppose that will appear clarified in the bill?

Mr. ILSLEY: Yes.

Mr. STEVENS: Is the minister satisfied that this completely covers hardware, for instance?

Mr. ILSLEY: No; only the hardware named.

Mr. STEVENS:

Builders' hardware, namely: locks, lock sets, butts, hinges, pulleys and window fasteners.

Mr. ILSLEY: It covers locks, lock sets, butts, hinges, pulleys and window fastenings, and the materials going into the manufacture of those are exempted now by the amendment.

Mr. STEVENS: Will that include, for instance, screws and bolts—

Mr. ILSLEY: No; it does not include anything except that named in the list. It does not include all builders' hardware but includes only the builders' hardware named in the item.

Mr. STEVENS: In locks there are a certain number of screws.

Mr. ILSLEY: If they are included in the locks, they are exempt.

Mr. STEVENS: It will include those?

Mr. ILSLEY: Yes.

Mr. STEVENS: It is claimed by manufacturers that this will introduce an atmosphere of confusion impossible to overcome. I simply wish to be assured that this point has been considered by the department officials and the minister and that they are satisfied that this amendment will meet the situation.

Mr. ILSLEY: Yes; those representations were received and carefully considered, and the amendment will, I think, do away with practically all the difficulty anticipated by the manufacturers.

Mr. GOLDING: Will that cover furnaces for heating?

Mr. ILSLEY: Furnaces are listed.

Mr. BENNETT: Furnaces for heating buildings only.

Mr. GOLDING: Furnaces for buildings are exempt, but the raw material that goes into those furnaces, that is the steel, was not exempt. Now that will be cleared up?

Mr. ILSLEY: Yes, exactly.

Mr. McCULLOCH: Is sewer pipe to connect the building with the sewer exempt?

Mr. ILSLEY: No; pipes are not exempt. That is not building tile.

Mr. GOLDING: The hon. member for Wellington South (Mr. Gladstone) has a letter here which covers the situation to which I have referred. In the plant with which I am connected we manufacture the steel boilers that this heating firm uses, and I am interested in this.

Mr. BENNETT: This clearly covers furnaces for heating purposes only.

Mr. ILSLEY: Yes.

Mr. MACDONALD (Brantford): That is, boilers of all kinds?

Mr. BENNETT: No; furnaces, not boilers.

Mr. GLADSTONE: Information has come to me from a circular that may have gone out to the customs officers giving a list of goods exempt from tax; "hot water and steam boilers, cast-iron and steel, used for heating buildings; bungalow heaters used for heating buildings; warm air furnaces, steel or cast-iron;"—and then this note: "Note carefully: materials used in the manufacture of exempted items formerly not subject to tax are now taxable."

Mr. ILSLEY: The amendment changes that.

Mr. MACDONALD (Brantford): In heating buildings with hot water or steam, a boiler is an essential part of the heating equipment. A building could not be heated by steam or hot water without a boiler. I think the question raised by the hon. member for Wellington South (Mr. Gladstone) was whether the boiler would be exempt under the amendment.

Mr. ILSLEY: If it is part of a furnace, it will be.

Mr. MACDONALD (Brantford): The boiler is certainly part of the heating equipment, but I do not know whether they call it a furnace.

Mr. BENNETT: This does not cover heating equipment; it covers only the furnace for heating purposes, and that has a well known trade meaning.

Mr. MACDONALD (Brantford): For the provision to be effective with regard to heating equipment it would surely be necessary to include the boiler that goes with the furnace.

Mr. ILSLEY: Not all heating equipment is exempt. For example, radiators or stoves are not exempt.

Mr. MACDONALD (Brantford): Practically all buildings of any size that are being constructed to-day use either hot water or steam heating. I cannot see why a steam or hot water heating plant should not be exempt as much as a hot air furnace.

Mr. ILSLEY: All I can say is that, if it is part of the furnace, it is covered by the amendment.

Mr. CLARKE (Rosedale): I have not been able to get a copy of the amendment; therefore I cannot tell what is exempt. Is expanded metal, wall sheeting, metal sheeting, metal roofing, flashing and sheet metal that would go into a cheaper house or a farmer's barn included?

Mr. ILSLEY: If the hon. member will name those articles one at a time I will tell him.

Mr. CLARKE (Rosedale): Expanded or corrugated metal for sheeting, galvanized iron and tin and sheeting used in the construction of houses and barns.

Mr. ILSLEY: When used as siding or roofing they would be exempt.

Mr. LEADER: Just a moment ago we were speaking of furnaces, and I was wondering if this should not include cooking ranges, for this reason: In some of the smaller houses they have not made provision and perhaps will not make provision for furnaces. About all that such houses will have will be cook stoves or ranges, and it seems to me it would be the part of wisdom to include cooking ranges as well as furnaces. I should like to ask the minister if he will consider that point.

Mr. ILSLEY: The line has to be drawn somewhere, and the moment one gets into stoves he has to consider electric ranges and then other electrical equipment for the house. It was not thought desirable to go into that phase of it.

Mr. MACDONALD (Brantford): Also electric fans.

Mr. LEADER: I should like to say a word in regard to that. I still think it would be only a matter of justice if cooking ranges were included as well as furnaces. In regard to equipment such as electric lighting plants, it seems to me imperative that this provision should apply also. I am thinking now of the farmers out in the country who have not access to hydro power; indeed I know of many farmers who have the hydro running past their doors, but because of the cost of reducing stations and so on they are unable to take advantage of it. Some of these farmers, interested in bettering their home conditions, have purchased little power plants to make their own electricity. It seems to me it would be only a matter of justice and, if I might call it that, a gesture to the farming community, if farm lighting plants were exempted also.

Mr. ILSLEY: Electric fixtures are not included in this list of exemptions.

Mr. LEADER: I was going on to deal with that. I should like to suggest that farm lighting plants be exempted from the sales tax. If you have a farm lighting plant, of necessity you will have some lighting equipment, and I would suggest that the lighting equipment entering into not only the homes of farmers but also the homes of those in the cities be exempted from the sales tax. I feel that this would give a real stimulus to better home conditions, and now that we have gone this far it seems to me that we should go all the way in that regard and remove lighting equipment and farm lighting plants from under the sales tax. I think we should also include ranges along with furnaces.

Mr. MACDONALD (Brantford): Members of the committee have not a copy of the amendments. I should like to know whether or not the materials that go into the manufacture of paint, varnishes, white lead and paint oil are exempt from sales tax.

Mr. ILSLEY: Yes.

Mr. MACDONALD (Brantford): And also the raw materials that go into the manufacture of furnaces for heating purposes?

Mr. ILSLEY: Yes, for heating buildings.

Mr. BENNETT: How are you going to determine that when you are in your foundry casting them? That is what the hon. member for Kootenay East pointed out, namely, that it is too complicated.

Mr. ILSLEY: Just let me meet that point. If part of the furnaces are taxable, the materials are free; and now for these furnaces that are not taxable the materials are being made free, so there is no difficulty.

Mr. BENNETT: How are you going to differentiate between materials for a given purpose that are free, and materials that are not? For instance, in this steel item we are freeing structural steel for bridges. Clearly that has nothing to do with the building program; but it is quite obvious that if you are going to do that, you should also free reinforcing steel, which might enter into a concrete building, whereas the other might not have anything to do with building at all.

Mr. ILSLEY: I am informed that it is included in structural steel.

Mr. BENNETT: This is the first time I have ever heard of that. If you go down to the customs house and try to get it through, you will find that it is not. Just take your bundle of rods down there and try to get them through; then take your structural steel and try to get it through, and see whether they are in the same class.

Mr. ILSLEY: The item is "structural steel to be used exclusively for the framework and supports of buildings and bridges."

Mr. BENNETT: Exactly, and that is structural steel; that does not cover reinforcing rods.

Mr. LEADER: I do not wish to appear insistent, but I should like the minister to give me a definite opinion in regard to the suggestions I have made.

Mr. ILSLEY: My feeling is that this is quite a long list as it is, and the matter of where the line should be drawn has been very carefully considered. The hon. gentleman has suggested that we should move into the realm of stoves, which would get us into electric ranges and even, as one hon. member suggested, electric fans and electrical equipment generally. It is not considered desirable to do that; it would take us into too large a field of exemption. The other request of the hon. member was that lighting equipment for farmers' houses should be included; but I would point out to him that there is no exemption of electrical fixtures or any lighting equipment, so far as I can see, and while it would be very nice not to pay sales tax rather than pay it on a wide range of articles, still I do not see why we should extend this list.

Mr. COLDWELL: I should like to support the hon. member for Portage la Prairie. I believe that if the minister will consider the matter from this point of view, that rural houses must have electric lighting equipment, such as the Delco lighting system—

Mr. BENNETT: Largely sold in the west.

Mr. COLDWELL: Yes; it is sold largely in the west. I take it that this scheme for the construction of lower priced houses is designed to assist not only the people who live in towns and cities but also those who live in the rural communities.

Mr. ILSLEY: The town dweller does not get any exemption on his lighting equipment.

Mr. COLDWELL: But the town dweller simply runs a wire into his house.

Mr. ILSLEY: But he pays for his lighting, and that charge covers the cost of some lighting equipment on which there is no exemption.

Mr. COLDWELL: Nevertheless the additional outlay in regard to the lighting equipment in the rural house is almost prohibitive, and when the sales tax is added it greatly increases the cost of installation. I agree with the hon. member for Portage la Prairie that people living on farms are entitled to consideration because of the disadvantages which they suffer in regard to the hook-up that is necessary to connect them to the hydro or, as in Saskatchewan, to the lines running out from the steam plants in the cities. In my opinion the request of the hon. member for Portage la Prairie would be simply a matter of justice to a large number of people who suffer many inconveniences that most of us do not suffer. I think the same applies to heating equipment. The cheaper houses, particularly in the country places, are often, on account of fuel difficulties, heated by stoves, and I think the rural population is entitled to consideration in this regard. I would very strongly support the hon. member for Portage la Prairie in his request, not that action be taken to-night but that the matter be considered carefully before a definite answer is given.

Mr. TAYLOR (Nanaimo): I am disposed to agree with the hon. member for Rosetown-Biggar and the hon. member for Portage la Prairie. If people in isolated houses want these advantages, they are compelled to pay about nine times what they would cost an individual in an urban area, where he can get his lighting connection for an expenditure of about $30 or $40. The farmer has to pay about $400 or $500 for equipment which would bring about the same results. That point really requires some consideration.

Mr. ILSLEY: I understand the point of view taken by the hon. member, but I do not think we can possibly do what hon. members are asking without exempting the whole range of electrical fixtures and lighting equipment generally. I do not see how we can possibly draw the line where the hon. member suggests it should be drawn. Certainly it would entail a very serious loss of revenue. We would go from electrical fixtures to lamps and lanterns, and everything pertaining to lighting.

With regard to stoves I must say that they are not part of a building. They are not fixtures, whereas furnaces are. Furnaces are installed as part of a property, and it seems to me that for the reasons I stated before it would be very difficult to draw the line.

Mr. LEADER: May I point out again that the minister would not be entering the realm of lighting fixtures if he were to exempt a lighting plant. The sale of a lighting plant is something entirely by itself, and includes an engine and installation. That is all they charge for.

Mr. COLDWELL: And batteries.

Mr. LEADER: Yes, if you need batteries. The engine and batteries constitute the lighting equipment. Anything else would be extra, and it would not come under the heading of lighting. So, if the lighting plants were exempted on farm houses, it seems to me we would simply be carrying out a matter of justice. I can speak from experience. I have been used to electric lights on the farm, and I know, when we installed one about twenty years ago, before we got through with the installation it cost about $1,600 to get the plant. On the other hand, as one

hon. member has pointed out, in the city all one would have to do would be to attach a wire. Upkeep, refueling and that sort of thing cost a considerable amount of money every year; I know whereof I speak.

At the present time one can buy the Delco lighting plant for $647.50, and that is just the start of the expense in connection with the equipping of farm houses with electric lights and electric power. I have risen to say that we can certainly draw a distinction between a lighting plant and lighting fixtures. Again I say it is only a matter of justice that farm lighting plants be exempted from the sales tax.

Mr. THOMPSON: Are the lightning rods used on rural buildings exempt from the sales tax?

Mr. ILSLEY: No; they are not included.

Mr. ROSS (St. Paul's): Would this include metal as well as wooden sash? I notice we mention metal lath as well as wooden lath.

Mr. ILSLEY: It includes both.

Mr. ROSS (St. Paul's): Then there should be some change, and metal siding should be included as well.

Mr. ILSLEY: It includes all lath and sash.

Mr. ROSS (St. Paul's): Why are pipes and fittings not exempt? They enter very largely into the hot water heating systems of houses.

Mr. ILSLEY: Because they are put to so many other uses. That is the reason why they are not included.

Mr. ROSS (St. Paul's): Then the commercial heaters which are used to such a great extent in England enter into the picture, so far as small houses are concerned. I believe they are manufactured by the McClary Company. They take the place of furnaces, and are permanent fixtures in houses. Cannot something be done to have more than furnaces included?

All these houses have hot water heating equipment, and that equipment is just as much a part of the building and is just as necessary a part as is the furnace. Surely hot water heating equipment is part of a building, and it seems to me it should be included in the exemptions.

Mr. STREIGHT: I think the term "furnaces" should be clarified right now. The use of the word "furnace" is not sufficient. Probably it should mention hot air furnaces and hot water furnaces. I would not suggest steam equipment, because it is used only in the large plants, and is not necessary in the smaller type of houses it is here intended to help. But hot water furnaces are being put in small houses of the type indicated, and are installed for about $350.

Mr. ILSLEY: Hot water furnaces are included.

Mr. STREIGHT: With pipes, complete?

Mr. ILSLEY: No, no pipes or radiators.

Mr. STREIGHT: Pipes are not included?

Mr. ILSLEY: No.

Mr. STREIGHT: Are you putting down hot water furnaces only?

Mr. ILSLEY: All furnaces.

Mr. STREIGHT: All furnaces, without pipes?

Mr. ILSLEY: Yes.

Mr. ROSS (St. Paul's): I think something should be done about the matter of furnaces. For instance, every house has a domestic hot water heating plant. Every large building has that type of heating plant. They are very expensive, and the sales tax on such a plant amounts to quite a large sum. I should think it would be just as important to eliminate the sales tax on that plant as to eliminate it on any other building material. I think, further, that in order to make the matter clear we ought to mention metal sash and wooden sash.

Mr. MACDONALD (Brantford): No; that would limit it.

Mr. HAYHURST: I should like to add my voice to what was said by hon. members in this part of the chamber and by the hon. member for Portage la Prairie with regard to the lighting system in farm houses. I believe farmers will feel that discrimination has been exercised against them if they are not given the same consideration. We distinctly wish to help farming communities and to make living conditions on the farm worth while. If they did not take advantage of the situation, it would be their own fault, and they would have themselves to blame. I believe the government would be well advised to consider the farmers, and to eliminate the eight per cent sales tax so far as lighting systems in farm houses are concerned.

Mr. ILSLEY: Nearly everything which enters into the construction of a farm house is covered by this list. It includes lumber, sash, doors, shingles, paint, glass and so on.

Mr. COLDWELL: The lighting system is something which is very necessary on a farm. Although conditions may be different in the east, I know that in western Canada, and particularly in Saskatchewan, very few farm houses are adjacent to power lines. Consequently, modern installations in new houses require systems of the type we have been discussing. If the minister could see his way clear to recommend the addition, I am sure it would be greatly appreciated.

Mr. HEAPS: Do the exemptions in the schedule apply for any purpose whatsoever.

Mr. ILSLEY: I do not understand the question.

Mr. HEAPS: I am asking if the goods exempted in the schedule can be utilized for any purpose whatsoever?

Mr. ILSLEY: Yes.

Mr. HEAPS: I notice that an exemption is allowed only for glass used for building purposes, but it would seem that other goods so exempted could be used for purposes other than building.

Mr. ILSLEY: Does the hon. member refer to furnaces?

Mr. HEAPS: Hardware such as locks and hinges do not necessarily have to be utilized for building purposes.

Mr. ILSLEY: Most of these can be used only in connection with buildings, for example, roofings.

Mr. HEAPS: Pulleys would not have to be used on buildings, and there are other items of hardware that could be used for other purposes. Why should this exemption not apply to items used for other purposes?

Mr. ILSLEY: The hon. member is not suggesting that we should exempt glass dishes, for instance?

Mr. HEAPS: Glass can be used for many other purposes, and I do not see why we should exempt it for buildings only.

Mr. ILSLEY: Glass has so many uses that it is necessary to restrict it.

Mr. BARBER: That would include plate glass?

Mr. ILSLEY: Yes.

Mr. DUFFUS: A few days ago a deputation of four or five large manufacturers of builders' hardware came to Ottawa and made mention of several items that had been left out of this list which they considered were just as essential as some of those that are included. Have those items been included?

Mr. ILSLEY: No. I think those manufacturers of builders' hardware suggested that the enumeration should be left out and that all builders' hardware should be exempted. That covered such a tremendous range that we did not think we could do it. Their main difficulty was in connection with materials, and that is covered by the amendment.

Mr. DUFFUS: If I remember correctly, the list does not include handles used for raising window sash. In other words, one can get the window down but would find it impossible to get it up. That leaves one in a rather awkward position.

Mr. GLADSTONE: I have not a copy of the amendment before me, and I should like to understand exactly what it covers. Hot water and steam boilers are now exempt from this tax. Would that apply to old buildings as well as to new?

Mr. ILSLEY: Yes.

Mr. GLADSTONE: Radiators are not exempt from the tax. Are all the materials entering into the manufacture of steam boilers and radiators exempt from the tax?

Mr. ILSLEY: All that enter into the construction of furnaces for the heating of buildings. Radiators are not exempt.

Mr. GLADSTONE: Previously materials entering into the manufacture of radiators were exempt from the tax.

Mr. ILSLEY: Radiators are taxable.

Mr. HAMILTON: Would the minister care to express an opinion as to whether reinforcing steel used to reinforce concrete in constructing buildings and bridges will come within the term "structural steel"?

Mr. ILSLEY: All I can say is that it is intended to be included. Before the bill is brought down, I shall consult with the officials to see that there is no doubt about the point.

Mr. HAMILTON: I want to thank the government for bringing in this amendment.

Mr. STIRLING: Now that bridges have been added to the resolution is it quite clear that this item will cover all steel used in the construction of a bridge, such as foundation steel, main girders, cross girders and bearers?

Mr. ILSLEY: I would think they would all be included.

Mr. WALSH: I understand instructions have been given to cancel licences which have been granted to manufacturers of paint and to those engaged in the industrial trade. The result is, except in connection with certain items, that manufacturers of paint will have to pay the eight per cent sales tax on their ingredients.

Mr. ILSLEY: Materials are exempted by the amendment.

Mr. WALSH: The paint manufacturers have been granted a broad licence which covers practically all their primary products. The amendment now specifies certain primary products used in the paint manufacturing business, so that all others will be subject to the eight per cent sales tax.

Mr. ILSLEY: The amendment takes care of the situation referred to by the hon. gentleman. Was the hon. gentleman in the chamber when we were discussing the amendment?

Mr. WALSH: I have been here all evening.

Mr. ILSLEY: The amendment covers all materials entering into the manufacture of paints, varnishes, white lead and paint oil.

Mr. WALSH: All the primary products of a paint manufacturer will be free?

Mr. ILSLEY: But not to include materials consumed by waste or wear or abrasives.

Mr. WALSH: Materials entering into the manufacture of paint?

Mr. ILSLEY: Yes.

Mr. WALSH: An industrialist who buys large quantities of paint may still have his licence to buy that paint free from sales tax? For instance, a manufacturer of a household article may buy a large quantity of paint to use in finishing his product. Will he still be able to buy that paint free of the eight per cent sales tax?

Mr. ILSLEY: Yes.

Mr. WALSH: His previous licence has not been revoked?

Mr. ILSLEY: He will not need to use his licence, because hereafter all paint is to be free.

Mr. WALSH: Even though it is not used in connection with building?

Mr. ILSLEY: It is free for any purpose.

Mr. VIEN: I communicated with the minister to ask that rock asphalt should be included in the items to be exempted from the sales tax. This material is being used in the construction of concrete buildings and for the fire-proofing of buildings. The minister told me that this matter would be considered, and I should like to know if it is covered by the amendment.

Mr. ILSLEY: Will the hon. gentleman let that stand until I find out just what is rock asphalt?

Mr. McLEAN (Melfort): I notice that builders' hardware is exempted, but no mention is made of nails and spikes. They are a most important item, especially in building small buildings. A small building can be constructed without a furnace or radiator, but it would need a considerable quantity of nails.

Mr. ILSLEY: They are used for so many other purposes.

Mr. McLEAN (Melfort): The two and a half, three, four and even six inch nails are practically all used in building construction. I wish the minister would consider this item.

Mr. WALSH: A paint manufacturer sells probably 65 per cent of his production to the industrial trade, the balance going to the retailer. Will he have to charge the eight per cent sales tax on what he sells to the retail merchant?

Mr. ILSLEY: Paint is free for all purposes.

Mr. WALSH: It has not been in the past.

Mr. ILSLEY: That is what we are doing now.

Mr. WALSH: What is going to happen to the retail merchant who may have stocked up a month previously? The public are naturally expecting a reduction in the price of paint, but the retail merchant has already secured his supply and paid his eight per cent sales tax. Will any consideration be given to the retail merchants in that position from one end of Canada to the other? They have prepared for the season's trade and paid the eight per cent sales tax, and customers coming in wanting to buy paint will say, "Why should not paint be lower by eight or ten per cent, now the budget has gone through?" Will any allowance be made for the stocks on hand in the retail stores, or will anything be done to meet that situation?

Mr. ILSLEY: That was very carefully considered, and it was thought that we could not provide for any refund. When the sales tax was being increased there was an appreciation in the value of retail stocks, and the retailer got the advantage of that. Now that the taxes are reduced, there are instances where he will suffer a depreciation of his stock.

Mr. DEACHMAN: I venture to suggest, Mr. Chairman, that the retail merchant is already provided for, because when prices are brought down by the removal of the tax there will be an increased volume of trade which will amply provide for the additional profits the retailer desires to secure. The retail merchant will also receive an additional volume of sales as a result of the building program which this parliament is putting through.

Mr. ILSLEY: Yes. I think the retailers of builders' supplies will be glad to have this done, for the reason mentioned by my hon. friend, even though they may have stocks on hand on which they may have paid the tax.

Mr. MACDONALD (Brantford): Do I understand there will be no rebate of sales taxes which have already been paid?

Mr. ILSLEY: There will be no rebates.

Mr. TAYLOR (Norfolk): With regard to furnaces for heating buildings, there are in my constituency buildings for the curing of tobacco which are heated by furnaces. Will these furnaces be exempt?

Mr. ILSLEY: They are for the curing of tobacco.

Mr. TAYLOR (Norfolk): But also for the heating of the building. There was also an appeal to the minister for the exemption of the sales tax on oil burners used for the same purpose, and I was wondering if he had given consideration to that.

Mr. ILSLEY: Consideration has been given.

Mr. ESLING: If structural steel used in bridges is exempt, is it also exempt in the construction of industrial plants?

Mr. ILSLEY: For buildings and bridges.

Mr. ESLING: Perhaps one of the most essential things in a low rental house is the electric wiring and the fuses and switches that go with the wiring. These are just as essential as the paint. Is provision made for their exemption?

Mr. ILSLEY: There is no provision made for exempting wire. Wiring has a very wide range of use, and it was not thought desirable to include it.

Mr. DUFFUS: I am still of the opinion that there are certain items of builders' finishing hardware which it is essential to include in the exemptions. Would the minister be good enough to let the item stand over until the next sitting?

[Mr. Ilsley.]

Mr. ILSLEY: The question can be raised on the bill. This is merely the resolution, and there will be a bill before us later.

Mr. ESLING: In every community there is a wall paper business. Just to clarify the item, would the minister say whether that is included?

Mr. ILSLEY: Wall paper is included in the list of exemptions.

Item agreed to.

Amendment agreed to.

Paragraph as amended agreed to.

2. That schedule II to the said act be amended by striking out the following words in paragraph three thereof:

Provided that the tax hereby imposed shall not apply to the goods mentioned herein, when sold to or imported by manufacturers of automobiles or chassis for the original equipment of such automobiles or chassis under the following conditions:

(i) If less than ten thousand automobiles or chassis are manufactured or produced per annum and at least fifty per centum of the factory cost of manufacturing or producing them, exclusive of duties and other taxes, is incurred in the British Empire;

(ii) If ten thousand automobiles or chassis or more are manufactured or produced per annum and at least sixty per centum of the factory cost of manufacturing or producing them, exclusive of duties and other taxes, is incurred in the British Empire;

Provided, however, that effective April 1st, 1938, the words "sixty-five" shall be substituted for the word "sixty" in this paragraph,
and substituting therefor the following:

Provided that the tax hereby imposed shall not apply to the goods mentioned herein when used exclusively for the original equipment of such automotive vehicles.

Mr. BENNETT: Would the minister explain just what this section means before we proceed with it in detail?

Mr. ILSLEY: At present tires and tubes are taxable, tires at two cents a pound and tubes at three cents a pound. If they are original equipment on automobiles that have a certain empire content, no tax applies. If the number of automobiles manufactured is 10,000 or under, the empire content has to be 50 per cent; if the number is over 10,000, the content now has to be 65 per cent, formerly 60 per cent. That provision is in one of the schedules of our Special War Revenue Act, and it was to offer an incentive to get a larger empire content. The manufacturers of automobiles that did not have that content, and with tires as part of the original equipment, have to pay on the tires and tubes two cents and three cents a pound. At the time that schedule was drafted it was thought that this

tax would apply to tires on imported automobiles, but it was discovered that it was not applicable to them.

Mr. BENNETT: Because they were covered by the automobile as a whole.

Mr. ILSLEY: That is correct, but there is another reason too. The result was that the tire manufacturers in Canada found themselves at a great disadvantage in trying to sell tires for imported automobiles.

Mr. BENNETT: Because they already had the tires on.

Mr. ILSLEY: The imported automobile came in with the foreign tires on tax-free, so there was no reason why it should have a Canadian tire. This provision gives the Canadian manufacturer of tires a chance on that business.

Mr. BENNETT: When you import an automobile with four wheels, it has four tires, I should think. It would not come in as an automobile without the tires on the wheels?

Mr. ILSLEY: Oh, yes, it is a business practice to import automobiles without tires. There is a guarantee which is of value that goes with Canadian tires, and Canadians want Canadian tires.

Mr. BENNETT: This would have to be computed at the end of each year because it is the yearly production of 10,000 or more.

Mr. ILSLEY: We do not have to concern ourselves with that now. We did have to concern ourselves with it, and that was an administrative difficulty which is now removed.

Paragraph agreed to.

3. That subsection two of section fifty-eight of the said act be amended to provide that the excise tax payable upon the sale, transfer or assignment of any share at a price or valuation of one dollar shall be one-quarter of one cent per share.

Paragraph agreed to.

4. That any enactment founded on this resolution shall be deemed to have come into force on the seventeenth day of June, one thousand nine hundred and thirty-eight and to have applied to all goods imported or taken out of warehouse for consumption on and after that date and to have applied to goods previously imported for which no entry for consumption was made before that date.

Mr. BENNETT: There is a difficulty about section 4, because of the amendment which was made in connection with steel. Is that to be covered also? Under section 3 of the resolution, the rate is a quarter of a cent. What was the old rate?

Mr. ILSLEY: This affects only shares of exactly one dollar. The present rate is one-tenth of one per cent. This is one-quarter of a cent.

Mr. BENNETT: As regards steel, I am thinking about the question of rebates that was mentioned by the minister.

Mr. ILSLEY: I think it can be administered if we leave the date the seventeenth day of June, even for structural steel.

Mr. BENNETT: I take it that there will have to be a rebate.

Mr. ILSLEY: Adjustments will have to be made.

Paragraph agreed to.

Mr. ILSLEY: The resolution is carried, I believe.

Mr. BENNETT: Yes.

Resolution agreed to.

Resolution reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce Bill No. 163, to amend the Special War Revenue Act.

Motion agreed to and bill read the first time.

On motion of Mr. Mackenzie King the house adjourned at 10.56 p.m.

Friday, June 24, 1938

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, 23rd June, 1938.

Sir,

I have the honour to inform you that the Honourable Lawrence Arthur Cannon, acting as deputy of His Excellency the Governor General, will proceed to the Senate Chamber on Friday, the 24th June, at 5.30 p.m. for the purpose of giving the royal assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
R. R. Stewart,
Deputy Assistant Secretary to
the Governor General

REPORTS OF COMMITTEES

Second report of the joint committee of both houses on the printing of parliament.—Mr. St.-Père.

Fifth report of the standing committee on miscellaneous private bills.—Mr. McPhee.

CIVIL SERVICE SUPERANNUATION ACT—SECOND REPORT CONCURRED IN

Mr. MALCOLM McLEAN (Melfort) presented the second report of the special committee on the Civil Service Superannuation Act, and moved that the report be concurred in.

Motion agreed to.

BUSINESS OF THE HOUSE

PROCEDURE WITH RESPECT TO PRIVATE BILLS—SUSPENSION OF STANDING ORDER 105

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I desire to move the following, which has been customary at this stage of the session:

That for the remainder of the session all private bills from the senate when received from that house be read a first and second time and referred forthwith, and that standing order 105 respecting the posting of bills be suspended in reference thereto.

Motion agreed to.

ANTICOSTI ISLAND

PROSPECTIVE SALE TO FOREIGN INTERESTS—PROTECTION OF CANADIAN INTERESTS

On the orders of the day:

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister (Mr. Mackenzie King) if anything further has been done in regard to the island of Anticosti.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, a committee of representative officials of different departments have been investigating the situation, and have the matter in hand in a manner in which they believe will fully protect the interests of Canada.

BREN MACHINE GUNS

AGREEMENT BETWEEN DOMINION GOVERNMENT AND JOHN INGLIS COMPANY WITH RESPECT TO MANUFACTURE

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): I should like to draw the attention of the Minister of National Defence (Mr. Mackenzie) to the fact that he promised to table a copy of a contract between the John Inglis Company and the government. When may we expect it? We should like to have it, as the session is drawing near the close.

Hon. IAN MACKENZIE (Minister of National Defence): There is a motion on the order paper for the production of this agreement, I understand.

[Mr. Speaker.]

ROYAL AIR FORCE

ESTABLISHMENT BY BRITISH GOVERNMENT OF TRAINING CENTRES IN CANADA—QUESTION OF RECRUITING

On the orders of the day:

Mr. C. G. MacNEIL (Vancouver North): Mr. Speaker, what are the intentions of the Department of National Defence with respect to the proposals that training centres for aviators be established in Canada by the British government, and what steps have been taken to aid recruiting for the Royal Air Force?

Right Hon. W. L. MACKENZIE KING (Prime Minister): The question the hon. member has asked is really one of government policy. I think I should say that it is not usual to make statements of government policy in reply to questions on the orders of the day. I believe that is all I can say.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): May I ask the Prime Minister when he will divulge to the house what the government policy is in regard to this matter?

Mr. MACKENZIE KING: Any statement of policy in regard to the matter referred to will be made if and when occasion for such arises.

FARMERS' CREDITORS ARRANGEMENT ACT

FREE CONFERENCE WITH THE SENATE IN VIEW OF AMENDMENTS

Hon. T. A. CRERAR (Minister of Mines and Resources): Mr. Speaker, earlier in the session Bill No. 25, amending the Farmers' Creditors Arrangement Act, 1934, received its first reading. Section 5 of the amending measure provided as follows:

The said act is amended by inserting therein immediately after section 19 thereof the following section:

20. On and after a date to be fixed by proclamation of the governor in council, no new proposals shall be made or filed by any farmer or accepted by any official receiver in any province in respect of which the said proclamation is issued.

When the measure was before the senate they amended it by striking out the section I have read, and by substituting therefor the following:

No proposal shall be received in any province later than the 31st of December, 1938, except in the provinces of Saskatchewan and Alberta.

Earlier in the session Bill No. 33, to amend the Soldier Settlement Act, was considered and passed by this house. As hon. members will recall, that measure had to do with what is known as the dollar for dollar bonus privi-

lege that had been extended to soldier settlers under legislation passed by the previous government. The period under which the bonus could be paid expired on March 31 of this year.

At the time the legislation was before the house hon. members will recall that strong representations were made from various quarters of the house that the legislation should be continued for another three years. That was not done, largely on the assumption that soldier settlers who were in financial difficulties would and could have recourse under the Farmers' Creditors Arrangement Act for a composition of their debts, and that since that machinery was open to them for that purpose it was not necessary to extend the dollar for dollar bonus privilege right across the board.

I believe I am correct when I say that it was on that assumption the soldier settlement measure finally passed the house. If the amendment proposed by the senate, as indicated in the order now before the house, is accepted, then very largely if not entirely it nullifies the privilege that we thought would continue when the dollar for dollar bonus provision was before the house. For that reason the government cannot accept the amendment suggested by the senate, which I read a moment ago.

There are still in many of the provinces, and especially in all the western provinces, a very large number of soldier settlers who are in arrears. Those in charge of the administration of the Soldier Settlement Act feel that it is necessary and advisable that the soldier settlers should apply under the Farmers' Creditors Arrangement Act for a composition of their debts. Consequently for these reasons the government cannot accept the amendment proposed in the senate.

Right Hon. R. B. BENNETT (Leader of the Opposition): There remains however a very difficult question in connection with the matter. Assuming that the senate should accept the suggestion made by the minister and extend the exception to applications of those who have loans under the Soldier Settlement Act, would the legislation then be acceptable to the government? The reasons the minister has urged against agreeing with the senate amendment would not apply if the senate were to provide for the exception,—that is, an exception in favour of cases under the Soldier Settlement Act. If that exception were added to the statute, then you would have the act no longer applicable except in Saskatchewan and Alberta, and the minister has not said whether that would be objectionable or acceptable to the administration. He has not referred to that at all.

It would be simple to amend this bill in the senate and say that the act shall not apply to any province in Canada after December 31, 1938, except the provinces of Saskatchewan and Alberta, and to cases which might arise in any province under the Soldier Settlement Act. That would still leave jurisdiction to deal with soldier settlement cases in all the provinces, and would leave the act otherwise operative in Alberta and in Saskatchewan, but not elsewhere. I think the government should indicate, since we are dealing with it in this way and as it will mean an ultimate conference if the amendments are not agreed to, whether or not, if the suggestion now made by the minister is adopted by the senate, he would have any objection to the other provisions of the senate amendments.

Mr. CRERAR: I intended to indicate that that was one reason why the government could not accept the amendment. An additional reason is the fact that it would constitute a hardship on many settlers, apart from soldier settlers, in the western provinces. If a conference takes place it is not the intention of the conferees representing the government to limit it solely to the claims of soldier settlers.

Right Hon. W. L. MACKENZIE KING (Prime Minister): While we are on the subject I should like to move:

That a message be sent to the Senate requesting a free conference with their honours to consider certain amendments made by the Senate to Bill No. 25, intituled: An act to amend the Farmers' Creditors Arrangement Act, 1934, to which this house disagrees, and upon which the Senate insists, and any amendment which at such conference it may be considered desirable to make to the said bill or amendment thereto.

That the Clerk do carry the said message to the Senate.

Motion agreed to.

WAYS AND MEANS

INCOME WAR TAX ACT

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

Resolved, That it is expedient to amend the Income War Tax Act and to provide:

1. That lump sum payments made in Canada, which sever the funds permanently from the assets of the payor company, for the establishment of superannuation or pension fund plans with a view to providing benefits for employees in respect of past years' services, shall be allowed as a deduction to the extent of one-tenth of such lump sum payments in each of ten successive years, commencing the year in which the payment is made; provided that in the case of superannuation or pension fund plans heretofore established by lump sum payments the said deduction shall commence in the year 1938

and continue thereafter until ten years shall have elapsed from the date of the initial payment.

Hon. J. L. ILSLEY (Minister of National Revenue): With regard to this proposed amendment, I may say that at present deductions are allowed in respect to contributions to pension funds made during the current year. That is to say, these contributions are regarded as legitimate items of cost incurred in earning income on which a tax is being paid. There is no provision in the act for allowing in one year a deduction in respect of lump sum payments covering past years of employees' services. Several large companies have expressed their intention of making contributions to pension funds, of the sort here in question, and have argued that an allowance should be made in respect of them. It is believed that through allowing these lump sum payments as deductions, this practice of creating pension and superannuation funds will be encouraged, and that substantial social benefits will accrue through the incentive here being offered. It is realized that this provision should be amply safeguarded, and it is particularly provided that the funds contributed must be permanently severed from the assets of the company making the contribution. This will prevent an unscrupulous company from retaking to itself contributions once made and in respect of which deductions from income tax have been allowed. It was felt inadvisable that the deduction should be made all in one year and it is proposed that the allowance shall be spread over a ten-year period. Moreover, it was felt that an employer who in the past had made a lump sum contribution of the sort here in question and had received no allowance in respect of such contribution should not be excluded entirely from the benefits of this proposed amendment if such contributions were made within the past ten years. Accordingly, in respect of lump sum payments heretofore established, deductions shall commence in the current year and shall continue until ten years have elapsed from the date of the initial lump sum payment. Thus a company that had made a lump sum contribution to a pension fund five years ago would still be allowed five annual deductions, each equalling one-tenth of the original lump sum contribution.

Mr. BENNETT: Retroactive legislation is always bad so far as theory is concerned. In practice it frequently is. In this case what will happen will be that those who have made payments ten years ago—and large financial institutes have done that—will receive no benefit. But they will receive a benefit if the contribution happens to have been made during the last ten years. They will get one-tenth allowance if it was made nine years ago, two-tenths if it was eight years ago, and so on.

Mr. ILSLEY: Yes.

Mr. BENNETT: Is not that an invidious condition that operates unfairly with respect to some and favourably with respect to others?

Mr. ILSLEY: No.

Mr. BENNETT: If you are going to make it retroactive at all, then it seems to me that it should be retroactive entirely. Those that have made lump sum payments and have severed the funds from their own funds should be able, during the period of the next ten years, if you are going to make it retroactive, to deduct one-tenth from their income. That would seem to be the legitimate and reasonable thing to do if you are going to treat it in that way. Any payments that have been made, especially lump sum pension payments which have been severed entirely from the funds of the enterprise, should become a deductible allowance from the income during the period of the next ten years, beginning with 1939. The year 1938 has passed and payments for that year may be regarded as concluded.

Mr. ILSLEY: In a sense this is not retroactive at all.

Mr. BENNETT: It is in dollars, even though it may not be in cents.

Mr. ILSLEY: The deduction cannot be made in one year; it must be divided into ten equal amounts. Where an employer made a lump sum payment five years ago, for taxation purposes we assume that only one-tenth was paid five years ago and one-tenth during each year since then. As far as our purposes are concerned, the payment which was made five years ago is still being made and has four or five years still to run. We are allowing that as a deduction from the passage of this legislation. For the purposes of our deduction the lump sum payment is divided into ten payments. We proceed on that assumption and from the passage of this legislation we shall be dealing with future payments. We are dealing with future payments. The lump sum payment was made five years ago, but it is assumed for the purposes of taxation that it is still being made, and that there are four or five yearly payments still to be made, which we are allowing as deductions. In that sense it is not retroactive.

Mr. BENNETT: One does not question that phase of it. I tried to make clear my

understanding of it. Ten years ago a company having a large income put away $100,000 to a reserve fund. As the law stood it was not permitted to make any deductions of any kind by reason of such action, and would have paid income tax on the $100,000. But if the same company, instead of having done it ten years ago, did it eight years ago it would be allowed to deduct $10,000 from taxable income for 1938-39, and $10,000 for 1939-1940. That would be, I think, unfair. This fixes ten years as the limit of time within which an appropriation can be made to lessen the burden of taxation. But taxes have already been paid upon the lump sum; they were paid when it was contributed for that purpose and severed from the funds of the corporation or enterprise, as the case might be.

It must be known to the minister that there are large financial institutions that have set up voluntary pension funds, severed entirely from the enterprise, and to which from year to year they have made large contributions. To the extent to which they may be regarded as expenses they, of course, as pointed out by the minister, do not pay income tax. But if there is an appropriation of a large sum for that particular purpose, and this applies only to that kind, then my submission is that that company should be placed in exactly the same position, if you are going to be retroactive at all, as those more fortunate companies that are making a contribution of $200,000 or $300,000 now to start a fund, and allow them to deduct one-tenth every year during the next ten years. I do not approve on general principles of the idea of making these matters retroactive, but if you desire to place them all on a parity, and that is what apparently the minister does desire to do, from the standpoint of deduction, then it is clear that if $500,000 was set up as the nucleus of a fund from the accumulated earnings of an enterprise which had paid income tax all the years, it would be fair to say that notwithstanding the fact that the contribution was made fifteen years ago, during the next ten years they should deduct $50,000 annually, to put them in the same position as those now setting up a pension fund for the first time; and one-tenth deductible from the taxable income would place them in exactly the same position with respect to that $500,000 upon which they had paid taxes as though they had commenced to-day to set aside the $500,000 and deducted $50,000 during the next ten years from their taxable income.

Mr. ILSLEY: I do not agree with that. The company that made its lump sum payment more than ten years ago must be assumed for the purposes of this act to have made all its payments, even on a ten-year basis.

Mr. BENNETT: I say they made a flat contribution of half a million dollars from their accumulated funds. I do not want to name the enterprise; it would be most unfair to do it, but I can give it to the minister for the purpose of illustration.

Mr. ILSLEY: We are quite willing to treat the company that made its lump sum payment ten years ago as though it had made ten payments beginning with the time when it made its lump sum payment.

Mr. BENNETT: But this does not do that.

Mr. ILSLEY: Oh, yes. It is not passed until after the expiration of that time, and therefore there is no deduction that can be allowed that company.

Mr. BENNETT: It never has had a deduction. The lump sum payment has been made, on which income tax has been paid. But here there is an allowance that will free it from income tax.

Mr. ILSLEY: I do not exactly follow what the right hon. gentleman says. He suggests that there is discrimination against the company that made its lump sum payment ten years ago or more, and that it does not get any deduction under this legislation.

Mr. BENNETT: Quite.

Mr. ILSLEY: We are treating that company exactly the same as any other company. For example, we are willing to treat that company as though, instead of making its $500,000 payment ten years ago, it made $50,000 payments for each of the ten years succeeding that. But it still gets all its payments made before this law is changed, and therefore the company gets no benefit under this legislation.

Mr. BENNETT: Surely the minister has not followed me. I am sorry I have been unable to make myself clear. Company A has in its reserves $2,000,000, upon which income tax has been paid, the $2,000,000 having been accumulated out of profits which were taxable. The directors, with the approval of the shareholders, appropriated $500,000 fifteen years ago for a pension fund, and severed that fund from the funds of the enterprise. They will receive no benefits under this legislation.

Mr. ILSLEY: No.

Mr. BENNETT: And their competitor, which makes an appropriation to-day, or eight years or six or seven years ago, will obtain,

if payment is made this year, complete freedom in ten years of income tax for the whole amount; and if made within the period of ten years, freedom from taxation for one-tenth of it for each of the years that represent the difference between the number of years and ten. That is discrimination. Whether it is a discrimination that should be approved is a matter, of course, for the administration to say, but it does clearly put one enterprise in a different position from another.

You must remember that many voluntary non-contributory pension funds, notably one or two very large ones, came into being in this country entirely through the voluntary act of the directors, with the approval of the shareholders. Sums of money were appropriated for that purpose, upon which, of course, if the fund were set up since 1917, income tax has been regularly paid, because the funds were accumulated out of profits. It is for the minister to say whether he thinks that is a form of discrimination that parliament should not take notice of, or whether for a period of ten years the company should be afforded relief.

Mr. ILSLEY: Even if the act were not retroactive in the sense in which the right hon. gentleman uses the term, there would, of course, be discrimination as between the company that makes its payments hereafter and the company that makes its payments before the passage of the act. The only way that kind of discrimination could be avoided would be to go back to the beginning.

Mr. BENNETT: Omit the ten years prior to to-day.

Mr. ILSLEY: If we omitted the ten years there would certainly be discrimination between the company that made its lump sum payment last year and the company that made its payments after the passage of this act.

If we were to carry out my right hon. friend's suggestion it would mean going back to the beginning of the Income War Tax Act, and that would be a very expensive thing. I still do not think there is any real discrimination here. This is put on a ten-year basis, and the companies are assumed to have made their payments, not in one year, but in ten successive years. The company that made its payment ten years ago is not dealt with at all. We do not do anything with that company, but we are quite willing to apply the rule that it can be treated as if it made this payment.

[Mr. Bennett.]

Mr. BENNETT: But you cannot apply the rule unless you amend this.

Mr. ILSLEY: The company has not anything to apply it to.

Mr. McCANN: Would companies which set up a fund for the purposes of medical benefits to their employees be eligible for this exemption? Many companies, particularly mining companies in Ontario, for the purpose of assisting their employees have set aside a fund for medical benefits and payments to their employees when they are out of employment by reason of sickness. It is well known that such cases are well taken care of under the Workmen's Compensation Act when they are out of employment or disabled by accident. I submit that companies which set up funds for such purposes are just as much entitled to exemption as those which establish a superannuation or pension fund. This is something which is very much needed, and could be encouraged by the exemption of such funds from income tax.

Mr. ILSLEY: I am informed that under the law as it stands now, if the company definitely and permanently severs an amount for the purpose of paying the medical expenses of its employees in future years, that severance is regarded as a payment and will be treated as a deduction from the income of the year.

Mr. McCANN: It goes in their current expenses?

Mr. ILSLEY: Just as if the company paid the actual medical expenses of the employees.

Mr. BENNETT: It is chargeable as an operating cost?

Mr. ILSLEY: Yes.

Mr. ISNOR: What is the position of an employer who takes out a group insurance policy on his employees, say a ten-year endowment policy? Would he be permitted each year to deduct the premium on that policy?

Mr. BENNETT: There is a distinction. Does not the department treat it in practice a little differently?

Mr. ILSLEY: If the policy is general to all the employees of the company, and not limited to executives or higher paid officials, the premium will be treated the same as contributions to a pension fund.

Mr. BENNETT: Group insurance premiums, I think, are allowed as an operating cost, but endowment insurance—that is, insurance paid for by the business against the possible loss to the business of some man who

occupies a position of particular importance in it—stands in an entirely different position. As far as I know, endowment policies have not been made applicable to group insurance. I think the practice of the department makes a clear distinction.

Mr. ILSLEY: If it is general it is allowed as an expense.

Mr. ISNOR: Would the same thing apply if it is contributory, by employer and employees?

Mr. ILSLEY: The company would be allowed to deduct only its part of the premium.

Mr. ISNOR: But it would be entitled to that deduction?

Mr. ILSLEY: Yes.

Paragraph agreed to.

2. That every corporation, the main business of which is the making of small loans shall, notwithstanding any other provision contained in the Income War Tax Act, be subject to normal corporation rates of tax.

Mr. BENNETT: Are they not now?

Mr. ILSLEY: Not if they are non-resident owned investment corporations. There was an amendment in 1936 to the Income War Tax Act which set up a new category of corporations for income tax purposes, called non-resident owned investment corporations. They are subject to half the normal corporation rate.

Mr. BENNETT: They were regarded as investment corporations.

Mr. ILSLEY: They came within the definition of investment corporations. It was never intended to encourage foreign companies to come in here and carry on a small-loan business and get half the corporation rate. That is the sole purpose of this proposed amendment.

Mr. BENNETT: I did not think they regarded these small-loan corporations as investment corporations within that definition. It is clear they should be taxed. That amendment was intended—remembering the explanation given—to refer to enterprises which came into this country to engage in what is known in many provinces as investment business, that is, they afford a medium for the acquisition of shares in Canadian enterprises. It was not intended as being over-the-counter business but rather involved the purchase and acquisition of securities. That was my understanding.

Mr. ILSLEY: That is correct.

Mr. BENNETT: The language is regarded as being too wide, therefore they escape the ordinary corporation tax; is that the idea?

Mr. ILSLEY: That is the idea.

Paragraph agreed to.

3. That annuities received under the provisions of any will or trust shall be taxable income of the recipient. Such annuities shall be taxable for the year 1937 and each year thereafter notwithstanding when the will or trust became effective.

Mr. BENNETT: I have never known an annuity that was not taxed.

Mr. ILSLEY: This arises from a court decision, the Whitney case, which decided that annuities payable under a will are not taxable; they are regarded as payment out of the corpus, as being in the same category as bequests under a will, which are exempt under the act. The result is that draftsmen are now preparing wills in such a way that the testators leave annuities instead of a lump sum.

Mr. BENNETT: I read that decision as being dependent on the peculiar language of the will. But it does strike me as strange that an income arising from a fund, payable as an annuity, should not be taxable. If however the annuity was in part contributed by the capital it obviously would not be. I think the language used in the particular case was responsible for the decision; but this restates what I understood to be the law, except that it is retroactive as far as 1937 is concerned. "Such annuities shall be taxable for the year 1937"; that fixes a date, and it is retroactive as far as we are concerned, for the period has passed within which the 1938 return was to be made. If the 1937 annuity is to be taxable, obviously some arrangement should be made with those who have to pay; they should not be chargeable with penalties.

Mr. ILSLEY: Yes, I agree. That will be done.

Mr. BENNETT: And secondly, "and each year thereafter notwithstanding when the will or trust became effective." A will or trust speaks from the death of the testator in the one case and the date fixed by the document in the other. The rule of law is that the will speaks from the date of the death. If it is a trust within the will the contents of the testamentary document may provide that the trust shall not become effective until a future date. Obviously an annuity can be paid only under the provisions either of a will or of a trust that provides for its payment. An annuity cannot be taxable until it is paid.

Mr. ILSLEY: No.

Mr. BENNETT: It is not intended to be.

Mr. ILSLEY: But unless these words were added it might be said that annuities that had

begun to run, payable in 1932, 1933, 1934, 1935 and so on, would be exempt during the entire period.

Mr. BENNETT: But unless the annuity is actually paid under the terms of the will or trust it is not an annuity. If it has accumulated then it is not an annuity. Payment is necessary to make it taxable as an annuity. I think that is almost an elementary statement of the law.

Mr. ILSLEY: Yes.

Mr. BENNETT: I think the minister agrees with that.

Mr. ILSLEY: Yes.

Mr. BENNETT: Well, that being so I cannot get the significance of the words "notwithstanding when the will or trust became effective."

Mr. ILSLEY: It means that even if the course of annuity payments began in 1935, or before the passage of this act, annuities are taxable hereafter beginning with annuities received in the year 1937.

Mr. BENNETT: That is a retroactive provision.

Mr. ILSLEY: Just for 1937.

Mr. STEWART: A court or a judge might hold, with respect to a will made in 1910 and annuities arising and continuing thereunder all these years, that the act does not apply to such a will that came into force before the passing of the act. A judge might hold that this act really applies only to wills made after the passing of the act.

Mr. ILSLEY: A judge might so hold, if the hon. gentleman is stating what the court might hold.

Mr. BENNETT: It is money that is taxable, not the promise to pay, and it is on the annuity that the tax is payable and not accumulated capital. There is a special provision of the act with respect to a trust that provides for accumulations, but the general rule would be that a trust that provides for accumulation converts income into capital in terms of the document and thereupon it becomes a capital fund, and of course under our laws the tax is payable on the income that arises from that accumulation fund. But an annuity is taxable only as it is paid as an annuity.

Mr. ILSLEY: That is right.

[Mr. Ilsley.]

Mr. BENNETT: I cannot see therefore what is meant by these words "notwithstanding when the will or trust became effective," unless it is intended to make it retroactive beyond 1937.

Mr. ILSLEY: It is not retroactive beyond 1937.

Paragraph agreed to.

4. That the gift tax shall not apply to any gifts made in any year by an individual the aggregate value of which in such year does not exceed an amount equal to one-half of the difference between the income which was subject to income tax in the previous year and the income tax payable thereon. Any enactment founded on this resolution shall be applicable to gifts made in the calendar year 1938 and thereafter.

Mr. BENNETT: May I ask the minister whether I understand this aright. A has an income of $250,000. He pays an income tax of $100,000. He is permitted to deduct $50,000 as a gift, and that is free from taxation.

Mr. ILSLEY: No, $75,000.

Mr. BENNETT: Yes, $75,000. Is that what is intended?

Mr. ILSLEY: Yes.

Mr. BENNETT: In other words, he can give away $75,000 of $150,000 without incurring any taxation, but if he gives away more than $75,000 he is liable to the tax?

Mr. ILSLEY: If he gave it away within the twelve months.

Mr. BENNETT: Yes. The period of time within which he gives it away becomes very important, the idea being that it is out of the current year's income. That is the theory of it, which I think is sound.

Mr. ILSLEY: The year before.

Mr. BENNETT: The tax period, the twelve months tax period. That is to say, in 1937 A's income was $250,000 and he paid income tax of $100,000 for that year, so that there was $150,000 of his income left. Would he have to give away the $75,000 in 1937?

Mr. ILSLEY: No, 1938.

Mr. BENNETT: That is what I want to make clear. His income was, in 1937, $250,000, and the tax on it was payable the next year, 1938, and he paid $100,000. That meant that there was $150,000 of free money in 1937. He is permitted to give away $75,000 free from tax. Must he give that money away in 1937 or 1938?

Mr. ILSLEY: In 1938.

Mr. BENNETT: Is that clear under the statute?

Mr. ILSLEY: It is clear here.

Mr. BENNETT: There is no doubt about that?

Mr. ILSLEY: There is no doubt about it.

Mr. BENNETT: There is one more question. Here we pay income tax, as the minister will remember, to this government for both Ontario and the dominion. I take it that the words "income tax" here mean federal income tax—or do they mean both? It ought to mean both, properly. Which does it mean? We are collectors for Ontario, and in the illustration I mentioned I used the figure $100,000 as representing the two taxes together; that is, it is an income tax payable to the crown in the right of the dominion as to a portion, and in the right of the province with respect to the other portion. The question is: Are these words "income tax" to be construed to mean what they mean in the return we make, namely, the tax paid to the collector here for income in both the dominion and the province?

Mr. ILSLEY: It is just federal income tax.

Mr. BENNETT: Is that quite fair?

Mr. ILSLEY: It is better for the taxpayer that way.

Mr. BENNETT: I am thinking of the matter from two points of view. I am not putting it from the angle of the taxpayer alone.

Mr. ILSLEY: The right hon. gentleman asks whether it is fair to the crown.

Mr. BENNETT: Yes.

Mr. ILSLEY: I think so. This is more or less arbitrary anyway.

Mr. BENNETT: It is arbitrary. My hon. friend from Prescott directs my attention to something which I really think is worthy of consideration by the committee. The paragraph provides that the gift tax shall not apply to any gifts made in any year by an individual the aggregate value of which in such year does not exceed an amount equal to one-half of the difference, and so on. The twelve months is not specified there. The minister made a clear statement as to what he believed the intention of the legislation was and that is why I was trying to put to him as clear a case as I could so that there would be no misunderstanding. My hon. friend now points out that the use of the words "in any year" and "such year" without reference to the twelve months period still leaves it ambiguous.

Mr. ILSLEY: These are two different matters. The fourth paragraph of the resolution very clearly states that it is the previous year that is referred to. The words are "one-half of the difference between the income which was subject to income tax in the previous year and the income tax payable thereon." That will be found in paragraph 4. Paragraph 5 does not relate to exemptions; it relates to rates and has no connection with that other matter.

Paragraph agreed to.

6. That royalties paid by persons abroad out of royalties received from sources within Canada shall not be allowed as a deduction in determining net royalty income from sources within Canada.

Mr. BENNETT: Just what does this mean?

Mr. ILSLEY: Royalties are paid by Canadian companies to foreign companies, probably chiefly United States companies.

Mr. BENNETT: Perhaps the minister would give an illustration.

Mr. ILSLEY: Let us say a company in Canada is using a patent which is owned by an American company. Probably it will be a company incorporated for the purpose of holding such patents and letting people use them on a royalty basis. Our Income War Tax Act provides that the non-resident company to which the royalty is paid by the Canadian company must pay an income tax at the regular rate on the net income arising from the royalty, and we have an officer here in Ottawa who has charge of that matter. There is a large revenue from these non-resident companies to which royalties are paid.

The procedure is that when the royalties are remitted 12½ per cent of such royalties is paid to the income tax division pending receipt of income tax returns from the non-resident company. It may be that the company will have to pay more than 12½ per cent. It is much more likely that the company will pay considerably less than that rate. In any case it will pay the ordinary corporation rate on the net income which it derives from the royalties. That is the ordinary procedure; that is what the act intended, but the foreign company holding these patents and licensing Canadian companies to use them may itself have obtained that patent from a German company. It may be necessary for the United States company to pay a royalty to the German company, and

under the law as it stands without this amendment, the United States patent holding company deducts the royalty which it pays to the German company in making up its net income, upon which it pays tax to the Canadian government. We have no way of reaching the German company—and I mention this only as an illustration—to which the United States company pays royalties; yet it is a case, we think, where we are entitled to something like the corporation rate. That is the intent of the law, so this provides that no deduction can be made in regard to royalties paid by the foreign company.

That is what I might call a legitimate case. There might be a case where the American company has set up a corporation to which it pays royalties. The situation is one which lends itself to some manipulation, shall I say, with the view of minimizing the amount payable to the Canadian government. I do not know that this is the case, but certainly it is entirely possible. If a company reports to us that its royalty was $100 but that it had to pay $90 to another American company we do not quite know whether they really had to pay that $90 to that other company. When this legislation is passed we will not have to inquire into that phase of it. We say that we will not allow as a deduction any royalties paid by the royalty receiver.

Mr. BENNETT: That they pay here on the royalty received here.

Mr. ILSLEY: Yes, they pay on the net income earned in respect of the royalty received.

Mr. BENNETT: I was going to say that I do not think the word "net" is the best word in the world to use. I think it would be better if you used the term "in determining the taxable royalty income from sources within Canada." The minister knows the line of argument with respect to "net" and matters of that kind, but there can be no such argument with respect to the use of the word "taxable." I have marked it in my copy as being in my opinion a better term, but I only make that suggestion.

Mr. ILSLEY: I shall bring it to the attention of those who are drafting the bill.

Mr. ESLING: In 1936 there was an amendment which brought certain royalties down to the equivalent of two per cent instead of five per cent, in connection with rentals or royalties remitted to the United States. Would the minister make that clear? None of us understood it at the time. Let us take it this way. A resident of Canada may own his home. Circumstances arise which make it necessary for him to move to the United States. He rents his home, and on those rentals there is a five per cent deduction when the money is remitted. In 1936 an amendment was passed providing for exemptions which brought the deductions on some royalties down to two per cent instead of five per cent. Or take it another way. Persons in the United States put say $10,000 into a mine—as we are inviting them to do—and may receive dividends, upon which the government takes five per cent, for perhaps two or three years. Then the ore peters out. These people lose their total investment, and of course the government loses its five per cent. But in the case to which I refer, in 1936 the government made the deduction on moving picture films from five to two per cent, and there is little chance of that industry petering out because it is a continuing investment.

Mr. ILSLEY: I remember something about the 1936 amendment, but I will have to read the section that was amended and then read the amendment in order that the committee may see what the hon. gentleman is referring to. In section 9B of the Income War Tax Act, subsection 2(e), we had this provision, that in addition to any other tax imposed by this act, an income tax of five per cent was imposed on all non-residents of Canada in respect of:

(e) (ii) any rights in and to the use of any copyrighted work subsequently produced or reproduced in Canada by way of the spoken word, print or mechanical sound or from paper, composition, films or mechanical devices of any description.

That is a five per cent tax on payments made to non-residents from Canadian debtors in respect of these particular articles. The tax is five per cent. In 1936 there was an amendment. The subsection I have read was repealed, and the following substituted therefor:

Any rights in and to the use of any work, whether copyrighted or not, subsequently produced or reproduced in Canada, by way of the spoken word, print or mechanical sound on or from paper, composition, films or mechanical devices of any description—

The only change being—

Mr. BENNETT: From what section does the minister read?

Mr. ILSLEY: Section 8 of chapter 38 of the statutes of 1936, An Act to Amend the Income War Tax Act. The only change so far is that the section extends to work that is not copyrighted. But there is a proviso in these words:

That in the case of motion picture films, 60 per centum of such payments shall not be subject to the tax under this section.

Mr. BENNETT: That is what the hon. member wishes to speak about, and so do I.

Mr. ILSLEY: In regard to motion picture films it is made two per cent instead of five per cent.

Mr. ESLING: That is the point, and the question is this: Is there any good reason why that should be done? It is a huge institution collecting millions of dollars each year. Why should it be exempt to the extent of sixty per cent, while a person who puts a certain amount of money into a mine, encourages the development of the country, and perhaps loses the whole thing, pays his full five per cent, so long as he receives dividends? When he ceases to receive dividends he has also lost every cent of his investment. It does not seem to me to be quite reasonable.

Mr. ILSLEY: The explanation is that the motion picture films were not up to the time of this amendment covered by the five per cent provision, but were covered by the royalty provision.

Mr. BENNETT: That is the reason the hon. member is asking about it now.

Mr. ILSLEY: And the royalty provision provided only for taxation of this net income which we speak about in respect of royalties. The motion picture people showed that they had no income, and that when you talk about net income you have to take into account their costs, not the royalties alone. And so we were getting nothing in respect of those companies who had no net income. The effect of the section is to bring motion picture films into it, and to tax them two per cent—not five per cent—on the gross amount.

Mr. BENNETT: That is not quite the point. The minister has not gone far enough. It is the sixty per cent the hon. member is referring to, in the amendment of 1936.

Mr. ILSLEY: Yes.

Mr. BENNETT: Is that touched by section 6 now before us? You see, we called them royalties at one time.

Mr. ILSLEY: Yes.

Mr. BENNETT: And we taxed them at a five per cent rate, if I remember rightly; is that right?

Mr. ILSLEY: We called them royalties, put them on the net income basis, and taxed them the full corporation rate.

Mr. BENNETT: Exactly. Now, in 1936 we said:

> Any rights in and to the use of any work, whether copyrighted or not, subsequently produced or reproduced in Canada, by way of the spoken word, print or mechanical sound on or from paper, composition, films or mechanical devices of any description.

And so on. That provides for the taxation. Then we say:

> Provided that in the case of motion picture films, 60 per centum of such payments shall not be subject to the tax under this section.

What the hon. member is pointing out is that sixty per cent is entirely too large an exemption. Section 6 says:

> That royalties paid by persons abroad out of royalties received from sources within Canada shall not be allowed.

And so on. That does not apply to this case, apparently. The contention of the hon. member for Kootenay West is that it should, and I agree with him.

Mr. ILSLEY: We are not dealing with the resolution before the committee.

Mr. BENNETT: But the resolution with respect to royalties raises the issue whether or not, having taken the steps we have taken with respect to royalties, it follows that we should do something with respect to this other matter. The minister will observe that section 6 says that royalties paid by persons abroad out of royalties received from sources within Canada shall not be allowed as a deduction. That is, if a company abroad which receives from Canada $1,000 says it pays $500 for the same royalty, that is no longer a deductible item, and they are going to pay income tax on $1,000, which seems to be a reasonable basis. If they are doing business in that way and taking from our people $1,000 of income, we are going to take our share of that income as a tax, the same as from any other Canadian enterprise. And we are not going to deduct from that as a taxable item the money they pay to somebody else for royalties. That is their business in the carrying on of their affairs outside of Canada.

The hon. member for Kootenay West draws attention to the fact that what we did in 1936 was to provide that in the case of a motion picture film, as distinguished from other items, sixty per cent of payments made shall not be subject to the tax under the section. The two things are not consistent. The section which we are now considering, and this section, are not consistent. The sixty per cent is entirely too wide an exemption. In fact I am afraid it makes us the laughing stock of the people who are paying it, if I may say so frankly to the minister.

Mr. ESLING: To clarify the situation may I point out that the films which we use in the various picture theatres in Canada are not all brought in as films for each province or each theatre. There is one duplicate negative brought to Canada. On that duplicate negative for the purpose of establishing an ad valorem value the department fixes a rate of eight cents per foot. Now, that is on the negative. From that negative the company reprint in Montreal or Toronto enough prints to take care of the provinces, and then distribution is made from headquarters. The only duty which is paid on the duplicate negative coming from Hollywood would be on the ad valorem of eight cents, plus sales tax and excise—

Mr. BENNETT: A specific of eight cents a foot.

Mr. ESLING: No, the tax is three cents per foot on the eight cents per foot ad valorem valuation. Then we have an eight per cent sales tax, and an excise tax. However the ad valorem value would be not much more than $600. In other words, the whole expense in connection with the negative is not very great. From that negative they make prints—just like one would make prints from an ordinary photographic negative—which are distributed throughout Canada. A rental is secured for each running of the picture at each theatre. The accumulated earnings of those films, less expenses, are remitted to the United States or to some other country. This government should have five per cent on that remittance, but for some reason it has exempt sixty per cent from taxation. The result is that this government receives only five per cent on forty per cent. The result is that these large film concerns are paying only two per cent to this government instead of five per cent on their remittances.

Mr. ILSLEY: If it were not for this provision the United States company would be paying a tax on an income basis. They would be paying the full corporation rates because they would be receiving royalties from Canadian sources. They would be taxable for the income received in respect of those royalties. They contend, and I think the income tax division is satisfied, that they have no income. The result is that we would not get anything on that basis.

Mr. BENNETT: Would the minister just amplify that? What does he mean when he says that they do not make any money?

Mr. ILSLEY: That is what the income tax division thinks. They believe that if they attempted to tax on an income basis under the section relating to royalties they would not get any tax at all. Therefore it is put upon the basis of gross remittance. The question then is whether five or two per cent is the proper figure, and the income tax division considered that two per cent was more equitable. The income tax division is satisfied that they would not get as much on the income basis as will be obtained on this two per cent basis.

Mr. BENNETT: Will the minister look into that?

Mr. ILSLEY: Yes.

Mr. BENNETT: I shall be greatly obliged if he will. Does not it seem amazing to have it suggested that these people are losing money? From what we know of them they would not be here very long if they were.

Mr. ILSLEY: I know I invested a thousand dollars which to-day is worth only $20.

Mr. BENNETT: I congratulate the hon. gentleman upon having had a thousand dollars to invest. I can only say to him that no doubt that was a Canadian company. Since he has mentioned the matter, may I say that I paid $5,000 into one in the hope that I would make some money, but the whole of it has been lost. To-day it has no value at all; it has long since been wiped out. But we were not dealing with these great corporations that have to do with this business when we invested our little $1,000 and $5,000. These people deal in millions and they carry on business in every part of the world. Let us get down to brass tacks. I do not think we could have the matter explained more clearly than has been done by the hon. member for Kootenay West (Mr. Esling). These people bring in a negative—I believe it is really called a positive—upon which they pay duty on the basis of a valuation of eight cents a running foot. Copies are made from that negative which are sent out to theatres all over the country. Their remittance to the home office represents, not the proceeds of one film but the proceeds of all the duplicates they have made and distributed to the different theatres in Canada. They are permitted to deduct sixty per cent before they pay any tax to Canada.

Mr. ILSLEY: Deducted from what?

Mr. BENNETT: From the sum of money they have taken in. It is provided that in the case of motion picture films, sixty per centum of such payments shall not be subject to the tax under this section.

*[Mr. Bennett.]

Mr. ILSLEY: They pay five per cent on forty per cent, which is two per cent on the whole thing.

Mr. BENNETT: It is not put that way.

Mr. ILSLEY: It is the same thing.

Mr. BENNETT: I know that things that are equal to the same thing are equal to one another, but that is not what we are dealing with.

Mr. ILSLEY: It sounds rather bad when you say they pay only on forty per cent. It is different when you say they pay two per cent on everything.

Mr. BENNETT: I am reading from the statute.

Mr. ILSLEY: The result is that they pay two per cent.

Mr. BENNETT: I did not draft the amendment. The statute provides that sixty per cent shall not be subject to tax under this section. That fund, of which sixty per cent is free, represents the accumulation of royalties from theatres in which the film has been shown. These films have been produced from a single negative brought into this country and upon which a tax has been paid on the basis of a valuation of eight cents a running foot, as well as other incident taxes. I submit that that is not quite fair and I suggest to the minister that he should look into the matter when dealing with this question of royalties. We are making a declaration with respect to royalties. I think the illustration given by the minister was an excellent one. Here is a company in the United States which has earned $1,000. They say they are not going to pay a tax on $1,000 as they have to pay $700 to Germany. The minister replies that he is not concerned about that, that he is going to tax them on their net royalties earned from sources within Canada. He is treating Canada as a whole and he is not concerned with anything that is paid somewhere else. Then take this other matter, which in a sense is a royalty. Why should that be made sixty per cent free? I cannot see how you can do it.

Mr. ILSLEY: Has the right hon. gentleman any reason to think that five per cent would be fairer?

Mr. BENNETT: Certainly. I think two per cent is just making a joke of us. The minister probably has reasons for thinking differently. My view may be erroneous; I do not say for one moment that it is infallible, far from it. These are great enterprises and that is why my hon. friend's $1,000 and my $5,000 are worth nothing to-day.

Mr. ILSLEY: It does not look as though they are making much money.

Mr. BENNETT: They may say they are not, but that is not what they indicate quietly. How could they help but make money? They bring in one negative upon which an insignificant duty is paid. They make copies from that negative which are turned loose in every theatre. Then no tax is paid upon sixty per cent of the proceeds, and we collect only five per cent on the balance.

Mr. ILSLEY: The preparation costs probably amount to something.

Mr. BENNETT: No doubt that is so. In fact, some of those concerned are better paid than legislators. Sometimes they provide greater amusement for the populace, but not always. As long as the minister has made a note of it, that is all I desire to say.

Paragraph agreed to.

7. That if any person or corporation ordinarily resident in Canada effects any transaction which at any stage makes use of any person or corporation ordinarily resident abroad, and which has the effect of reducing the liability to taxation under the act of such person or corporation ordinarily resident in Canada, such person or corporation ordinarily resident in Canada, shall continue to be liable to taxation under this act to the same extent as if the transaction had not taken place. This provision shall apply to any transaction only if the treasury board upon a reasonable interpretation of the evidence available makes a ruling that the transaction was effected mainly for the purpose of avoiding liability to taxation under the act. An appeal shall lie from any such ruling of the treasury board to the exchequer court of Canada.

Mr. BENNETT: This section is a distasteful one, but from necessity it is desirable. It entrusts with the minister for the time being—that means the treasury board in a sense—the power of interpreting the evidence available for the purpose of making a ruling as to whether the transaction was effected mainly in order to avoid liability to taxation under the act. These are matters very difficult to discuss. We read so much in the press with respect to individual cases, but one has to approach the subject without regard to individual cases and deal with it only from the point of view of principle and the effect which it has upon our revenue. For the sake of illustration, A has an income of $4,000,000 derived from the resources of the Dominion of Canada. Under existing law that means a contribution of very large sums of money to the dominion exchequer. But A says: I am not going to do that; it is too large a sum to pay out of my income. I therefore—in the language of the statute—

although ordinarily resident in Canada will effect a transaction by which I make use of a trust company ordinarily resident abroad, which will have the effect of reducing my liability to taxation under the act. But we say: We are going to try to get some of that money because the action that was taken was intended as an effort to escape liability to taxation.

I see a little difficulty with the words, "if any person or corporation ordinarily resident in Canada." The Minister of Justice (Mr. Lapointe) gave an opinion on that point when dealing with the high commissioner's taxes some years ago, that is, the words, "ordinarily resident in Canada." Perhaps the minister will recall it. It is quite clear that these people are no longer ordinarily resident in Canada. They have taken up residence somewhere else. They have left our country, and their lawyers will at once say, when they come before the treasury board, "My client was formerly resident in Canada, but he has left the country. It is true that his income of $4,000,000 comes out of this country, but he is no longer ordinarily resident here." Because he has effected a transaction which has the effect of reducing the liability to taxation under the act, as a person ordinarily resident in Canada. This touches only one case, that of the man who continues to live here.

Mr. ILSLEY: Or the company that remains here.

Mr. BENNETT: I am using the word "person" as including corporation. This touches only the one case, and that is not the kind of case we should be dealing with. I do not think it is the case that was intended to be dealt with.

Mr. ILSLEY: Yes, it is.

Mr. BENNETT: It touches only one branch.

Mr. ILSLEY: The other is very difficult.

Mr. BENNETT: I will undertake to prepare legislation for the minister if he will give me an hour to do it.

Mr. ILSLEY: I am rather inclined to accept that offer.

Mr. BENNETT: I shall be glad to sit down with the minister and in an hour we shall produce the legislation. If the money has its origin in Canada the arm of Canada is strong enough to catch it. That is all I have to say of the principle on which I would act. I do not care where it is. If it comes out of the ground, out of a mill, out of a factory, if it is within the boundaries

[Mr. Bennett.]

of the four corners of this dominion, the arm of this dominion is strong enough to grasp it.

Mr. ILSLEY: I agree.

Mr. BENNETT: And the minister will agree. I admit it is unpleasant legislation.

Mr. ILSLEY: That is not the objection to it.

Mr. BENNETT: All these things are unpleasant in that sense, but the arm of this country is long enough and strong enough to see to it that new wealth produced out of its resources makes a contribution to the welfare of this country.

Mr. ILSLEY: I do not want to argue the case, but the objection is not its unpleasantness at all.

Mr. BENNETT: I meant unpleasantness from the standpoint not of government but of individuals who have to deal with these things.

Mr. ILSLEY: That would not worry us much.

Mr. BENNETT: It would not worry me.

Mr. ILSLEY: The objection to it is this. I do not say it is insuperable. In fact, I shall be glad to receive suggestions, but the objection to taxing non-residents at high rates is that we must expect similar legislation to be enacted against persons who are resident in Canada. For example, if we impose a fifteen per cent instead of a five per cent tax on remittances to non-residents, we would be stretching forth our strong arm and taking money that we have a right to take—there is no question about that—but our whole attempt with the United States has been to keep the non-resident tax down. The United States had legislation by which they would have taxed Canadians receiving payments from the United States ten per cent, but we concluded an agreement with them by which we kept that down to five per cent, and we kept ours down to five per cent. We have the power, of course, to make it fifteen or fifty per cent.

Mr. BENNETT: I was not thinking of dealing with it in that way at all.

Mr. ILSLEY: But that is what it runs into. My hon. friend might say: I am not thinking of taxing remittances from Canada to people in the United States at high rates of fifteen or fifty per cent; I was thinking of men in the Bahamas or places like that. But the question arises, can you discriminate in your non-resident tax rate between residents of one country and residents of another?

Mr. BENNETT: Certainly you can, and I will tell you why. We are dealing with cases of men who made their fortunes here.

Mr. ILSLEY: Can you discriminate on that basis?

Mr. BENNETT: I do not say on that basis alone. We can enact legislation, if we so desire, that deals with that phase of it, plus the fact that if the evidence satisfies the treasury board that what was done was for the purpose of evading taxation in Canada, then action may be taken. You are doing that here to-day. I asked the minister whether he was limiting it, and he said: Yes, I am limiting it to people ordinarily resident in Canada. Well, Mr. Chairman, there will be very few, because the question of residence is going to come up at once. The minister will remember two celebrated cases, one that of a great man from India, and the other that of a great shipowner of Liverpool. One spent the last years of his life admittedly saying: I am going no longer to be a resident of England. And he provided himself with a magnificent yacht and took up his home in the Channel islands. Well, his widow gave one million pounds to the British exchequer. The other case is reported in the House of Lords. In that case the man was from India. I suppose there is no reason why I should not give his name. It was the Sir David Yuill case. They found his residence was in India but his domicile for taxation purposes, succession duties, was in England.

Mr. ILSLEY: It is much harder to shake domicile than residence.

Mr. BENNETT: Domicile is always difficult because it involves a number of things. There are two factors in domicile. One is residence. That is matter of fact. The other is evidence as to intention, by speech, conduct and matters of that sort. But in this provision before us to-day we are making just half a bite at a cherry. It is to deal only with those ordinarily resident in Canada, and at once the solicitors in such a case are going to say: "My client is no longer ordinarily resident in Canada. He has a house somewhere else and does not come under this provision at all. What are you going to do about it?" It is something more than that we have to deal with. I see that the minister thoroughly grasps the idea. He must remember that it was the late government, not this government, that started the tax on remittances. What is more, everything the minister said is true as to the cries that were heard about what the effect would be. We said that if money is made under the laws of Canada, surely some contribution must be made to the revenues of Canada. That is all. And the minister has continued it. We started with 5 per cent under certain circumstances. London people telegraphed that this was going to hurt investments; but go over there and see what happens to you at the source; there is no waiting, you are taxed right at the source, as I know to my sorrow. They take your money then and there.

Mr. ILSLEY: That is equivalent to our corporation tax; we tax our corporations at the source.

Mr. BENNETT: But I am talking about the individual.

Mr. ILSLEY: They do not have the corporation tax separate from the individual tax there; the individual tax is taken from the company at the source. The English shareholder in a Canadian company finds that we take 15 per cent from the company without saying anything to him, and another 5 per cent on his dividends.

Mr. BENNETT: We take it from the company because it is a Canadian company.

Mr. ILSLEY: I understood it was an English case of which the right hon. gentleman spoke.

Mr. BENNETT: No; I am talking about my having shares in an English company; I may say I do not have them now but I had, lest there should be any difficulty on that score. The tax gatherer might think I had omitted that income. But if he looks back he will find that I paid too much; the money was taken at the source and I had to pay here also.

Mr. ILSLEY: The 20 per cent taken at the source is about equivalent to what we take.

Mr. BENNETT: No; that is a different thing altogether. I am dealing with one man, a man ordinarily resident in Canada. I suggest that the minister should consider how he is going to deal with one outside.

Mr. ILSLEY: I have given a great deal of thought to the matter.

Mr. BENNETT: I am sure the minister has. But 5 per cent on the money that goes out is a trifle compared with what we would normally receive. The income tax of those of us who remain here is moderately heavy. If, for instance, one had a fairly large income last year and a small one this year, he would find that a very large proportion of this year's income goes to pay last year's tax. It is not quite fair that large sums made out of the

production of new wealth in Canada by those who were ordinarily resident here but have left these shores avowedly for the purpose of escaping taxation should be permitted to escape entirely.

Paragraph agreed to.

8. That dividends received by Canadian parent companies from wholly-owned non-resident subsidiary companies shall be exempt from the corporation rate of tax if at least 75 per cent of the combined capital of the parent and subsidiary companies is employed abroad. Such exemption shall be granted only if and to the extent that the country in which the subsidiary company is located grants a like exemption to parent companies in respect of dividends emanating from subsidiary companies in Canada and shall not extend beyond dividends that are equal to profits that have been subject to tax abroad in the year previous to the year of declaration of the said dividends. Any enactment founded on this resolution shall be deemed to have come into force at the commencement of the calendar year 1938 and to be applicable to the calendar year 1938 and to fiscal periods ending therein and to all subsequent periods.

Mr. BENNETT: What does the minister expect now under paragraph 8?

Mr. ILSLEY: An exemption of a kind here in question has been requested for many years. It is intended to remove an obvious and severe burden of double taxation on Canadian companies which have been enterprising enough to extend their business activities into other countries to an extent that the foreign operations far exceed the Canadian business. At present Canadian parent corporations pay full double taxation on income received from their foreign subsidiaries. For example, the United States taxes the income of subsidiaries at rates ranging from 15 to 19 per cent. This income, when transferred to the Canadian parent corporation by way of dividends, is again taxed by us at the rate of 15 per cent. Obviously, then, there exists a great incentive for the Canadian parent company to move its head office out of Canada and operate with the parent corporation abroad and the subsidiary in Canada. Particularly is this true in view of the fact that the United States government, for example, allows its parent corporations a deduction in respect of taxes paid abroad by wholly owned subsidiaries. Thus a Canadian parent corporation, by moving its head office to the United States, would escape this double taxation.

It might be further pointed out that a Canadian company doing business entirely abroad, with no operations in Canada, is entirely exempt from tax under section 4 (k) of our act.

[Mr. Bennett.]

Mr. BENNETT: Exempt from tax in Canada?

Mr. ILSLEY: Yes. Also Canadian companies operating abroad through branch plants are allowed under the Canadian act a deduction on account of taxes paid in respect of its profits earned abroad.

Mr. BENNETT: Does that include income tax as well? That is, the taxing authority here allows as a deduction the taxes paid by the subsidiary abroad, including the income tax as a tax?

Mr. ILSLEY: Yes; but has the right hon. gentleman in mind the situation? The deduction is not allowed as a deduction from the income of a Canadian company, it is allowed as a deduction from the tax imposed on the Canadian company.

Mr. BENNETT: That is, if the tax here were $1,000 and I had paid $400 abroad I would have to pay $600 here?

Mr. ILSLEY: Yes. It is provided in this amendment that where the foreign subsidiary is wholly owned, and where at least 75 per cent of the combined capital of the parent and subsidiary companies is employed abroad, then a deduction will be allowed in respect of tax paid to foreign governments. Provision is made that this allowance depends upon reciprocal action on the part of other countries. It is further provided that the exemption granted in any one year shall not extend beyond dividends that are equal to profits which have been subject to tax abroad in the year prior to the year of declaration of the dividends in question.

Mr. BENNETT: Has the minister reason to believe that this may become reciprocal?

Mr. ILSLEY: It is reciprocal now as far as the United States is concerned.

Mr. BENNETT: Company A receives from a Canadian company $1,000 in the way of dividends. It does not pay income tax on that at the present time. But if it receives it from the United States, it does pay?

Mr. ILSLEY: Yes.

Mr. BENNETT: This legislation provides that, under certain conditions with respect to capital, that dividends so received may be deductible here as though the company were a Canadian one, provided other countries treat us in the same way?

Mr. ILSLEY: Yes that is right.

Mr. BENNETT: Have we any reason to believe that other countries will so treat us?

Mr. ILSLEY: Just the United States. I have not considered the situation in regard to any other country.

Mr. BENNETT: That is not a matter of agreement; they simply do not tax.

Mr. ILSLEY: No.

Mr. McNIVEN: Would the minister explain why, in addition to a company being a wholly owned subsidiary, 75 per cent of the combined capital must be employed in the foreign country? As I understand the minister, this legislation applies to those countries which have a reciprocal provision. In the United States there is that provision now. But there is not that requirement in the law of the United Sates as to 75 per cent of the capital. I can think of Canadian companies operating wholly owned subsidiaries in the United States for the production of raw material which is shipped to this country for the purpose of manufacture and distribution, but 75 per cent of their capital is not employed in the United States, so they would not benefit by this provision.

Mr. ILSLEY: That is true.

Mr. McNIVEN: But if reciprocity is desired, why not give a full measure of reciprocity?

Mr. ILSLEY: We should lose too much money if we went as far as the United States goes. This is as far as we can afford to go. It applies to companies that are predominantly American. It is an encouragement to companies that are enterprising enough to extend their operations to other countries to the extent that those operations far exceed their Canadian business. Seveny-five per cent is a matter of judgment.

Mr. McNIVEN: The companies I have in mind are of the enterprising type to which the minister has referred. They are Canadian companies; in order to make themselves as nearly self-contained as possible they have organized subsidiaries in the United States to acquire raw materials that are not available in Canada, and they have shipped and are shipping these raw materials to this country for manufacture. These materials subsequently manufactured are distributed solely to the Canadian people. It is true that the parent company remains here and the greater percentage of their capital is still employed in the manufacture and distribution of their products here.

Mr. BENNETT: Head office here?

Mr. McNIVEN: Yes. Some of the companies I have in mind maintain manufacturing plants in at least three of the provinces, with a Canada-wide distribution system; they bring into Canada raw material that is not available here for the manufacture of their products; yet their subsidiaries are taxed in the United States from 15 to 19 per cent, and when the subsidiary declares a dividend it comes to the coffers of the parent companies and is again taxed under the corporation tax.

Mr. BENNETT: Fifteen per cent.

Mr. McNIVEN: Yes, 15 per cent; and then when the parent company distributes its dividends to the shareholders the shareholders pay a third tax. I can see no reason why the second clause should be added limiting the investment to 75 per cent, particularly when reciprocity with the United States is desired, and the United States does grant that privilege to wholly owned United States subsidiaries operating in Canada.

Mr. ILSLEY: The loss would be very great. I know the class of companies to which my hon. friend refers, but there are other classes in connection with which the circumstances are not the same at all. It is rather a matter of doing some processing in the United States and producing some raw material here. It is difficult to answer what the hon. gentleman has said. If we went the whole way, the loss of revenue would be very great, and we felt that we could not do that. We have gone a part of the way and we may go further yet, but not this session.

Mr. McNIVEN: Do I gather from what the minister says that he appreciates the fact that this particular provision is a hardship upon certain companies which may be described, in the terms he himself has used, as sufficiently enterprising to invest some of their capital in other countries for the purposes I have named?

Mr. ILSLEY: I shall not go further than to say that taxation on these companies and their shareholders is heavy under the system.

Mr. McNIVEN: And it is out of proportion to the taxation that is imposed on corporations generally and upon individuals engaged in similar activities.

Mr. ILSLEY: I shall not agree with that.

Mr. McNIVEN: It is double taxation.

Mr. ILSLEY: There is a good deal of double taxation all through our system. It is honeycombed with double taxation.

Mr. BENNETT: Treble in some cases.

Mr. McNIVEN: That is what this is.

Paragraph agreed to.

9. That any enactment founded on the provisions of these resolutions shall be deemed to have come into force at the commencement of the calendar year 1937 and to be applicable to the calendar year 1937 and to fiscal periods ending therein and to all subsequent periods, except as otherwise provided.

Mr. BENNETT: In a measure this is retroactive for one year, but that may be desirable from the administrative standpoint on account of the broken periods of time.

Mr. ILSLEY: Yes.

Resolutions reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce Bill No. 164, to amend the Income War Tax Act.

Motion agreed to and bill read the first time.

ELECTIONS AND FRANCHISE

MEASURE RESPECTING FRANCHISE OF ELECTORS, ELECTION OF MEMBERS OF HOUSE OF COMMONS AND PRINTING AND PUBLICATION OF ELECTION DOCUMENTS

Hon. C. G. POWER (Minister of Pensions and National Health) moved that the house go into committee on Bill No. 91, respecting the franchise of electors and the election of members of the House of Commons.

Right Hon. R. B. BENNETT (Leader of the Opposition): It will be remembered that when this legislation was introduced into the house it was accompanied by another measure which was complementary to it. I see no report of the complementary measure; presumably it is intended to proceed with the main bill without its complement. A sad fate has overtaken a measure of such grand promise as was indicated by the minister who had the matter in charge on that occasion. It breathed a spirit of altruism which had the effect of lifting the sordid atmosphere of this community into the ether of a higher realm, and made men think in terms of that glorious day when peace should reign and good will should be the dominant factor in all our transactions. Alas, it has apparently fallen by the wayside.

Mr. POWER: Not fallen by the wayside.

Mr. BENNETT: It has only been crippled, I understand. At an early date it may be revived on the way. There may be travelling on the road some good Samaritan who will give it that measure of kindly treatment which will ensure its early recovery. Before we proceed with this legislation, I might ask whether the complementary measure from which so much was hoped is also to be proceeded with this session.

[Mr. McNiven.]

Mr. POWER: The bill known as the Political Expenditures Act is being considered by the committee on electoral matters. It was considered at great length yesterday morning, and, I understand, will be still further dealt with. Whether it will be possible to carry to fulfilment this year the high hopes my right hon. friend entertained for this house and the country is something I cannot say. I can say this, however, that all great reforms are not carried out in one hour, or one day, or one session.

Mr. BENNETT: That accounts for the budget, I take it.

Mr. POWER: I am not dealing with the budget at the moment. It is quite possible that there were contained in that bill certain provisions which did not meet with the entire approval of all the members of this house or even of all the members of the committee. I am under the impression that sooner or later, possibly this year, the committee will accept at least the principle of the bill, and it will perhaps be left for some of us to work out the details in a manner which will be more acceptable to the members of the house generally.

Mr. BENNETT: I am told that questions of principle have not been the important matter; that a sufficient gathering of interest was all that was required.

Mr. POWER: That might have helped, too.

Motion agreed to, and the house went into committee, Mr. Johnston (Lake Centre) in the chair.

Sections 1, 2 and 3 agreed to.

On section 4—Tenure of office, salary, rank and powers of chief electoral officer.

Mr. POWER: I will ask my colleague to move an amendment, that after the word "of" in line 23 there be added the words "eight thousand dollars per annum."

Mr. MACKENZIE (Vancouver): I move accordingly.

Amendment agreed to.

Section as amended agreed to.

Sections 5 and 6 agreed to.

On section 7—Writs of election.

Mr. NEILL: We are passing these sections without the slightest consideration. Might I ask if the report of the committee was unanimous about all these matters?

Mr. BOTHWELL: So far as any sections so far carried are concerned, the vote of the committee was unanimous. There are certain

sections of the bill on which the committee did not vote quite unanimously, but I would suggest that when we arrive at those sections those who were opposed will have something to say regarding them.

Section agreed to.

On section 8—Appointment of returning officers.

Mr. NEILL: I do not know what the people will think about this. Is this a proposal to fire all existing returning officers and appoint new ones; or is there that possibility, in any event?

Mr. BOTHWELL: The situation under this as under past elections acts, is that the returning officers will have to be appointed again. Whether it will be the same or different officers will depend upon the powers that be.

Mr. NEILL: I did not understand the hon. member. Would he mind explaining that more fully? Does the legislation require all positions to be made vacant?

Mr. BOTHWELL: It does.

Mr. NEILL: Why?

Mr. BOTHWELL: I might explain that in arriving at the general principles which are embodied in this new measure, the committee followed the act of 1930 to quite an extent. This is an entirely new bill; it is not an amending bill in any sense of the word, and officials who are appointed under this bill will have to be appointed again. No matter who have held positions in the past, we have to make provision here for either appointment or reappointment.

Mr. STIRLING: Is it not the case that until to-day a returning officer holds office under a certain act which is about to be repealed and replaced by this bill? Consequently, as I understand it, he must receive appointment under this measure.

Mr. BOTHWELL: That is so.

Mr. NEILL: This section states:

> The offices of all returning officers appointed prior to the passing of this act shall be deemed to be vacant—

If we are doing away with the old act, they would become vacant automatically, would they not?

> —and the governor in council may appoint to such offices either the same persons as now hold them, any of such persons or any other persons.

A number of years ago an attempt was made by the party now in power to take the appointment of these officers out of politics and make them permanent appointees. They held office during good conduct, as I understand it. When the party that is now in opposition came to power I believe they did away with that act, possibly for the reason that is now alleged in connection with this one; at any rate it was essential under the new system then introduced. But I think it is common knowledge that they did not take full advantage of the opportunity they possessed of appointing all partisan officials, and I think it would be a retrograde step if the party now in power adopted any other system. Would the minister be prepared to give an undertaking that they would not be all straight partisan appointees?

Mr. BOTHWELL: If the hon. member will look at paragraph (e), it might explain the situation to some extent. So far as this section of the bill is concerned, may I point out that it is taken almost entirely from the act of 1934, part of which the hon. member will see on the opposite page, which stated:

> The offices of all returning officers heretofore appointed shall be deemed to be vacant and the governor in council may appoint to such offices either the same persons as now hold them, any of such persons or any other persons.

In so far as this particular section is concerned, may I point out that it follows rather closely the legislation passed in both 1930 and 1934.

Mr. NEILL: But I was pointing out that the late government did not take full advantage of their opportunities to make partisan appointments. I was hoping the minister would be in a position to express his opinion, conviction or determination that the same policy would be followed.

Mr. POWER: My conviction is expressed in the legislation of 1930, at which time I was chairman of the elections committee, and brought down to the house a bill which was accepted. In it provision was made for the non-partisan appointment of returning officers. That example was not followed.

Section agreed to.

On section 9—Election clerk.

Mr. MacNICOL: I would like to say a few words at this point, and shall commence by referring to what the minister said a few minutes ago. He pointed out that he was chairman of the elections committee of 1930 which brought down a bill acceptable to the house. I understood him to say it was his proposal that the enumerators be of two different political parties.

In this connection I suggest to the minister, and I hope he will agree with me, that the

same principle should be followed in the selection of poll clerks. For a long time I have been of the opinion that the time has come when in the polling subdivisions there should be officials appointed by more than one political party. I find that principle is now almost universal. So far as I can ascertain, Canada is almost alone, of English speaking countries, in insisting that the deputy returning officers and poll clerks attending polls be of the one political party. I know of no other such country which follows that plan, and I had hoped the time had come when under the guidance of a minister eminently qualified in connection with election matters we might have his approval of the suggestion whereby in Canada the deputy returning officers and poll clerks would be of two political parties.

I cannot speak with respect to all the states in the union, or even with respect to the majority of them; but certainly I know that all the principal states of the American union now follow the plan of having two political parties represented in the conduct of the poll. The reason advanced is that with two political parties represented at the poll there could be no collusion in connection with ballot stuffing, ballot switching or impersonation. It would be difficult to attempt anything like that. But where both the deputy returning officer and the clerk are of the one political party many injustices have been done in Ontario, and perhaps elsewhere; it is not necessary to mention the scores of instances. This will occur again until the two officers within the poll are of different political parties.

They found that in the United States, and overcame many of the impersonations, ballot stuffing and ballot switching by having the deputy returning officer and the clerk of different political parties. The Election Act of Missouri uses these words:

> Chosen by the county court—
>
> Not by the government—
>
> —from lists supplied by the political party having the largest number of votes at the next preceding general election, and by the party having the next largest number of votes.

It is indicated that the officers who are to conduct the polls shall be elected in that manner, namely from two political parties.

I shall not take up the time of the committee in a detailed discussion of the point, because I appreciate the fact that the minister wishes to make progress with his bill. I must point out, however, that the state of New Jersey has a similar law. Similar laws are found in Wisconsin, Oregon, Ohio, Massachusetts and Montana. In each of those states, and perhaps in many others the election acts of which I have not had time to read, the situation I have described obtains. The deputy returning officers and clerks in those states must be of two political parties, and are from the two parties which had the first and second largest numbers of votes in the next preceding election.

I brought this matter before the elections committee. At this time may I avail myself of the opportunity to compliment the minister and members of the house generally upon the appointment to the elections committee of an efficient, kindly and courteous chairman. He has every qualification to be chairman, and, when I suggested this change, was most courteous. I must point out further that in the beginning I believe the majority of the elections committee were in favour of bringing the Canadian methods up to the high standard in this regard which prevails throughout the world in English speaking countries outside Canada. I might point out that in Australia these officials are permanent and are subject to dismissal at all times for irregularities. In Great Britain they are not appointed by the government at all; rather they are appointed by the mayors or municipal authorities throughout the old country. Naturally the appointees are of different political parties.

But Canada has not attained the high standard I had hoped it might. I was hoping at this time, in view of the minister's wide knowledge of election law, and in view of his having been chairman in 1930, something along this line might be done. I remember that when the elections measure was being discussed in the house in 1934 there was no use in my saying anything on the government side of the house, because the minister piloting the bill through the house would simply look across at the hon. member for Quebec South and use words—probably not in these exact terms, but having the same meaning—"if the hon. member for Quebec South is satisfied, carried." Matters would be referred to him. I could not get anything through, because my knowledge of the elections act did not cut any figure.

So I had hoped that with that eminent authority piloting the elections act, in this government, this year we might expect to find real improvement in that act. Before going farther I wish to point out that I believe we are now getting close to a real elections act—at least in ninety-nine per cent of the cases. Any criticism I may have would be about the one per cent remaining.

My submission with respect to clerks, which I moved in committee—and upon which I shall not divide the committee of the whole—was in these words:

At least five days before he proposes to appoint the persons who are to act as poll clerks as aforesaid, the returning officer shall give notice accordingly to the candidate who, representing at the next preceding election in the electoral district a different and opposed political interest to the candidate mentioned in the next preceding subsection, received the highest number of votes, whether or not such candidate was elected. Such candidate may, by himself or by representative, nominate a fit and proper person for appointment as poll clerk for every polling station in the electoral district and, except as hereinafter provided, the returning officer shall appoint such persons to be poll clerks for the polling stations for which they have been nominated.

Even at this late date I think the minister should consider this matter. Perhaps this section could be allowed to stand in the meantime, and we could return to it later on.

Mr. POWER: I have no objection to it standing.

Mr. McCUAIG: The hon. member (Mr. MacNicol) is speaking to the wrong section. What he refers to is dealt with in section 26, subsection 4.

Mr. MacNICOL: I should like to see this considered because its adoption would put our elections act on a par with other election acts. I think in the main it is one of the best anywhere, but in my opinion this would make it nearly one hundred per cent perfect.

Mr. POWER: The objection raised by the hon. gentleman would appear to be a good one were it not for the fact that this section refers not to poll clerks but to election clerks who are assistants to the returning officers. Perhaps my hon. friend would indicate his objection when we reach the section referring to poll clerks.

Mr. MacNICOL: That will give me a double opportunity to express my objection.

Section agreed to.

Sections 10 to 13 inclusive agreed to.

On section 14—Qualifications.

Mr. MacNEIL: Might I have an explanation of paragraph (j)?

Mr. BOTHWELL: This paragraph is taken from the 1934 act, but its wording is made more definite. It deals specifically with a particular class of people, those who are dealt with under a certain order in council. This paragraph was discussed at great length in the committee and its wording was agreed upon. It has to do with the Doukhobors who were disqualified by the 1934 act.

Mr. MacNEIL: What is their position at the present time?

Mr. BOTHWELL: They are disqualified if they are disqualified by the province.

Mr. HEAPS: I should like to make a few remarks in connection with paragraph (k). As I read this paragraph, it would disbar any person living in an institution maintained by any government or municipality; any person living in an old folks home would be disbarred from voting in certain provinces. I object to our elections act being chopped up in such a way as to make the application of its provisions different in one province from what it is in another. It would be an anomaly if a person living in an old folks home in Ottawa were disbarred from voting in Ottawa, but permitted to vote in Hull. Many of the people in these homes are quite capable of exercising their rights as Canadian citizens, and I do not think they should be disbarred from voting simply because they happen to be inmates of such an institution.

Mr. BOTHWELL: The Dominion Franchise Act, 1934, contains the following provision:

Provided that the following persons are disqualified from voting at an election and incapable of being registered as electors and shall not be so registered, that is to say—

(x) every person who is an inmate of an institution which is maintained by any government or municipality for the housing and maintenance of the poor;

In this new bill we have limited the disqualification to those provinces where such persons are disqualified. Evidence was given before the committee that institutions have been set up in certain provinces by the provincial authorities, and it was almost the unanimous opinion of the committee that people in certain of those institutions were not interested in electoral matters and were not in a position to form an opinion as to how a vote should be cast. It was thought that if the province prohibited them from voting because of their being in a particular type of institution, then we should also restrain them under the federal act.

Mr. BAKER: Would it not be more correct to exclude them in the same way as the doukhobors are excluded?

Mr. HEAPS: Many of these people take considerable interest in public affairs. Any one who has visited an old folks home knows that older people who have possession of

their faculties usually take considerable interest in public affairs. During their spare time they discuss these matters at great length and with a great deal of understanding. There may be instances where, because of their mental condition, they would not be able to vote, but I believe those cases would be covered by other sections of the bill. We are penalizing these people because they happen to be living in an institution of this kind. I know of many instances where an old person has preferred to live in such an institution. If he were living with his near relatives, he would be entitled to vote, but simply because he happens to go to an institution he is being denied that right. I think that is a most unfair discrimination against the older section of our population who have given the best years of their lives to building up this country. If a provincial government wants to take action of that kind, then we have no jurisdiction nor have we any cause to complain in this chamber, but I do not think this federal parliament should follow the lead of the provincial governments. I believe this is a retrograde step.

Mr. BOTHWELL: If I might interrupt my hon. friend at that point, this clause has been worded in this particular way because in certain provinces there are certain institutions, the inmates of which the provincial authorities feel should not be given this right. We worded the clause in this way, rather than make the prohibition apply in all the provinces as was done by the old act.

Mr. HEAPS: Simply that a provincial government does a certain thing is no reason why we should follow the same course. The women in the province of Quebec are not permitted to vote in provincial elections, but that is no reason why we should say that they should be disbarred from voting in dominion elections. That is no excuse at all. In a federal law we should stick entirely to the federal jurisdiction and not follow what may happen to be done in a particular province. That is my complaint. These people may be entitled in every way to vote; they may have full knowledge of everything that is going on in the political field in this dominion. We spend thousands and thousands of dollars trying to get votes out on election day. We discussed the question of absentee votes, and in the last election we spent an enormous sum of money to get absentee votes recorded in different parts of this dominion; yet here are men and women quite capable of casting an intelligent vote, and we are depriving them of it simply because the provincial government says they are not entitled to vote. We are simply following the lead of the provincial government, and that is my complaint. I hope the minister will see to it that these old people in the latter years of their life are not deprived of something which I know in many instances they prize very highly indeed.

Mr. FAIR: Two wrongs can never make a right, and the fact that this paragraph was in the old act is no reason why it should be continued in this new measure, which the hon. member for Davenport (Mr. MacNicol) claims to be one hundred per cent perfect. But I say, Mr. Chairman, that with a provision such as this no electoral act can be one hundred per cent perfect. Many of the inmates of these old people's homes are there because of unscrupulous methods employed in many instances by other people who are outside and who are still privileged to vote, and I believe it is our duty to see that these old people in the homes are given the right to vote just as much as some unscrupulous people outside of whom they have been the victims. If you disfranchise these people, why not disfranchise those on relief in the cities, whose food and rent and clothing are paid for by the respective governments? This is just the thin end of the wedge, in my opinion, to disfranchise those who, through no fault of their own, are compelled to go on relief to-day, and no country which boasts of democracy—and this highest privilege of democracy can be exercised only on election day, once in every few years—should stand for any such paragraph being kept in the act. I trust that the committee will amend the legislation so that every legitimate Canadian shall have the right to vote.

Mr. MacINNIS: I wish to support everything that has been said on this question by the hon. member for Winnipeg North (Mr. Heaps). I do not agree with the hon. member who has just spoken (Mr. Fair), that this is the thin end of the wedge.

Section stands.

Progress reported.

THE ROYAL ASSENT

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

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

Accordingly, the house went up to the Senate.

And having returned,

Mr. SPEAKER informed the house that the deputy of His Excellency the Governor General had been pleased to give in His Majesty's name the royal assent to the following bills:

An Act for the relief of Gerda Ellen Morrison.
An Act for the relief of Hilda Elsa Maeke Schneider.
An Act for the relief of Margaret Robinson Mathieson Megee.
An Act for the relief of Rachel Tencer Silberberg.
An Act for the relief of George Brunet.
An Act for the relief of Mary Elizabeth Fletcher Meigs Ballantyne.
An Act for the relief of Ada Alice Burns.
An Act for the relief of Marjorie Isabel Meldrum Andersen.
An Act for the relief of Alice Pearl Shaver Booth.
An Act for the relief of Mary Grace French Clarke.
An Act for the relief of John Gerard Ahern.
An Act to amend The Copyright Amendment Act, 1931, and the Copyright Act.
An Act respecting The Restigouche Log Driving and Boom Company.
An Act to amend the Exchequer Court Act.
An Act to amend The National Harbours Board Act, 1936.
An Act to amend the New Westminster Harbour Commissioners Act.
An Act to amend the Railway Act.
An Act respecting the Registration of Shop Cards by Labour Unions.
An Act to amend the Canada Shipping Act, 1934.
An Act to assist Municipalities in making self-liquidating Improvements.
An Act to amend The Manitoba Natural Resources Act, The Alberta Natural Resources Acts, and the Saskatchewan Natural Resources Acts.
An Act to incorporate The Maritime Provinces General Insurance Company.
An Act to incorporate The Roman Catholic Episcopal Corporation of Hudson's Bay.
An Act respecting The Mail Printing Company.
An Act respecting the Globe Printing Company.
An Act for the relief of Paul Sanson White.
An Act for the relief of Louise Maud Thomas Gregory.
An Act for the relief of Emma Kathleen Lavery Forester.
An Act for the relief of Edith Margaret Campbell Quinn.
An Act for the relief of Dorothy Maud Doran Gay.
An Act for the relief of Kathleen Barnsley Prichard Hartney.
An Act for the relief of Thomas Russell.
An Act for the relief of Marie Marguerite Agnès Marcelle Dupont Ross.
An Act for the relief of Wilfred Augustus Cottle Stead.
An Act for the relief of Celia Caplan Tucker.
An Act for the relief of Irene Thomas Smith.
An Act for the relief of Sylvia Salzman Udashkin.
An Act for the relief of William Dougald Stanley Campbell.
An Act for the relief of Mildred Varner MacLeod.
An Act respecting the High Commissioner for Canada in the United Kingdom.
An Act to amend The Excise Act, 1934.
An Act to regulate the Inspection and Sale of Binder Twine and to establish Weight of Bushel for certain Commodities commonly sold by the Bushel.
An Act to amend the Indian Act.
An Act to amend The National Parks Act, and The Nova Scotia and Prince Edward Island National Parks Act, 1936.
An Act respecting the North Pacific Pelagic Sealing Convention.
An Act to amend the Northwest Territories Act.

PRIVATE BILLS

FIRST AND SECOND READINGS—SENATE BILLS

Bill No. 165, for the relief of Aldege Nault.—Mr. Jacobs.

Bill No. 166, for the relief of Muriel Gladys Jones Roberts.—Mr. Jacobs.

Bill No. 167, for the relief of Virginia Amelia Loomis Wadsworth.—Mr. Walsh.

Bill No. 168, for the relief of Jennie Erdrich Ettenberg.—Mr. Jacobs.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

INDUSTRIAL LOAN AND FINANCE CORPORATION

The house in committee on Bill No. 7, respecting Industrial Loan and Finance Corporation—Mr. Vien—Mr. Sanderson in the chair.

On section 1—Rate of charge on loans not exceeding $500.

Mr. TUCKER: Mr. Chairman, first of all I submit that these bills dealing with small loan companies should not be proceeded with until the general policy of the government has been finally decided. There is upon the order paper the following resolution, standing in the name of the Minister of Finance:

That it is expedient to introduce an act to regulate the cost of small loans, also with respect to the incorporation and powers of small loan companies, and to provide for the annual licensing of money-lenders, for the administration of the said act, and the annual assessment of each licencee for the purpose of meeting the expense incurred by the government in such administration.

As will be seen, this foreshadows a definite outlining of the policy of the government, in the words of the resolution, "with respect to the incorporation and powers of small loan companies." I submit that there is no object in passing a special act giving this company certain added powers when on the order paper there is a general bill which deals with the whole question.

The next point I submit is this: In connection with questions of interest and so on I doubt that special privileges should be given by special acts of parliament. Under the special act, already law, which this bill proposes to amend, the Industrial Loan and Finance Corporation has the following powers:

(i) lend money secured by assignment of choses-in-action, chattel mortgages or such other evidence of indebtedness as the company may require, and may charge interest thereon at the rate of not more than seven per centum per annum, and may on all loans deduct the interest in advance and provide for repayments in weekly, monthly or other uniform repayments: Provided that the borrower shall have the right to repay the loan at any time before the due date, and, on such repayment being made, to receive a refund of such portion of the interest paid in advance as has not been earned, except a sum equal to the interest for three months,

(ii) charge, in addition to interest as aforesaid, for all expenses which have been necessarily and in good faith incurred by the company in making a loan authorized by the next preceding sub-paragraph (i), including all expenses for inquiry and investigation into the character and circumstances of the borrower, his endorsers, co-makers or sureties, for taxes, correspondence and professional advice, and for all necessary documents and papers, two per centum upon the principal sum loaned,

(iii) notwithstanding anything in the next two preceding sub-paragraphs (i) and (ii) the company shall, when a loan authorized by the said sub-paragraph (i) has been made on the security of a chattel mortgage, or of subrogation of taxes, be entitled to charge an additional sum equal to the legal and other actual expenses disbursed by the company in connection with such loan, but not exceeding the sum of ten dollars,

but, no charge for expenses of any kind shall be made or collected unless the loan has been actually made, or unless such a loan has been renewed after one year from the making thereof or after one year from the last renewal thereof;

The explanatory notes to this amending bill state:

The main objects of this bill are:

To change the operation of the company from a discount to an interest plan and to vary and clarify its charges.

I submit that this explanatory note is and must be misleading. The note states that it is desired to change the operation of the company from a discount to an interest plan. In the subsections I have just read it is stated quite clearly that at present this company is entitled to charge 7 per cent per annum as interest. The only thing that would justify anyone in claiming that to be a discount plan is that it is provided that interest may be deducted in advance. But the bill goes on to indicate definitely that the intention should be to permit a charge of only 7 per cent per annum; for if the debt is paid ahead of time the act provides that only 7 per cent per annum shall be allowed plus interest for three months. This indicates that when parliament passed this special act it intended that this company should be allowed to charge only 7 per cent per annum, and as interest. Then it goes on to provide that they may charge two per cent for expenses of inquiry and investigation into the character and circumstances of the borrower, but those must be expenses which have been necessarily and in good faith incurred by the company.

We find that this company have been doing this: They have been charging 7 per cent interest in advance; and because of that fact, in effect they have been getting 14 per cent per annum. Then, by charging two per cent in advance for investigation and inquiry, whether or not they have actually incurred any expense in that connection in regard to a particular loan, they really get 4 per cent per annum under that heading. They claim they have a right to do this, to charge 14 per cent, though the act says that the rate shall be 7 per cent per annum, and they also claim they have a right to charge 4 per cent whether or not they make any investigations at all. Under those headings they are able to run their charges up to eighteen per cent per annum. We know that this company largely operates in the province of Quebec, where it does not take chattel mortgages and where it cannot make charges under that heading; that is, under subsection 3 above referred to. So to-day in my opinion this company violates the act of parliament and charges 18 per cent per annum when it has no right to do so. But that is certainly the limit of what the company can charge at present.

Now the company comes to parliament, having formerly obtained the charter for which it asked and which, in my opinion, it has been violating, and wants the right to charge two per cent per month, an effective interest rate of 26½ per cent per annum. Obviously the effect of this is to raise the rates which it is permitted to charge to-day, but there is more to it than that. This company has been charging 18 per cent, and I take it that it has become rather nervous as to its

position, because there have been decisions which indicate that it has absolutely no right to make these charges. For instance, there is the case of Kelly v. the Industrial Loan and Finance Corporation, which finds that it has been transgressing the law in connection with these charges. I would refer hon. members to page 90 of the report of the superintendent of insurance, for the year ending December 31, 1936, in regard to small loan companies, where a reference to this case will be found. It is also cited in 1937, 1 Dominion Law Reports, page 57. The case was tried before Judge Stackhouse of the Montreal circuit court, and this is what the head note of the case says:

A loan company operating under special statute (1930 (Can.), c. 68), and limited to a rate of interest not exceeding seven per cent plus charges for "expenses necessarily and in good faith incurred" in making the loan, cannot charge any greater rate of interest or for expenses not so incurred. On a loan of $150 repayable in ten monthly instalments, held illegal to deduct interest for the whole loan in advance and to charge for investigation expenses not incurred and for insurance not issued in accordance with the application, in the total of $16.50, entitling the borrower to recover back the excess charges.

That definitely holds that this very company, by charging interest in advance and regarding it as a discount, and by charging for disbursements regardless of whether or not they have been made, has been violating this act. Not content with that, it now comes before this parliament asking the right, under the heading "cost of loans," to charge two per cent per month, which is an effective rate of 26½ per cent per annum.

One of the points I should like to emphasize now, Mr. Chairman, is this: I do not think at this session of parliament we should sanction such a rate of interest. As far as I am concerned, coming from western Canada where we have been struggling with what we regard as high interest rates of 8 and 9 per cent on mortgages, if we in this parliament sanction a rate of 26½ per cent per annum we take away our whole case in demanding that interest rates be reduced to the people out west. How can we say in one breath that it is all right for this company to charge 26½ per cent per annum interest on loans up to $500, and in the next breath say to the banks, for example, that they should not charge over 7 per cent and to the mortgage companies that their rates should not be as high as 8 or 9 per cent? As a matter of fact, as is known to members of the house, the Saskatchewan government recently managed to get the loan companies to agree to reduce rates of interest down to six per cent. And a good many of us feel that the farming population of western Canada cannot afford to pay interest of even six per cent per annum.

Now then, if parliament authorizes one group of people to charge an effective rate of 26½ per cent per annum, what chance have we to make an appeal to public opinion which will back us up in getting interest charges cut lower than 6 per cent per annum? If we give those people the right to charge an effective rate of 26½ per cent per annum, what is the next thing we are up against? The argument will be raised: Why in the world should those people be permitted to charge that rate, and the banks be limited to 7 per cent per annum and the mortgage companies to 6 per cent? Immediately we are going to be met with a demand all along the line for an increase in rates of interest.

I think at this stage of Canada's development it would be a most retrograde step if parliament were to give sanction to an effective interest rate of 26½ per cent per annum. It might be said that this is not what we are authorizing, because the proposed amendment suggests that the "cost" of a loan shall not exceed two per cent per month. Well, the "cost" of a loan is nowhere defined in the proposed amendment, and that is one of the reasons why it is not expedient to pass the bill at the present time, before the general bill, which does define "cost" of loan, goes through.

What would be the position of affairs if parliament should not see fit to pass the general bill in which the "cost" of a loan is defined, and passed this bill, which refers to cost of loan, but nowhere defines the term. In other words, we would be passing something which has no meaning. But in order to make my argument plain, I suppose I should refer to the meaning of "cost" of loan, as it is defined in the general bill. It is set out at page 427 of the report of the banking and commerce committee:

2. In this act unless the context otherwise requires,

(a) "Cost" of a loan means the whole of the cost of the loan to the borrower including interest or discount and expenses and charges for commission, brokerage, chattel mortgage and recording fees, inquiries, defaults, renewals, fines, penalties, or other similar costs, whether paid to or charged by the lender or paid to or charged by any other persons, and whether fixed and determined by the loan contract itself or in whole or in part by any other collateral contract or document by which the charges if any, imposed under the loan, contract or the terms of the repayment of the loan are effectively varied.

That, I take it, is what "cost" of loan means in this bill. I draw particular attention to

the fact that cost of loan there includes interest and every other charge. If any company can charge two per cent as cost of loan and is brought into court under the Money-Lenders Act or under any other act, it can say that the whole of that cost was interest. What is the effect of that? The effect of it is this: As the charter now stands, any province can forbid those charges set out in subsections 2 and 3. That is, this parliament has power to legislate in regard to interest; but although we give a company power to charge for expenses of investigating a loan, and to charge for expenses of drawing documents—although we give this company power to do that, any province under its jurisdiction over property and civil rights in the province can step in and forbid those charges on the part of any company operating within any province.

What are we doing here? At the present time no company can come in and charge more than the amount set out in the Money-Lenders Act, namely 12 per cent per annum. We have said further to this company, "We only give you power to charge two per cent for making investigations and to charge up to $10 for drawing the documents, provided you pay the money out; but any province can forbid any charge set out in subsections 2 and 3." In other words, a province could limit the company to 7 per cent per annum. But by passing this amendment we take out of the hands of the province the power to prevent a company from charging more than 7 per cent per annum and give it the right, regardless of provincial law, to charge 26½ per cent per annum.

In other words, for example we may say to the province of Quebec, "Although you have control over property and civil rights, and power now to prevent this company from charging more than 7 per cent per annum, once this measure is passed this company whether the province of Quebec likes it or not or whether the people of Quebec like it or not, can come in and snap its fingers in the faces of the government of Quebec, and charge an effective rate of 26½ per cent interest." Under present conditions I submit this parliament should not lay itself open to attack by doing that.

In Saskatchewan we passed the Credit Unions Act a year ago. There is a department of government which is charged with the duty of promoting the development of cooperative institutions including credit unions in Saskatchewan, and an officer is paid for that purpose. What would happen if this bill were passed? It would mean that this company can go into Saskatchewan and charge an effective rate of 26½ per cent interest. There is nothing our legislature can do about it, because we are giving them the power to charge the rates of interest I have indicated.

If we pass this bill, they can go in there and spend a large sum of money on advertising, and prevent the growth of cooperative lending. We had different witnesses appear on the question of cooperative lending before the banking and commerce committee. For example, we were told of the great development in the province of Quebec in regard to the caisse populaire, and how they are actually extending their activities and by co-operative enterprise are providing money to the people at 7 per cent per annum. Mr. Vaillancourt gave us to understand that any person worthy of credit can get credit in the province of Quebec by joining a credit union or caisse populaire and, if he is credit worthy, he can get credit at that low rate of interest, 6 or 7 per cent per annum. Of course that is not low, but it is much lower than 26½ per cent per annum.

At this stage of our development should we as a parliament say to a company that whether a province likes it or not we shall give them the right to go into the province, undermine the full development of cooperative credit institutions and charge 26½ per cent per annum? I do not think we should do that.

It might be urged that there is a great deal of abuse in regard to small loans, and for a moment or two I should like to deal with that phase of the matter. The suggestion is that money-lenders to-day are charging more than 26½ per cent per annum, and that therefore, by permitting this company to operate at that rate, we are doing a good thing for the people.

I suggest to you, Mr. Chairman, that people who are paying, say 100 per cent per annum or 150 per cent per annum are people who are not credit worthy. If we set up this company we shall not be helping these people at all, because these companies are very careful to whom they lend money, and would not lend to doubtful people who to-day borrow from loan sharks. These small loan companies lend money only to people who actually pay it back again, with few exceptions. I should like to give the committee some figures on this very point. I read the following from the evidence:

> The record of the dominion licensed small loan companies up to date would indicate that that estimate is correct. Over a period of four years from 1934 to 1937 inclusive the total amount of loans made by the three companies was $28,919,630 and the total amount written

off loans as losses, $97,878, of which $56,005 was later recovered, leaving a net realized loss of $41,873 or ·14 per cent of the amount of loans made.

In other words, these three small loan companies have been so careful as to whom they would lend money that over a period of four years they actually lent out almost $29,000,000 with a loss of slightly over one-tenth of one per cent per annum.

Mr. MacLENNAN: What were their profits?

Mr. TUCKER: I shall come to that in a moment, but their losses were slightly over one-tenth of one per cent per annum. Does anyone seriously suggest that if these companies were so careful as to whom they would lend money as to keep their losses down so low, we are going to stop the loan shark evil by setting up such companies? Obviously these companies are lending money only to credit-worthy people. Even though you set up these companies you will still have people who are not good risks going to the loan sharks to borrow money. I was asked how much these companies made. I did not intend to give these figures at this stage, but I might as well. Mr. Finlayson had this to say in his evidence:

> The experience of the dominion companies shows that for the four years 1934 to 1937 inclusive the companies earned after interest 11·1 per cent on their mean net assets. The rate for the largest company was 16·66 per cent. Treating the "supervising" fee as equivalent to a return on capital and assuming a reduction of fifty per cent in advertising costs an addition of six per cent is made to the return of 11·1 above mentioned.

That would give them a profit of 17·1 per cent on their capital. I might be asked what I would suggest to eliminate the loan shark evil. I think this matter could be properly considered at this time. We are being asked to approve this bill as an alternative to a general policy of controlling the loan shark evil. This is an alleged attempt to minimize that evil.

I should like to suggest what I think is the proper way to deal with this problem. I am sorry the Minister of Finance (Mr. Dunning) is not in his seat. I hope he will soon be able to be back. First of all let me say that usury is one of the oldest crimes known to civilization. We should make exorbitant charges a crime. Those private individuals who take advantage of the need of people to obtain credit would not be the ones to register under the Money-Lenders Act. They make individual deals here and individual deals there. How in the world are you going to stop that sort of thing unless you make it a crime? The man who thinks he is pressed for credit goes and gets it from one of these individuals and pays a rate of probably 200 per cent per annum. These individuals take advantage of the needs of people, and once a transaction is completed the latter are worse off than they were before. I suggest that you write into the criminal code a provision that anyone who charges more than a certain set rate—it has been suggested that two per cent per month would be proper; personally I think that is too high—shall be deemed to have committed a criminal offence. It seems to me that this is the way to deal most effectively with these loan sharks.

Shortly after the attorney general of Ontario came into office he found the loan sharks were giving considerable trouble in the city of Toronto. He laid several charges under the Money-Lenders Act, but what happened? The judge found that he could not definitely distinguish between what was charged as interest and what was charged to cover investigation fees and so on. So he could not convict. Here is what His Honour Judge O'Connell, who presided at the county court judges' criminal court of the county of York had to say:

> These harsh and inequitable transactions might be effectively dealt with, if not actually stopped, by legislation making it a criminal offence, with appropriate penalties, to charge, impose or collect in respect to a loan for less than $500, interest, and for services of any kind, nature or description whatsoever in connection therewith, a sum of money amounting in the aggregate, in respect to both interest and charges, to more than two and one-half per centum per month on the monthly balance owing by the borrower. This, of course, is merely a suggestion prompted by the evidence coming before me during the present trial.

There we have a judge having to find that he could not convict because of the loose manner in which our laws have been drawn. His honour suggested that some provision should be made in the criminal code to deal with those people who take advantage of the needs of their neighbours. That is the first thing I would suggest. A definite limit should be placed upon the cost of a loan, and it should be made a criminal offence to charge more than that limit.

There is a further useful step that can be taken. Giving evidence before the banking and commerce committee, the attorney general of Ontario had this to say:

> I understand that this proposal has been made on the ground that prima facie these matters of service charges are matters of

property and civil rights and are within the jurisdiction of the province. It seems to me, as your advisers have expressed the opinion, that the dominion could undertake successfully to deal with them under the theory of ancillary powers, or under the right of the dominion to constitute and legislate concerning a crime; or under your jurisdiction over trade and commerce. Now, that is offered as an opinion to overcome the prima facie difficulty of these service charges being matters of property and civil rights. Well, with very much reluctance may I say that with every deference, my advisers and I are unable to accede to the view that that could be accomplished; so that, desirable as it may be that the whole situation should be dealt with by federal legislation, we feel that the practical and also the legal difficulties take it out of your jurisdiction; and we go just one step further, we say that it would be detrimental to the whole scheme of the thing if you were to attempt to do so and fail in so doing.

Now, we would ask you to do this; in view of what I have said and in order to arrive at a practical effective solution of this problem, that you improve your Money Lenders Act in the first place—and I am not going to endeavour to mention all the items that we feel should be dealt with—in the first place, we feel that your definition of money lenders could be very much improved.

Then, in the question of interest, we most earnestly suggest this, that in your Money Lenders Act you would require that whatever rate of interest is involved in the transaction it should be clearly stated and defined in the transaction.

Then we feel that there should be a right of search, and we would be disposed to favour some curtailment in the blatant advertising that is going on in the city of Toronto at the present time.

Now, if the dominion government will do that, we feel that we can meet the situation absolutely and amply by taking care of all legislation concerning all of the other items that come into the cost of the loan.

If the federal jurisdiction were to legislate and cover the whole field of the cost of a loan, which would involve interest and everything else, what might be proper in one province as indicating or as defining the cost of the loan might not apply properly in another province.

There we have the suggestion from the province of Ontario that we should set a limit upon the rates of interest to be charged, and then the province of Ontario will deal with the other charges made under its powers in connection with property and civil rights. There would then be no possibility of the legislation being ruled ultra vires. We shall have firstly restricted ourselves to criminal legislation, as we should, and then to legislation on interest instead of doing what is proposed to be done here, namely, invade the rights of the provinces in connection with property and civil rights by endeavouring to legislate under our ancillary powers in order to deal with interest. Why should we undertake to invade the rights of the provinces as they are at present in order to give these people the right to charge 26½ per cent interest? Have we so well covered the field of dominion jurisdiction in connection with necessary national legislation that we should start invading the provincial field in order to give these people such a right?

Mr. MacLENNAN: Would my hon. friend explain what he means by invasion of the provincial field?

Mr. TUCKER: Let me explain what I mean by that. Property and civil rights are primarily within the jurisdiction of the province; but if the federal parliament can only deal effectively with legislation in its field by passing ancillary legislation in the field of property and civil rights, it can do so even though it does invade that field. If you do so invade the field of provincial jurisdiction, the provincial law in the matter falls to the ground as against the dominion law.

We have legislation to-day in Nova Scotia, Manitoba, Quebec and some of the other provinces dealing with the question of these charges, and the moment we enter the field under the heading of interest or any questions ancillary to interest we invade a field which the provinces have already covered. This would mean that their law would be of no effect. If we did that in order to cut down the high interest rates, I would not mind so much, but here we are proposing as a parliament to enter that field in order to enable these small loan people to raise their interest rates to the exorbitant rate of 26½ per cent per annum, and I submit we should not do that.

There is another matter I would draw to the attention of the committee. If we reserve this field entirely to ourselves, it means that we do so against the wishes of the province of Ontario. The representative of the government of Quebec also took a similar stand, that the province wanted to reserve that field to themselves. The Minister of Justice will know that this question is dealt with in the civil code of Quebec, and that if we enter that field we interfere with that provision of their civil code. The province of Quebec objected to our doing that; nevertheless we are here asked to do it. I submit that it is not wise for us to do so; that it is wise at this present stage of our development to restrict ourselves to controlling the top limit of cost of loan and also interest rates and leave the province to say whether these small loan companies shall be able to charge anything at all by way

of service charges and the like, always, of course, below the limit of cost of loan fixed in the criminal code.

Furthermore, the provinces have the means of administering the law, and if we enter that field against their wishes, are they going to show the same desire to enforce the law? In other words, if we put something in the criminal code, they can, by administering the criminal law, absolutely wipe out the loan shark people. They have their attorney general's department, their police courts, and their crown prosecutors to prosecute these people in the courts. But if we enter the field and undertake to look after the whole thing, are we going to set up a parallel system of administration of justice to make sure that these small loan people do not break our small loan legislation and loan sharks do not operate? That is something I would ask the Minister of Justice to consider.

I have suggested already that I think co-operative lending is one of the solutions of our present difficulties. I think it is the solution of many of our difficulties to-day and it should be encouraged in every way. We have to-day a very valuable institution, the Canadian Association for Adult Education, started, I believe, under the aegis of the extension department of St. Francis Xavier university, and that association would be pleased to extend its activities in the field of educating the people in regard to the benefits of cooperative lending institutions. In the United States they have a federal credit union law, and the federal government actively promotes these institutions. Their growth in the United States has been very fast and the people are encouraged to save and provide for their future. By so doing they are also able to provide for the credit needs of their friends, who get credit cheaply, and the depositors get a good return on their money. I further suggest that this government should appoint some person actively to promote the spread of credit unions throughout Canada. I go further and suggest that the government should legislate to set up a federal credit union law. If it does not see fit to do that, I submit it should make a grant of at least $10,000 to enable the Canadian Association for Adult Education to preach this doctrine of cooperative credit throughout Canada. I am glad that the Minister of Justice applauds that. It would be something in the way of really constructive legislation—much better than this business of giving special privileges to a few companies, with their exorbitant demands.

There is another angle with which I want to deal before I conclude, and that is the question of the extent to which the chartered banks of Canada should fill the needs proposed to be filled by these companies. We know that the Canadian Bank of Commerce has entered the small loan field and that it is lending money at a lower rate of interest than is charged by the small loan companies. Mr. Stewart gave evidence before our committee indicating that their effective rate of interest was 10·5 per cent. I quote this from the evidence of Mr. Stewart, of the Canadian Bank of Commerce:

> Well, Mr. Chairman, the Canadian Bank of Commerce entered the personal loan field in Toronto in June of 1936. Before the end of July of that year personal loan departments were opened at Halifax, Montreal, Winnipeg, Calgary and Vancouver. It is true, as Mr. Dobson says—as all banks have I should imagine —that up to that time we made small loans; but it seemed to us that there was a wider field. There was a considerable amount of criticism against the banks because of the fact that credit facilities were not available to wage earners; and to some extent with a view to dissipating any such criticism we entered the personal loan field. There was also probably a selfish motive too in that it built up a substantial amount of good will for the bank. The system, as I say, is in vogue throughout Canada. The loan departments are at Halifax, Montreal, Winnipeg, Calgary and Vancouver, but each and every branch bank is equipped to handle such small loans although the department is the last word in the confirmation or the refusal of the loan. The branches, however, work up the application, send it into the central department and there it is accepted or declined. In so far as volume is concerned, since the department was started we have made 60,423 loans, for a total amount of $8,800,000. The average amount of loan made is $146.

Then he said that "off-setting the savings balances on which interest is allowed the effective rate is 10·5 per cent."

He goes on to show what these small loans are made for:

	Per cent
Medical, dental and hospital bills	15·73
Consolidation of debts	28·0
Outside loan liquidation	6½
Taxes, real estate, mortgages and interest, insurance premiums	8·6
Travel and education	3·4
House improvement expenses	11·7
Clothing	2·3
Motor cars	7·03
Miscellaneous	16·0

He goes on to say:

> I think we can make a little money from now on provided we keep to the present figures.

On the question of whether the other banks could be encouraged to enter this field, I suggested in the committee that if they were encouraged to enter the field they would meet the need for credit now being met by these

companies. In this connection Mr. Dobson, president of the Canadian Bankers' Association said:

Now, if your committee should recommend and the government should decide to ask us to cooperate in the small loans field and provide an increased rate for monthly payment loans, I believe it is quite possible and probable that some other banks might then decide to take up that extended loan field. I do not mean to say they are going to take the business away from the small loan companies and go right through with that type of business. I do not believe for a moment that the small loan companies are not going to stay in business. I believe they are required there, but the banks might extend their field further, that is all.

The CHAIRMAN: I regret to have to interrupt the hon. member, but he has exhausted his time.

Mr. VIEN: As sponsor of Bill No. 7, at present under study, a good purpose might be served if I summarily gave the committee the genesis of these bills.

The Industrial Loan and Finance, the Discount and Loan and the Central Finance corporations are small loan companies incorporated under the laws of the dominion. Their charters are on our statute books. The hon. member who has just resumed his seat (Mr. Tucker) addressed himself to the subject under study as if we were introducing here a new principle; as if we were raising the rate of interest which, if this bill passes, these small loan companies could charge their borrowers. Nothing is further from the truth. In the first place we are not granting these small loan companies or any money-lender the power to charge an interest of two per cent per month. There is nothing to that effect either in this bill or in the general legislation recommended by the standing committee on banking and commerce.

Last year, contradictory decisions were rendered with respect to certain lawsuits, originating in Quebec and Ontario, regarding loans made by small loan companies. My learned and hon. friend quoted a judgment in the Kelly case, in the circuit court, Montreal. I am sorry he did not proceed a little further and quote judgments of superior tribunals. I have the greatest possible respect for the circuit court of the district of Montreal, but that court is limited in its jurisdiction to matters not exceeding $100. It is a tribunal of inferior civil jurisdiction. There is no appeal from its decisions. This shows that, generally speaking, in the province of Quebec, we do not consider matters coming before that court to be of more than trifling importance, not important enough, at least, to warrant the right of appeal. In a subsequent case, in the Jackson case, which my hon. friend has quoted, and in which the Industrial Loan was interested, in the superior court, Hon. Mr. Justice Casgrain rendered a decision very different from that of the circuit court, in the Kelly case.

Mr. LAPOINTE (Quebec East): Who was the judge sitting in the circuit court?

Mr. VIEN: His Honour Judge Stackhouse, for whom I have great respect. But a judge whose judgment is not subject to appeal may, sometimes, take into account other considerations than the law.

Mr. THORSON: Does the hon. member suggest that Judge Stackhouse did that in this case?

Mr. VIEN: I am not suggesting anything. I am only saying it so happens, sometimes. I think my learned friend knows it better than anyone else. Therefore, a reference to Judge Stackhouse's judgment, without reference to the reverse judgment rendered by a higher tribunal, does not convey complete information to the committee.

A certain propaganda, carried out in committee and outside thereof, and the tone of my hon. friend's speech of to-night, tend to create the impression that the sponsors of these bills and the standing committee in recommending general legislation are attempting to raise the rate of interest which small loan companies may charge to their borrowers. The contrary is true. For a number of years the superintendent of insurance has had complaints about the exorbitant rates of interest and other charges which are being collected from borrowers by certain money-lenders who have been properly styled "loan sharks." In the committee Mr. Finlayson has spread on the record a few examples of exorbitant charges: Three, four, five, six per cent per month are not uncommon. Instances of charges of 600, 700 and 800 per cent per annum were revealed. Indeed, there was a case of 11,000 per cent per annum. These were not isolated cases.

This condition, which to-day obtains in Canada, is not unprecedented elsewhere. In the United States, some years ago, a similar situation was revealed. Russell Sage died and left a large fortune to his wife. She was snowed under by applications for loans. She began to investigate some of these cases. She discovered that thousands of people were being mulcted of large sums of money by loan sharks. For a purely philantropic purpose and a desire to help the small borrower, Mrs. Sage created what is now known as the Russell

Sage Foundation. A thorough study was made in every state of the union; experts were sent to Europe to investigate conditions there, and the effect of the remedial legislation which had been passed in various European countries. In the United States, this question comes within the jurisdiction of the various states. Legislation had to be introduced in state legislatures. We have a statement of the rates of interest which now prevail in the United States. They were arrived at as a result of exhaustive investigation. After long years of study and effort, legislation was passed, and, now, the rates in the United States vary from one, two and three per cent per month, in graduated rates, based on the amount borrowed, or, in other states, on a flat basis ranging from 2½ per cent to 3½ per cent per month, in most cases.

In Great Britain, the same condition had obtained. The same study was made; remedial legislation was enacted. What is the situation in Great Britain? In Great Britain there is no maximum rate of interest fixed. The question resolves itself into a question of procedure: On whom shall the burden of proof rest? The rate must be reasonable. If it does not exceed 4 per cent per month, the complaining borrower must prove that the rate is unreasonable. If the rate exceeds 4 per cent per month, upon a complaint being filed, the money-lender must prove that the rate is not exorbitant. In Great Britain, therefore, the law assumes a rate of 4 per cent per month to be fair and reasonable, subject to the courts reducing it or increasing it as the circumstances may warrant.

In the United States, where a flat rate has been fixed, it varies from 2 to 3½ per cent per month, with very few exceptions higher or lower.

In Canada, the superintendent of insurance thought it advisable to compel these companies to come to parliament to have their charter powers clarified. These companies did not come here of their own motion. They were urged by the superintendent of insurance.

Mr. TUCKER: Is it not a fact that the superintendent of insurance told these companies that if they wished to continue making the charges they were making they should get an amendment to their charter authorizing them to do so?

Mr. VIEN: My hon. friend should not interrupt. He is wrong in his facts.

Mr. TUCKER: And I say that you are wrong.

Mr. VIEN: Please; I have only forty minutes at my disposal. I say that my hon. friend is wrong in his facts. One of these companies, as I mentioned in opening my remarks, had had an adverse judgment of the circuit court at Montreal. Since, then, however, a favourable judgment of the superior court has been rendered and it is to the effect that they had not charged exorbitant rates.

Mr. TUCKER: May I ask the hon. gentleman a question?

Mr. VIEN: No; I cannot afford the time of my hon. friend's interruptions.

Mr. TUCKER: I just wish to ask the hon. gentleman—

Mr. VIEN: Please do not. My hon. friend cannot challenge my facts. He has had an opportunity to speak. I did not interrupt him, although I felt that he was wrong, inaccurate. I say that in view of the conflicting decisions of the courts, the superintendent urged these companies to come to parliament. He wanted to have the charter powers of these companies clarified. These small loan companies lending money in amounts below $500, could not carry these judgments to the Supreme Court of Canada. You cannot come to that court unless a sum of $2,000 or more is involved. The superintendent was not satisfied with the decision of the circuit court; he was not satisfied with the decision of the superior court.

Mr. TUCKER: I should like to ask the hon. gentleman—

Mr. VIEN: Will my hon. friend please allow me to finish?

Miss MACPHAIL: Take it easy.

Mr. VIEN: I am asking him to take it easy and to hold his soul in patience.

Mr. TUCKER: On a point of order, my hon. friend has suggested that the superintendent of insurance said certain things. I am asking him where his authority is for that statement and where the superintendent of insurance said those things.

Mr. VIEN: I am not here to be cross-examined. If my hon. friend will read the record, he will see the statement of the superintendent to the effect that these companies were requested to come to this parliament to have their charter powers clarified, because there had been conflicting judicial decisions, and because it was impossible to take the matter to the Supreme Court of Canada, the amounts involved being too small.

Mr. GOLDING: Who requested them to come to parliament?

Mr. VIEN: The superintendent of insurance.

Mr. TUCKER: If they wished to make these charges.

Mr. VIEN: If they wanted to continue to exercise their charter powers, they had to come to parliament to have them clarified. Their licence, instead of being renewed for a period of one year, was renewed periodically, a few months at a time, as a compulsory measure. These private bills have consequently been introduced. It is not requested that the power to charge interest be increased. At the request of the superintendent, by these bills the basis of operation is changed. At present, when a loan is made, the amount of interest is deducted from the amount of the loan. That is what is called the discount basis. The department desires that basis to be changed into a straight interest basis, the interest being charged on the outstanding and reducing balance only, and that is what this bill purports to accomplish. Last year, in the standing committee on banking and commerce, we gave a great deal of thought to this whole matter, and after several weeks of study we brought in this legislation.

Mr. MARTIN: Twenty-eight meetings this year.

Mr. VIEN: I see that it is nine o'clock.

Progress reported.

ELECTIONS AND FRANCHISE

MEASURE RESPECTING FRANCHISE OF ELECTORS, ELECTION OF MEMBERS OF HOUSE OF COMMONS AND PRINTING AND PUBLICATION OF ELECTION DOCUMENTS

The house resumed consideration in committee of Bill No. 91, respecting the franchise of electors and the election of members of the House of Commons—Mr. Power—Mr. Johnston (Lake Centre) in the chair.

The CHAIRMAN: Section 14 was under consideration at six o'clock.

Mr. MacINNIS: When I was interrupted before recess I was about to say a few words in connection with paragraph (k) of subsection 2. This paragraph provides that if the electoral act of any province disqualifies for voting purposes a person who is receiving aid from the government, the same provision shall apply under this bill. When the hon. member for Battle River was speaking to this point he expressed the view that this was the thin end of the wedge, and that later on it might be applied to unemployed persons. I do not believe that is so; I do not think the committee had that in mind at all. As a matter of fact, this is a survival of the days before we had universal suffrage, when suffrage was based on property qualifications, and it was designed to prevent paupers from having the franchise. However, I am opposed to the principle. To-day we have universal suffrage, which is not refused to such people as those who receive old age pensions, judges who have retired and are in receipt of pensions, and so on. Such people are allowed to vote, even though they are living on the bounty of the state. I do not see why the provision in paragraph (k) should apply to old or destitute people just because they happen to live in certain institutions. I remember that some years ago, when I had something to do with municipal affairs in Vancouver, old people in receipt of old age pensions would assign such pensions to the city and would be taken into the old folks home as a result. If this law applies, a person who has done that will be prevented from voting, while on the other hand a person in receipt of an old age pension and not living in an institution would have a vote. I think this is a provision which should be removed from the measure, because I do not think it serves any useful purpose to-day. Probably we have disregarded the principle and idea which first brought it into being. So I would ask the minister to give consideration to the desirability of deleting this paragraph altogether.

Mr. POWER: I have no objection to permitting paragraph (k) to stand.

The CHAIRMAN: Shall the other subsections of section 14 carry?

Mr. NEILL: No. I thought the minister was going to allow the whole section to stand.

Mr. POWER: If there is any objection to it, I am willing to do so.

Mr. NEILL: I wanted to make some remarks in regard to subsection 7, and perhaps I might make them now so that the minister can consider the whole section at once. I am afraid I am presumptuous in finding any fault with this bill. I have some little knowledge of the time and trouble that have been spent on this bill by the committee and its most efficient chairman, and under ordinary conditions I would swallow the bill as it stands. But there are, perhaps necessarily, in a bill of such wide scope, one or two small matters of considerable importance in particular districts which may have escaped the attention of the

committee, because I understand there was no representative from British Columbia on that committee.

An hon. MEMBER: Oh, yes.

Mr. NEILL: Then, perhaps he was an interior man who was not familiar with conditions on the coast, or perhaps he was overruled. At any rate the position I want to suggest is this: Any measure of this kind surely ought to be based upon two fundamental points. I do not know which should be put first, but the one is to prevent corruption as much as possible and the other is that it should give a vote to everyone entitled to it. I believe those principles should be carried out to the fullest extent, regardless of whether the voter be rich or poor, educated or illiterate.

The subsection to which I object reads as follows:

> Save as hereinafter provided every person, man or woman, shall be qualified to vote and be entitled to be registered as an elector on the list of electors for the polling division in which he or she ordinarily resides at the time of the preparation and revision of the list of electors—

It is the word "ordinarily" to which I object, because it makes a fundamental change in the act. According to the explanatory note, the old act was the same with the exception of the word "ordinarily," and it is the insertion of that word which makes all the difference.

Mr. STIRLING: To what subsection is my hon. friend referring?

Mr. NEILL: The first few lines of subsection 1. I think this would come home particularly to any one from the district I represent and also the hon. members representing the constituencies of Nanaimo, Vancouver North, Cariboo and to a certain extent Skeena, because they all have people who will be disfranchised because of the insertion of that one word. I do not suppose the number will be very great; it may total a couple of thousand in British Columbia; but surely the logger, the miner, the fisherman or the seaman is entitled to his vote once we start out with the idea that we have more or less universal suffrage.

Perhaps I had better explain how this works. A man lives in one part of a constituency; take Vancouver North, for example. His home, where his wife lives, is in Vancouver North; but in the summer season, when logging operations are going on, he goes to the northern portion of that constituency, which covers a large area, and gets a job in a logging camp, where he spends perhaps six months of the year. Previously, when the election came along, he registered in the ordinary way at the place where he was working, but under the interpretation that must be placed upon the word "ordinarily" he can be registered only at Vancouver North. You may say, "Well, he can go back there and vote." It is all very well to say that, but in point of fact he cannot, and we know he cannot. To do so, he would have to throw up his job; for what concern would put up with a man being away for that reason? He must be away for one or two weeks, which means that he will lose his job and have to pay $25 or $30 to go back home in order to vote. That makes it impossible, so we are depriving that man of his vote. When we say "ordinarily resides," that is interpreted in another section of the bill as the place where he has his wife. Someone said that was not so, because there was a clause dealing with men separated from their wives; but we are not dealing with that class of people at all; we are dealing with men who have their wives in one part of the district, but who are forced by circumstances to work in another part.

In previous acts, and again in this bill, the principle is recognized that consideration should be given people of this kind, because special privileges are extended to three classes, ecclesiastics, school teachers and students. It is expressly provided that although they are not resident at the place where they are ordinarily resident, they can register where they then are. That is class legislation. If a man of the gospel, who is getting a permanent salary presumably a little better than that of the average workingman, and who is better able to go to the expense of returning to his regular home, is permitted this privilege, why should it not be extended to the people I have mentioned? The minister could probably return during the week without depriving his church of his services, and the same would apply to the teacher and the student. If it is right that we should not deprive the teacher, the parson or the student of his vote, why should the same thing not apply to the logger, the miner and the fisherman? I can see no reason why it should not. As I say, there is no reason. This act goes back quite a number of years. Originally, perhaps, the matter was not of so much importance, because there were times when a move of population was what might be described as more definite and permanent in its trend. If they did move to a certain place, it was a permanent move for reasons of work, and there was a tendency to stay in that place. Nowadays the trend is variable. Men are laid off on an hour's notice because an engine breaks down. Nowadays men are

flown to their work and back again. There is more need to provide for new conditions.

I have not yet heard any suggestion as to any impropriety in connection with the matter, or of any abuse in any way at all. It is closely watched, and there are plenty of safeguards. There is no chance of the intrusion of a large body of men in there, in order to swing a vote, because the condition says that they must be resident for a certain period. There is no danger either in theory or in practice, because that has been the law for many years in British Columbia, and it has never been abused. It has never even been possible to make it the means of abuse. I would like the minister to look over the situation and consider the matter. If he has determined to go on, I would ask him why the word "ordinarily" has been inserted, and who asked for it.

Mr. REID: Would the hon. member answer a question? Would it not be worked the other way? The hon. member was talking about a logger. We will suppose that a logger had registered in the interior but happened to be home; that is, at his ordinary home. How would he vote?

Mr. NEILL: He would still be able to vote at home, if he were there. This is in a case where he find himself in a distant place, and unable to go home. The average logger is not in a position to take a week off.

Mr. STIRLING: He can be sworn, can he not?

Mr. BOTHWELL: Possibly I could explain something of the discussion which took place in committee in connection with this particular section. In the 1934 act we endeavoured to take care of these voters by absentee voting provisions.

Mr. NEILL: Yes.

Mr. BOTHWELL: The committee found that the expense of absentee voting did not warrant our including it in this bill. For instance, in the election of 1935 there were 5,334 votes polled under the absentee voting provision. We found that 1,533 of them were rejected. The cost of absentee voting was approximately $250,000, or $65 plus, per vote. And it was by reason of the expense which was incurred in connection with absentee voting the committee decided that for the sake of a vote of that size we would not be warranted in inserting a clause which would deal with absentee voting.

Now, coming to the words "ordinarily resides" in the first subsection of section 14, may I point out that that term is defined in section 16 of the bill. The rules are stated in connection with the residence of electors. In the 1930 act we used the same words, namely, "ordinarily resides," and we defined them in much the same way as they are defined here. So that really, Mr. Chairman, the only difference between this bill and past acts in connection with residence of electors is that in this measure we have done away with the absentee vote.

Mr. NEILL: Dealing with the absentee vote for a moment—and I do not know why we should, because it does not in the least resemble the matter I brought up; there is no resemblance whatever—however, if the hon. member wishes to go into it, I will do so. It has no relation to this matter at all. The absentee vote was introduced in order to deal with a changed condition caused by the act of 1934 which provided for what was called a fixed list.

Mr. BOTHWELL: I would direct the attention of the hon. member also to the explanatory note on the page opposite page 12 of the bill. It would indicate that in 1934 we used exactly the same words, namely, "ordinarily resident."

Mr. NEILL: No.

Mr. BOTHWELL: It says "has been ordinarily resident in Canada."

Mr. NEILL: I will deal with that in a moment. I am surprised the hon. member says that. We are talking about the absentee vote, and I say it was introduced to meet a condition caused by the act of 1934, which made a fixed list. Therefore it was felt that a large number of people would be disfranchised.

The hon. member has said that it caused great expense, and that a great many votes were disqualified. The reason for the disqualifications was that deputy returning officers were not sufficiently informed of their duties; that was the reason for the disqualification of a large number of them. Apparently they had been instructed that when a man came along and wanted to vote in a district in which he was not then resident, they were to get a blank ballot, and that the deputy returning officer's duty was to write on the blank ballot a facsimile of the ballot of that particular district.

These deputy returning officers are not lawyers. They are not men of great business ability, and they take a reasonable, by-and-large view of it and put down Smith, Jones and Brown. And if a man voted for Smith, Jones or Brown, his vote was thrown out

because it had not said that John Smith was an auctioneer or that Bill Brown was something else. I know of one case which came to my attention where the deputy returning officer had evidently said to the would-be voter, "Whom do you want to vote for, old man?" And the man said "Brown." So the officer just wrote down "Brown," and no other name was put on the ballot. Hundreds were thrown out in my district because the ballots were not properly drawn up, either because of a misconception or because of ignorance on the part of the deputy returning officer.

As to the cost of it let me say this: The hon. member has noted the cost as being so much per head. Did he ever figure out the per head cost of advance polls? If he would, perhaps he would find that the cost per head was more than that of the absentee vote. The machinery which is set up is expensive, and in a small place if you get four or five votes in an advance poll you are lucky. I suggest the hon. member had better look into those facts.

But the whole subject is not pertinent, because no one has asked him to introduce the absentee vote. I have asked him only to go back to the procedure that was current before the act of 1934. I have asked only that we go back to it and stick to that phase of it. The hon. member has said—and I hope he was not imposing upon my simple layman's ignorance, although it looks like it—that we should look at the explanations, which is to me a painful subject anyway, opposite page 12 of the bill, and we would find the words "ordinarily resident". That is simply a play on words. It is there, but it does not apply to what I am talking about. It reads to indicate that a person has to show that he was ordinarily resident in Canada for at least twelve months—ordinarily resident in the electoral district at the date of the poll.

Mr. BOTHWELL: That is the same thing as we have here.

Mr. NEILL: But when he came to take an affidavit all he had to swear to was that he was a "resident" of a polling division. Surely the 1936 act takes precedence over that of 1934. And here I find that section 46A in chapter 35 of the 1936 statutes reads as follows:

46A. (1) Subject as herein provided, any person who pursuant to the provisions of section four of the Dominion By-Elections Franchise Act, 1936, is qualified to vote in the electoral district in which a by-election is pending, and is, on polling day, resident—

Resident—

—in a rural polling division—

And so on. Then, at page 219 of the volume we find the form, in these words:

You swear that you are a British subject ordinarily resident in Canada—

And so on, and so on. Then it says: "that you now reside in this polling division." That is all they had to do. They had to swear that they "now reside" in the polling division, and that is all I am asking. Let us carry out the act as we have been doing for many years. It was not objected to, and the source of no corruption or impropriety. This action will certainly cut off hundreds of voters in the districts I have named. I do not know what effect it will have upon voters in the northern areas of Ontario, but hon. members from that part of the country will be more familiar with conditions than I. In the districts in British Columbia to which I have referred I know there will be hundreds of men, many of whom will vote against me—that is their privilege—who will be deprived of their vote. I think the general basic principle of this measure should be to give the greatest opportunity to people to vote, providing the proper safeguards are taken against corruption and impersonation.

Mr. MacNEIL: I desire to associate myself with the remarks of the hon. member for Comox-Alberni (Mr. Neill). In reading subsection 1 of section 14 in conjunction with section 16, I cannot find any provision being made for the class of workers described by the hon. member for Comox-Alberni. These workers engaged in the logging and fishing industries must of necessity move from district to district according to the requirements of their industries. In many instances, while these men are absent from home, their families are compelled to move from one electoral district to another. Therefore, it is extremely difficult for them to define residence. I should like to have the minister or the chairman of the committee on elections explain how they propose, under the terms of this bill, to extend the franchise to these people.

Mr. POWER: The section can stand.

Mr. BOTHWELL: The committee came to the conclusion that no matter what words were used there would be a certain number of electors who would be disqualified or disfranchised in any event. It was not possible to cover every person in Canada who was entitled to vote. The minister is agreeable to having this section stand, and perhaps section 16 could stand also, in order that these sections might be considered before the next meeting of the committee.

Mr. DOUGLAS (Weyburn): Paragraph (j) reads in part:

—because the doctrines of his religion make him averse to bearing arms, and who is by the law of that province disqualified from voting.

To what provinces would that apply?

Mr. BOTHWELL: To British Columbia only.

Mr. DOUGLAS (Weyburn): There are quite a number of people who are adherents to the Society of Friends, commonly known as Quakers.

Mr. BOTHWELL: This section would not apply to them at all. We have included in this section the particular order in council which refers only to Doukhobors.

Mr. DOUGLAS (Weyburn): In the province of British Columbia?

Mr. MacNEIL: I should like that to be understood absolutely.

Mr. POWER: I am quite clear on it because I gave it a lot of thought. This refers only to Doukhobors in British Columbia.

Mr. MacNEIL: It does not refer to those who were exempted under the Militia Act because of religious belief?

Mr. POWER: It does refer to those who came in under certain conditions in 1898 and whose religious beliefs prohibited them from bearing arms.

Section stands.

Section 15 agreed to.

Section 16 stands.

On section 17—Preparation of lists of electors.

Mr. HEAPS: I do not think we should be asked to agree to a long section at one time. I think the subsections should be named one by one.

Subsections 1, 2 and 3 agreed to.

On section 17, subsection 4—Receipt and disposal of copies of preliminary list received from enumerators.

Mr. HEAPS: As I understand it, these lists are to be printed in the various constituencies?

Mr. BOTHWELL: It is the intention to do that as far as possible.

Mr. HEAPS: Are you doing away with the printing at Ottawa?

Mr. BOTHWELL: There is nothing in the bill to prevent the printing of lists in Ottawa where this is more convenient, and where the lists can be prepared in time, but the intention is to have them printed locally as far as possible.

Mr. HEAPS: Has the hon. member or the minister any information as to the relative cost of printing in Ottawa and in the individual constituency?

Mr. POWER: That information was presented to the committee, but I have not it with me at the moment.

Mr. MacNEIL: Would the minister give a simple outline of the procedure to be followed in the preparation of these lists in urban and rural districts? It is difficult for those of us who were not members of the committee and who saw the bill for the first time only a few days ago to understand the method of procedure.

Mr. POWER: It goes back to the 1930 elections act, which I understand met with general approval. I have not gone into all the details; but in urban areas with populations of more than 3,500, two enumerators representing two adverse political parties go around together from house to house to take an enumeration of people qualified to vote.

Mr. MacNEIL: When?

Mr. POWER: Within plenty of time prior to the election to give the electoral officers an opportunity to prepare printed lists. When that enumeration is completed, there is a revision before the revising officer and then a final list is prepared. In order to avoid difficulty in connection with impersonation, in cities over 25,000 of population lists are furnished to every elector so that he will know who are his neighbours and which of them are entitled to vote. In cities under 25,000, lists are furnished to every householder. Rule 7 provides:

Each pair of enumerators, after taking their oaths as such, shall, on Monday, the 49th day before polling day, proceed jointly to ascertain the name, address and occupation of every person qualified to vote.

As I said before, when that has been done there is a revision and then the final list is prepared. There is only one enumerator in the rural constituencies. He has an office at a central place within the polling division, and during office hours those who claim to be entitled to vote call upon him and he places their names upon the list. There is a revision shortly before the election, but even on the election day a person who considers himself qualified to vote may come to the poll and he will be entitled to vote if he is vouched for by a qualified elector. We have returned to the old system of open voting which existed in 1930 and prior to that year.

Mr. REID: That is just in the rural districts?

Mr. POWER: That is covered by schedules A and B of section 17.

Mr. NEILL: What would be the contemplated period under ordinary conditions between the issue of the writ and the election?

Mr. BOTHWELL: At least fifty-two days.

Mr. GRAYDON: I have one question with regard to the distinction between rural and urban districts. Take the case of a large country municipality with an electoral population of more than 3,500.

Mr. POWER: That is urban.

Mr. GRAYDON: It is not a question then of having any concentrated population but of a municipality having a population of more than 3,500?

Mr. BOTHWELL: It has to be a concentrated population except, we will say, in such districts as surround Montreal where you have small urban communities that may not have 3,500 of a population. The chief electoral officer is authorized in a case of that kind to declare that that particular area is an urban polling district, and it is treated accordingly. Closed lists will be prepared for these places just the same as for the city of Montreal.

Mr. GRAYDON: What procedure has to be taken in order to have the chief electoral officer make the declaration that it is an urban area?

Mr. BOTHWELL: I cannot find the section at the moment; but within five days after the writ of the election, or at any time prior to that, representations can be made to the chief electoral officer to have him declare the district an urban instead of a rural area.

Mr. NEILL: What is the definition of population? Is it determined by the last federal census, by the municipal census, or what?

Mr. POWER: The chief electoral officer gets his own information as to population.

Mr. NEILL: And his word is final?

Mr. POWER: Yes.

Mr. MacINNIS: By whom is the enumerator in rural constituencies appointed?

Mr. BOTHWELL: The enumerators are appointed by the returning officer.

Mr. HEAPS: I want to revert to the question of the printing of the lists. I should like to know what the comparative costs are of having the lists printed in the locality, as is intended by this bill, and by the printing bureau at Ottawa. Prior to the last enumeration the printing bureau had some equipment installed, in order to take care of the printing of the lists. I do not know whether it is useful for any other purpose; but I know that a large expenditure was incurred in purchasing this equipment, and if it is intended now that this equipment shall not be utilized for the printing of the lists, it will mean that a very large expenditure has been made that we are getting nothing out of, unless it can be used for some other purpose. It was claimed in the committee that the lists could be printed at the printing bureau at Ottawa much cheaper than in the various localities throughout Canada. Probably the minister or the chairman of the committee has figures to show what the relative costs are.

I should also like to know whether there is going to be any stipulation at any time by the chief electoral officer as to the amounts that will be charged for the printing of the lists, because my understanding is that the costs are roughly twice as high locally as when the work is done by the printing bureau. I know that at the last election there was a good deal of complaint over the printing of the lists at Ottawa, because in some cases they were not satisfactory and they were late in being delivered. That was no doubt caused by the fact that it was an innovation. If it is intended now to change the system completely and have the lists printed locally, I should like to know the difference in cost between having them done locally and in Ottawa.

Mr. BOTHWELL: Evidence was given in the special committee as to the relative costs, and as to the time that would be required to have the lists printed in Ottawa. One of the deciding factors with the committee was that it was impossible for us to get the lists printed in Ottawa within the time limit provided for in this bill. The evidence that came to us from the printing bureau was that it would take them something like three months to print the lists. The time that has been provided in the bill is for an election to be conducted from start to finish within fifty-two days. While it is not definitely fixed yet what the cost will be for having the printing done locally, it is estimated that the printing will be done at about seven cents per name. The cost of having the work done at the printing bureau, even with them taking additional time, was something around six cents. So it costs more to have the printing done locally by almost one cent per name.

It is really a fraction of a cent more, but the work can be done very much more quickly locally.

Mr. HEAPS: Does the hon. member know what was charged for the printing of the lists for the last by-election in the city of Montreal?

Mr. BOTHWELL: I understand it was eight cents per name.

Mr. HEAPS: I understand that it was considerably higher than seven cents.

Subsection agreed to.

Subsection 5 agreed to.

On section 17, subsection 6—Copies of preliminary printed lists for candidates.

Mr. DOUGLAS (Weyburn): I notice that the lists must be printed twenty-six days before polling day, but there is nothing in this subsection to say how many days before polling day the lists shall be given to the candidates. Should there not be such a provision?

Mr. BOTHWELL: That is provided for in the bill. I have not the section in mind at the moment.

Mr. REID: Subsection 6 provides that the returning officer shall provide the candidate with twenty copies.

Mr. DOUGLAS (Weyburn): But it does not say how many days before polling day.

Mr. POWER: But it says "immediately after the preliminary lists of electors have been printed." I do not know whether it is the twenty-second or twenty-third day, but it will be in plenty of time.

Mr. BOTHWELL: The lists are being distributed in all the urban divisions. I do not think there will be any complaint along the line of not having a sufficient number of the lists.

Mr. DOUGLAS (Weyburn): What I was concerned about was that the candidate should receive the lists in time.

Mr. LAPOINTE (Quebec East): It could not be sooner than immediately after they are printed.

Mr. DOUGLAS (Weyburn): "Immediately" may be a long time.

Subsection agreed to.

Subsections 7 to 18 inclusive agreed to.

Schedules A and B to section 17 agreed to.

Section 17 agreed to.

Sections 18 to 20 inclusive agreed to.

[Mr. Bothwell.]

On section 21—Polling day, nomination day and nomination of candidates.

Mr. MacNEIL: Will the chairman of the committee on elections kindly explain the change in regard to nominations?

Mr. POWER: There is no change.

Mr. MacNEIL: The explanatory note says "S.S. 5. Changed at the suggestion of the chief electoral officer."

Mr. POWER: I think it has to do with obtaining the consent of the candidates. There is no material change; the section has been reworded. At present this section appears as section 18 of the act.

Section agreed to.

Sections 22 and 23 agreed to.

On section 24—Return by acclamation.

Mr. ROBICHAUD: I think there is a grammatical error on page 43, second line, "nominated with the time," it should read "nominated 'within' the time."

Mr. POWER: Yes. I do not think we need move an amendment for that.

Section agreed to.

Section 25 agreed to.

On section 26—Deputy returning officers and poll clerks.

Mr. MacNICOL: I want to elaborate—

Mr. POWER: Would the hon. member care to have it stand?

Mr. MacNICOL: I might not be in the house when it comes up again. The matter is of such transcendent importance, and the minister has such transcendent knowledge of elections acts, may I refer to it now? I refer to subsection 4 only, which now reads:

> Each deputy returning officer shall, forthwith after his appointment, appoint by writing under his hand, in form no. 30, a poll clerk, who, before acting as such shall take the oath printed on the said form no. 30. Such forms of appointment and oath shall be printed in the poll book.

Rule 3, on page 21, which we passed unanimously a few minutes ago, relating to the appointment of enumerators, is, I believe, a very fine and practical rule. I should like to see subsection 4 of section 26 changed to read similarly in intent to rule 3 of section 17, which reads:

> At least five days before he proposes to select the persons who are to act as enumerators as aforesaid, the returning officer shall give notice accordingly to the candidate who, at the then last preceding election in the electoral district, received the highest number of votes,

and also to the candidate representing at that election a different and opposed political interest, who received the next highest number of votes. Such candidates may each, by himself or by a representative, nominate a fit and proper person for appointment as enumerator in every urban polling division comprised in the electoral district, and, except as hereinafter provided, the returning officer shall appoint such persons to be enumerators of the polling divisions for which they have been nominated.

I should like to see that principle incorporated in subsection 4, of section 26. I cannot see any reasonable argument against it. If it is sound for section 17, it ought to be sound for section 26. In my opinion it would be even more sound in section 26 than in section 17, because in section 17 the poll itself is referred to. I should like to see the principle of having two watch-dogs instead of only one in the poll. When the deputy returning officer and the clerk are appointed by the same party, you have only one watch-dog; but if the deputy returning officer and the poll clerk are appointed by two different parties, you have two. It would certainly eliminate ballot stuffing, and impersonation and so on.

I have no desire to continue any further. I have no intention of trying to force the adoption of what I suggest; I could not do so if I would; for the government majority is too large. But I hoped that hon. members on the government side would see the light and be willing to raise this bill to the high standard to which I referred. This is now done in practically all English-speaking countries: Great Britain, Australia, New Zealand and throughout the United States. I believe we are the only English-speaking country that does not now protect the ballot box by officers of two opposite political parties.

Mr. McDONALD (Souris): I should like to agree with the hon. member for Davenport (Mr. MacNicol). It would be a very fine thing to raise the standard of elections and make everything as fair as possible, but after the gerrymander of 1934—

Some hon. MEMBERS: Oh, oh.

Mr. McDONALD (Souris): That cannot be remedied here; it is a contentious matter, and it is too late now as far as my constituency is concerned; but in improving the elections act, why should we allow any party to gerrymander the constituencies, and then they cannot be changed for the next ten years? Certainly an attempt was made to steal the seat which I hold, and they nearly got away with it. What is the use of talking about a fair act when there is so much of that?

Mr. MacNICOL: We are trying to make it fair now.

Mr. McDONALD (Souris): Yes; if we ever want to have a fair act, we had better have the Liberal party undertake the work.

Mr. REID: Some further consideration should be given to this question. I have in mind the constituency I represented in the last election. The second highest candidate was a representative of the Cooperative Commonwealth Federation. He left that party, joined the communistic party and then left the district. If an adherent of the communistic party has anything to do with choosing the enumerators, when he does not even live in the district, I can foresee all sorts of complications. I do not believe even the Cooperative Commonwealth Federation would elect him to choose enumerators for the constituency of New Westminster.

Mr. MacNICOL: Under the amendment I suggest, the returning officer does not surrender all his powers. If he is not satisfied with those named by anyone else, he can still make appointments under the circumstances mentioned by the hon. gentleman.

Mr. POWER: I know that this matter was fully discussed before the committee, and I suppose my best answer to the hon. member (Mr. MacNicol) would be to refer them to the committee.

Mr. MacNICOL: I had the committee with me at the beginning.

Mr. POWER: It would not help very much if my hon. friend had the committee with him at the beginning and argued them out of their sympathy. On the principle of the proposal, might I suggest to the hon. gentleman that there is a vast difference between the duties of the enumerators and the duties of the deputy returning officers. The enumerators go together. They decide who shall be on the list; if there is a dispute, there is a third party, and the enumerators are not in the polling booths on election day. On the other hand, the deputy returning officer is to some extent in a judicial capacity.

Mr. MacNICOL: So he is in England and in the United States.

Mr. POWER: Well, in England, as my hon. friend knows, the returning officers are appointed by law, being sheriffs, prothonotaries, city clerks and so on, public officials. As to the deputy returning officers, I have no knowledge, but I should be very much surprised if you could find anywhere in the English law any reference to any political party, because that is contrary to the principle of their law.

Mr. MacNICOL: They are appointed by the municipal authorities.

Mr. POWER: But there is no question of appointing a person from an opposite political party, as my hon. friend wants us to do. The deputy returning officer is in a judicial capacity. He is in control of the polling booth on election day, and my hon. friend's suggestion is that there be two in control of the polls. There is trouble enough now with one in addition to four or five scrutineers, without having two judges and no referee. The enumerators can submit a list to the returning officer who may come to a decision. Suppose, however, there is a dispute as to who has a right to vote, or who has not, or as to the conduct and discipline in the poll, it would not be possible in most rural constituencies and in a large number of urban constituencies to get the returning officer there himself to decide who was right as between the poll clerk and the deputy returning officer. It would appear to me to bring about a conflict in the polling booth rather than to promote peace, good order and discipline. If the poll clerk has not the same power and authority as the deputy returning officer, then he becomes a mere spy on the deputy returning officer and there is no value to the position at all. I should like to meet my hon. friend because he has taken a deep and sincere interest in this measure; I know that in anything he says his motives are the highest, and he firmly believes that the bill would be improved by some such amendment as he suggests. But with all credit for his sincerity, I cannot believe that the general economy of the elections act would be improved by any such set-up as he proposes.

Mr. ROBICHAUD: The hon. member for Davenport tells us that when he first brought forward the suggestion he thought he had the unanimous support of the committee.

Mr. MacNICOL: Right.

Mr. ROBICHAUD: Well, I do not think the members have changed their minds at all; but out of deference to and affection for the hon. gentleman it may be that we showed too much sympathy at first for his views, which led him to believe that he had the unanimous support of the committee. I am sure, however, that we have not changed our minds. One of the reasons for the view we take of this matter, at any rate so far as I am concerned, is this. We are all agreed that partisanship should be kept out of the conduct of elections, and if the name of any political party, either the Conservative party or the Liberal party, were mentioned, I think it would be running counter to the idea we have in mind. Another point I have in mind is this. I know that in my own county there are men who have been acting as deputy returning officers for twenty-five or thirty years irrespective of the party in power. They can be said to be neutral, because nobody can tell what side they are on.

Mr. LAPOINTE (Quebec East): They must be Conservatives.

Mr. ROBICHAUD: No; we have had them as deputy returning officers for years; they are agreeable to both parties, and we do not know what their politics are. By adopting the suggestion of my hon. friend we would be ruling these men out, because they would then be either Liberal or Conservative. As things are now, they are neutral. I say, therefore, that these men, who for many years have been satisfactory to both parties, would be ruled out. I do not think that partisanship should be allowed to enter into the matter at all.

Mr. HEAPS: The minister was right when he said that in Great Britain they did not recognize political parties in elections and that in their acts you would not find any reference to a political party as such. Here, however, we seem to be getting away from that principle which is so definitely fixed in British election law. We have got away from it in our recognition of an official leader of the opposition and by allowing the official leader of the opposition and the leader of the party in power to speak as long as they care to, while other members are limited to a certain length of time.

Mr. POWER: That is an abuse.

Mr. HEAPS: I do not know whether it is an abuse, but that is the practice which is recognized now. We have gone a step further in the elections act, because we recognize parties, if not by name, then by the appointment of enumerators, and once you begin to recognize that principle it is not going very far to recognize the principle contained in the proposal put forward by the hon. member for Davenport. These officials are almost all partisan appointees. There may be instances in which they are not, but generally speaking they are partisan appointees. In the last elections act, when the returning officers were appointed for the various constituencies we managed to a certain extent to get away from a complete partisan slate across the country, and we had in Canada after the last elections act returning officers representing at that time approximately the numerical strength of parties in this house.

There were so many Conservatives appointed, so many Liberals, and, I understand, so many of the group to which I happen to belong, though I had nothing to do personally with the appointment of any of the returning officers. The returning officers will no doubt appoint their own deputies from the party that is in power, and for my part I can see no harm, but rather good, resulting from the suggestion put forward by the hon. member. I remember in one election the deputy returning officer in conjunction with his poll clerk actually stole the election. They put in between them a sufficient number of fake ballots into the ballot boxes to convert what otherwise would have been a minority for their candidate into an absolute majority. At that time, had there been representatives of the two opposing parties in control, an occurrence of that kind would have been entirely obviated. I cannot see what difficulty there would be in having the deputy returning officer appointed from one political party and having the candidate with the next largest number of votes appoint the clerk in charge. From my experience I think it would work towards the holding of cleaner elections, and I am sorry the minister has definitely taken an opposite view to that of the hon. member for Davenport.

Mr. POWER: The committee took that view.

Mr. HEAPS: But I am sorry the minister has taken it.

Mr. POWER: I was influenced by the committee; I have taken it since.

Mr. HEAPS: I never thought the minister could be influenced so easily. I am afraid his mind was pretty well made up, though of course he may have been influenced by the majority recommendation of the committee. Perhaps, on more mature reflection, he might have changed his mind, because I want to say that when I first heard the suggestion of the hon. member for Davenport I was also opposed to it, but on more mature thought I came to the conclusion that it would be a good thing. Personally I would far sooner have nothing to do with the appointment of deputy returning officers, enumerators or anyone else. It is a nuisance as far as any candidate is concerned; it is more trouble than it is worth. I should like to take all these appointments entirely away from the candidates or parties, if ways and means could be devised of doing so. But since we appoint the enumerators as representing the two parties, I think we would be taking a logical step if we had the poll clerk appointed by the party other than the one which appointed the deputy returning officer.

Section agreed to.

Section 27 agreed to.

On section 28—Ballots and their form.

Mr. BAKER: This section refers to form 32, which is set out at the back of the bill. Did the committee consider whether it would be advisable to show on that form whether Brown or O'Neil or Hamon was a Conservative, a Liberal, a Cooperative Commonwealth Federation candidate, or whatever it might be? I am satisfied that a great many people who go to the polls are not particularly concerned with the names of the candidates, but they do know the party for which they desire to vote.

Mr. POWER: No. 3 would be the Tory there; you would not have to designate him.

Mr. BAKER: With the intelligent people there would be no trouble at all, but I am thinking about the others.

Mr. BOTHWELL: The matter was discussed, and the decision was arrived at that we should not make a change in the ballot by setting out the particular political belief of any candidate.

Section agreed to.

Sections 29 and 30 agreed to.

On section 31—Polling stations.

Mr. REID: I desire to move an amendment to subsection 5, putting it back as it was before. It will then read:

> The poll shall be opened at the hour of eight o'clock in the forenoon and kept open until six o'clock in the afternoon of the same day, and each deputy returning officer shall, during that time, in the polling station assigned to him, receive in the manner hereinafter prescribed the votes of the electors duly qualified to vote at such polling station.

In my opinion the present provision, if it goes into effect, will disfranchise hundreds of workers. I have attended many polling booths during many elections, and I think the committee will agree with me that generally very few people turn up to vote at seven o'clock in the morning, while on the other hand many electors go to the polls from five o'clock on.

Mr. MacNEIL: I most heartily support the amendment of the hon. member. I live in a suburban district, most of the residents of which work in the city, to which they must cross by ferry. The two hours allowed during

the day does not give them sufficient time to return from work to vote, and their only opportunity is just before the polls close, as they did under the old act. With this change it is literally true, as stated by the hon. member, that thousands of people will be disfranchised. As an alternative I would suggest that there be a statutory half-holiday on election day. In that way the point the committee desired to cover could be satisfactorily dealt with.

Mr. POWER: How would that cure the situation which has been objected to? What difference would a statutory half-holiday make in regard to the point brought up by certain British Columbia members, namely, that before the polls are closed there, results come in from other sections of the country?

Mr. MacNEIL: If there were a statutory half-holiday, the polls could be closed at five o'clock and the workers would have an opportunity to vote between one o'clock and five o'clock. As matters now stand, however, in regard to employment, they dare not take any time off, even though employers may not exercise intimidation. In my case they certainly do not have sufficient time for a long street-car journey, a half-hour ferry trip and another journey by bus in order to vote before five o'clock.

Mr. POWER: The answer to the suggestion for a statutory half-holiday came out during the discussion of previous election acts. I do not believe it is within the power of the federal government to enforce a statutory half-holiday. I do not think we can do that in any province, because that is a matter entirely under provincial jurisdiction. That matter was discussed at great length in 1930 and again in 1934.

Mr. KINLEY: Subsection 5 states:

> In the provinces of Nova Scotia, New Brunswick and Prince Edward Island, the poll shall be opened at nine o'clock in the forenoon, and kept open until seven o'clock in the afternoon.

I do not like that. I think we should be able to hold an election during the daytime. In the rural districts there are no lighting facilities in the schoolhouses and many other places where the polls are held; lights must be brought in, creating fire hazards, and that is not good. The electors have a habit of collecting around the polls, feeling that the day's work is over; excitement begins to mount, and it is just as well to have the ballots counted and the decision announced as soon as possible after six o'clock. I do not like this provision; as far as Nova Scotia is concerned, the old act was very good. I believe we should open the polls at eight o'clock and close them at six o'clock in the afternoon.

Mr. MacLENNAN: As I understand the hon. member for New Westminster, his amendment would simply restore the old provision, and I must say that this would suit us in Nova Scotia far better indeed. Sometimes, depending upon the time of year when the election is held, it is dark and, indeed, long after dark by seven o'clock in the evening.

There is another point to which I should like to direct attention. In the rural districts, after the voters deposit their ballots they usually migrate to the towns, particularly the mining towns. By six o'clock there is quite a number around, and I have always noticed that whatever noise or disagreement there may be, it usually occurs between five and six o'clock. Before five o'clock everything would be going quietly; but between five and six o'clock the people from the country came in, gangs began to collect around the polls and josh one another, if you understand what I mean by the word "josh." These people would be getting a little out of hand. If that situation is to be continued for another hour, I am sure it would not be satisfactory. I must ask the committee to leave the maritime provinces alone in this regard. We are not asking for the change. Not one man from the maritimes is asking for it, and in view of that fact I would ask the committee to restore the law to its former state.

Some hon. MEMBERS: Carried.

Mr. STEWART: No; it is not carried.

Mr. BROOKS: I take this opportunity to express agreement with my colleagues from the maritime provinces. I was not a member of the committee, but I believe that this change would be prejudicial to the electorate of the maritimes. We are seventy-five per cent rural; thus most of our electors come from country districts. Nine o'clock in the morning is approaching the middle of the day for the farming communities, and the people in rural districts like to get to the polls to do their voting as early as possible. To ask us to close the polls at seven o'clock simply means that we are closing them at six o'clock, because six o'clock is the supper hour in rural communities. Wives and their husbands have gone home to get supper and to do the chores. I believe many votes would be lost in the maritimes if this section were permitted to remain as it is. I would join with the other hon. members from the maritimes who are objecting to it. Surely the committee in its fairness will not permit the section to be passed.

Mr. STEWART: The section as reported in the bill was the subject of considerable discussion in committee. The object of drafting the section as it stands is one with which I am sure every hon. member of the committee will agree, if it is capable of accomplishment. All hon. members desire that elections should be free; that there should not be injected in the last hours of a campaign an influence which may have an effect in one part of Canada different from that in another.

There are four hours difference in time between the maritime provinces and British Columbia. It was pointed out in committee that at least on two occasions the results of elections in the maritime provinces had been telegraphed to British Columbia and scattered broadcast. The news was made known through the medium of special issues of newspapers placed on the street two or three hours before the close of the polls in British Columbia. It was said that on one occasion the effect was to the disadvantage of one political party, on account of the report that the maritimes were all going in a certain direction. On another occasion the result was the opposite and was in favour of the other party.

It may be, unfortunately, that some constituencies or provinces think it would be to their advantage to be supporting the party which would be in power and would control the country for the next four years. Reports might not always be accurate; there is no guarantee that they are. Statements as to results may be misreported, or abused. I wonder if there is any member of the committee who does not desire to make that condition impossible? It was just for that purpose, and with the idea of preventing any possible abuse which might arise through an announcement of that kind being made, that these hours were changed.

Mr. MacLENNAN: Would one hour help?

Mr. STIRLING: It is two hours.

Mr. STEWART: We have changed to different hours for different sections of the dominion. The result is to give in the maritimes one hour longer for polling than otherwise would be the case. In many parts of the dominion that is thought to be an advantage; it would give an extra hour for polling in the maritimes. They would have an hour longer than voters in other parts of Canada would have.

Mr. ROBICHAUD: The same number of hours.

Mr. POWER: It would be the same number of hours.

Mr. STEWART: Yes, but extending an hour later.

Mr. MacLENNAN: But we do not want it.

Mr. STEWART: Possibly the hon. member does not; but, after all, I think in the interests of what is best for the whole of Canada the maritime provinces would be prepared to make some concessions.

Mr. ROBICHAUD: Apparently British Columbia does not want it.

Mr. STEWART: They may not want it. Some may not want it; but I know that some of the British Columbia members have complained of the abuses which have taken place in years gone by, and have supported this change. The effect is a compromise all around, staggering the hours so that it becomes impossible for the maritimes to telegraph to British Columbia either an accurate or an inaccurate statement as to the result of polling in eastern Canada. It becomes impossible to have the information published and distributed two or three hours before the close of the polls in British Columbia, a condition which might probably affect the result of polling in the western province.

I wonder if there is any member of the committee who objects to the object the committee had in mind when it drafted this section? Is it desirable, in the interests of British Columbia, or any other part of the dominion, that what I have indicated should happen? I must point out that it has happened, and it has been for the purpose of making a repetition impossible that the section was drafted. It was agreed to almost unanimously by the committee, after long discussion, compromise and general agreement, that the object the committee had in mind was a worthy one, and that this was the best way to accomplish it.

Mr. PURDY: As one of the members of the elections committee perhaps I might be permitted to say a word. I attended diligently the meetings of the committee; in fact, I believe I missed only two sittings in two years. Every time the question of shoving Nova Scotia, New Brunswick and Prince Edward Island into a dark vote was suggested, I voiced my opposition as strenuously as I could. Unfortunately I was unavoidably absent when the matter was brought up on the last occasion, and when the compromise as indicated by the hon. member for Leeds was arrived at. Had I been there, I would have objected to the best of my ability, because I think we in the maritimes are at least entitled to the sun.

Mr. GREEN: This is particularly a British Columbia problem because the time changes at our boundary, which means we are from one to four hours later than the other provinces. We are even one hour later than Alberta. I would ask that hon. members of the committee give this matter careful consideration because it is a serious problem. The effect is to make the elections at the present time quite unfair. The last election was a hard-fought one for a Conservative anywhere in Canada; but shortly after three o'clock, when we had still three hours to go, returns started coming in from the maritimes. I know what effect that had upon myself. I felt that after we had put up such a battle, it was exasperating that our electors were not being given an opportunity to cast their ballots without knowing the results in the east. By six o'clock we had dozens of the Quebec and Ontario results. The radio has changed the whole position because the returns come right into the homes. Previously they had to be sent in over the telegraph wires and then papers had to be printed. It hurt me this time, but next time it may hurt the Minister of National Defence (Mr. Mackenzie) when the returns from the maritimes are known. I do not think the proposed method of remedying the situation is the proper one. It will mean disfranchising a number of people. But would it not be possible to provide that the ballot boxes in the maritime provinces shall be held for two hours, and those in Ontario and Quebec for one hour? That would help in solving this problem.

Mr. POWER: Who is going to hold the maritimes?

Mr. GREEN: Surely they have enough self-control in eastern Canada to work that out.

Mr. MacINNIS: I rise to support the amendment moved by the hon. member for New Westminster (Mr. Reid). I was not a member of the committee that considered this bill, but I am not unmindful of the reasons that prompted it in trying to remedy the situation complained of by the hon. member for Vancouver South (Mr. Green) and the hon. member for Leeds (Mr. Stewart). If it is intended to remedy this situation by the change now suggested, the result will be the disfranchisement of a great many people in British Columbia. Any one who has any understanding at all of the conditions under which the manual labourers work must realize that it would be quite impossible for them to get away from their work and reach the polling booths before five o'clock. It will mean the disfranchisement of thousands of people all over the province. It will take many of these people two or three hours to reach the polling booths in order to exercise their franchise. I have no objection to the suggestion made by the hon. member for Vancouver South, provided, as the minister said, you can keep the maritimes down. Being a maritimer myself, I know that they take their politics more seriously than their religion, and it may be rather difficult to hold them down. I do not think the solution of this problem is the one provided in the bill, and I am whole-heartedly in support of the amendment moved by the hon. member for New Westminster.

Mr. McLEAN (Melfort): I believe the fear that has been expressed by hon. members is overstated. In 1930 the government of the day lost a number of seats in the maritimes, but they gained a number of seats in British Columbia.

Mr. GREEN: False news was published in British Columbia.

Mr. McLEAN (Melfort): News of that kind could still be published. In 1935 the situation was different. The government that had been in power between 1930 and 1935 lost seats in the maritimes, and yet they did better in British Columbia than elsewhere, as is evidenced by hon. members opposite who came here for the first time. Seven o'clock in the morning is pretty early in a province like Saskatchewan, which is largely rural, for people to be getting out to vote, and five o'clock is too early an hour to close the polls. There is always a rush at the last hour, and the closing hour of six o'clock has worked very well in former elections.

Mr. MacNEIL: I should like to present a practical problem to the minister. If the polls are closed at five o'clock in British Columbia, the result will be the disfranchisement of many voters in the districts in the vicinity of Vancouver. Across Burrard inlet there are a number of important municipalities, such as North Vancouver. A large part of the population in these municipalities work in the city of Vancouver. The Minister of National Defence (Mr. Mackenzie) knows very well that many people in Vancouver go to points like White Cliff and Fisherman's Cove from May to September. The bus leaves there at seven o'clock in the morning, and these people must catch either the North Vancouver or the West Vancouver ferry; they must make street-car connections, and many of them have a street-car journey of three-quarters of

an hour, allowing time for necessary connections. Even with two hours off, they cannot possibly get to the polling booth in time. They can just barely make it by six o'clock. It has been usual to expect a very heavy vote just before six o'clock, because it is understood that many people can just make it by that time, even though they leave their work at four o'clock. I suggest to the minister that as this parliament has power to stipulate that employers shall grant two hours to their employees, it has power to stipulate that they shall grant four hours.

Mr. POWER: The trouble is to discover how to enforce it in the law courts.

Mr. MacNEIL: This legislation will definitely disfranchise many of the residents in these important districts. I have no alternative than to support the amendment moved by the hon. member for New Westminster.

Mr. MACKENZIE (Vancouver): I support the amendment moved by the hon. member for New Westminster. I agree with what has been said by hon. members on the other side. It is quite true that many workers in Vancouver and North Vancouver have found it impossible to reach the polling booths by six o'clock. There is no doubt that many voters will be disfranchised.

Mr. POWER: Perhaps this section could be allowed to stand, and then we could have a further discussion of the matter.

Mr. GREEN: Would it be possible to make it an offence under the act to publish the returns by radio or by telegraph before the vote is completed in British Columbia?

Mr. POWER: I understand that was studied carefully by the committee. Apart from the fact that it would involve some interference with the liberty of the press, it would be most difficult to enforce.

Mr. STEWART: As I have said, this matter was the subject of careful study by the committee. Not one hour or two, but many hours were spent upon it, and every contention that has been advanced here to-night was given careful consideration by the committee. There is a provision in the bill that every labouring man shall be given two hours off from work, without deduction of pay, to vote, and with our modern rapid transportation—and I understand that in the city of Vancouver many polls are centred in one building—surely that gives ample time to every man to vote. I should like to know what poll you could not reach in two hours.

Mr. McLEAN (Melfort): Plenty of them.

Mr. STEWART: In a city?

Mr. MacNEIL: How about the suburban districts?

Mr. STEWART: It is the cities where the working men are congregated that have been complaining. I submit that two hours off from work is ample time to enable a man to go to the polls and vote and that no one would be deprived of his vote. Is there any abuse in having the results in one part of Canada published in another part of Canada with a view to influencing the election results there? The fundamental principle of elections is the secrecy of the ballot.

Mr. KINLEY: Individually.

Mr. STEWART: Individually and collectively. If it is fair to have it secret individually, it is more fair to have it secret collectively. It has been suggested that you might prohibit the giving of results by enacting a law against the publication of the returns prior to a certain hour. That suggestion was carefully considered by the committee, but all you would have to do would be to have the returns sent to the United States and announced from Seattle. What are you going to do about announcements from Seattle? What jurisdiction have you over there? There is nothing political in this. It may affect one party in one election, and another party in another election.

Mr. KINLEY: It is no advantage.

Mr. STEWART: If there is an abuse, let us stop it.

Mr. McLEAN (Melfort): Why penalize the electors elsewhere just because there is a fear of somebody being influenced?

Mr. STEWART: There is no desire to penalize anybody. In the maritimes they are given one hour later, which in many instances is considered an advantage. In Ontario the polls close, under the provincial act, at seven o'clock. The hours of polling in the different provinces for provincial elections vary considerably. In some provinces the polls close at five; in others, at six; in others, at seven. There was an earnest desire in the committee to overcome the abuse that has been experienced by both political parties, and as I have said, a compromise was reached on the part of British Columbia and on the part of the maritimes. I think we ought not to lose sight of the general principle. Is it desirable that the election results in Nova Scotia should be telegraphed to British Columbia to the possible disadvantage of any political party in British Columbia? If that is not desirable, what is the remedy? Here we have the remedy that commended itself to the committee after all the other sugges-

tions had been weighed, and the committee was practically unanimous—I think there were only three opposed to it—in arriving at this conclusion after a careful and exhaustive consideration of the whole question.

It may be a matter primarily for British Columbia, but at the same time it undoubtedly affects the whole dominion. We are all interested in it whether we are inconvenienced or not; and if the maritime provinces feel that possibly they are giving up something, and if British Columbia is called upon to give up something we ought to be prepared to do that in the interests of Canada if the object to be accomplished is a worthy one. I put it to every member of this committee, and I do not care what the political effect is in this election or the next election, Is it desirable that any person or organization in one province for purely partisanship purposes should be able to send out to British Columbia either accurate or inaccurate information about the election results, for the purpose of influencing the vote in that or some other province. If the committee thinks it is desirable to leave the matter wide open and to permit the repetition of what has occurred on two occasions, once to the advantage of one party and once to the advantage of another, then possibly there should be no change. But after a careful study the committee came to the conclusion almost unanimously that it was desirable to prevent that situation, and in order to accomplish it the committee agreed upon this compromise. If there is any other way of doing it, let us hear it. Let us not dismiss this as a matter of trivial concern or of merely local convenience. It is of interest to the whole of Canada. What we want is clean elections. We want elections that are not influenced improperly by messages sent from one part of Canada to another.

Mr. POWER: I doubt if there is any possibility of our coming to an agreement on this clause to-night, so I would ask that it stand.

Section stands.

Sections 32 to 45 inclusive agreed to.

On section 46—Vote by elector whose name is not entered in the official list of electors for a rural polling division.

Mr. NEILL: This section ought to be allowed to stand for consideration with section 14, because the same thing applies, the words "ordinarily resident." The explanatory note on the right hand page says, "no change," which is not correct; there is a change.

Section stands.

[Mr. Stewart.]

On section 47—Time to employees for voting.

Mr. MacNEIL: Would the minister agree to allow this section to stand?

Section stands.

Section 48 agreed to.

On section 49—Strangers not to enter polling districts armed.

Mr. NEILL: In regard to flags, the old section covered just during the polling. If people want to run around and celebrate after an election, I do not see why they should not have all the banners they want. This only means that some unhappy man will be punished for not knowing the law.

Mr. POWER: The objection I think is well taken. Let subsection 4 stand for correction.

Section stands.

On section 50—Counting and reporting the votes.

Mr. MacNEIL: Should this section not stand so that we might give consideration to the idea advanced by the hon. member for Vancouver South (Mr. Green) about holding the boxes for two hours at certain points?

Mr. POWER: Frankly, without being in the least facetious, I do not think it would be possible to hold the ballot boxes in a polling booth anywhere in eastern Canada for two hours after the polls had closed. It would be asking too much of people's patience and placing too much reliance on the impartiality of the people of the maritimes—and even of Quebec—to ask them not to get the results of the polls the minute they can be announced.

Mr. COLDWELL: I am in sympathy with those who suggested the amendment. I think the minister might consider the suggestion. I take it that the people of Great Britain are just as impatient as Canadians, and there they hold the ballot boxes from the counties until the next day. They all come to a central point the morning after the election.

Mr. POWER: I think it would be very difficult not to give the results of the polling, say on the island of Cape Breton, within fifteen minutes after the ballots are counted. However, I am content to let the section stand.

Mr. GREEN: It might be a good way to help the people of eastern Canada to realize the extent of this nation, if the boxes were held.

Section stands.

Sections 51 to 55 inclusive agreed to.

On section 56—Election returns.

Mr. MacNICOL: The minister might let section 56 stand for the same reason as some others were left.

Mr. POWER: No; this is a return made by the returning officer six days after the election.

Section agreed to.

Sections 59 to 111 inclusive agreed to.

Schedules 1, 2 and 3 agreed to.

Progress reported.

FARMERS' CREDITORS ARRANGEMENT ACT

BOARDS OF REVIEW, TIME LIMIT FOR FILING PROPOSALS, ETC.—FREE CONFERENCE WITH SENATE IN VIEW OF AMENDMENTS

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

Resolved that Messrs. Crerar, Euler, Ilsley and McLean (Melfort) be appointed managers on behalf of this house of the free conference with the senate with respect to the amendments made to Bill No. 25, intituled: An act to amend the Farmers' Creditors Arrangement Act, 1934.

That a message be sent to the senate to acquaint Their Honours therewith.

That the clerk do carry the said message to the senate.

Motion agreed to.

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

Monday, June 27, 1938

The house met at three o'clock.

NEW MEMBER INTRODUCED

Robert Wellington Mayhew, Esquire, member for the electoral district of Victoria, British Columbia, introduced by Right Hon. W. L. Mackenzie King and Hon. Ian Mackenzie.

PRIVATE BILLS

FIRST AND SECOND READINGS—SENATE BILLS

Bill No. 169, for the relief of Thomas McDade.—Mr. Plaxton.

Bill No. 170, for the relief of Isabel Bovill Clarke.—Mr. Jacobs.

Bill No. 171, for the relief of Bessie Goldberg Katz.—Mr. Factor.

Bill No. 172, for the relief of Eric Thomas Robert Kinney.—Mr. Jacobs.

SECOND READINGS

Bill No. 161, for the relief of Marjorie Ruth Nicholson Lowe—Mr. Walsh.

Bill No. 162, for the relief of Anna Vereszczak Finchuk—Mr. Jacobs.

BUSINESS OF THE HOUSE

SITTINGS OF COMMITTEES WHILE HOUSE IN SESSION

Mr. G. W. McPHEE (Yorkton) moved:

That the standing committee on miscellaneous private bills be given leave to sit while the house is sitting.

Motion agreed to on division.

Mr. C. E. BOTHWELL (Swift Current) moved:

That the special committee on electoral matters be granted leave to sit while the house is sitting.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, there is a motion on the order paper that this house sit to-morrow morning at eleven o'clock. It seems to me almost incredible that anyone would suggest that a committee should sit while the house is in session, with respect to a matter of such grave importance as the measure to which reference has been made. In fact when we reach that motion I shall have something to say about it. I cannot see how we can do two or three things at the same time.

Mr. SPEAKER: Is it the pleasure of the house to adopt the motion?

Mr. BENNETT: On division.

Motion agreed to on division.

LOAN COMPANIES ACT

REDUCTION OF MAXIMUM INTEREST RATE FROM 2½ TO 2 PER CENT PER MONTH

Hon. J. L. ILSLEY (Minister of National Revenue—for the Minister of Finance) moved for leave to introduce Bill No. 173, to amend the Loan Companies Act.

He said: This is a short bill to amend section 111 of the Loan Companies Act. All it does is to reduce the maximum rate of interest which may be charged by companies deriving their corporate powers from the parliament of Canada from 2½ per centum to 2 per centum per month.

Mr. BENNETT: Is it proposed to proceed with the measure at this session?

Mr. ILSLEY: If there is time to proceed with the small loans interest act it may not be necessary to proceed with this bill, as to some extent it covers the same ground.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

BALLANTYNE PIER

Mr. GREEN:

1. Has the shortage in the accounts of the Ballantyne pier, amounting to $5,587.40, referred to in question answered on the 19th day of March, 1937, been made good?

2. If so, by whom?

3. If not, was a settlement made, and with whom, and what were the terms thereof?

4. Has the official responsible been reengaged by the national harbours board?

Mr. HOWE:

The following information was furnished by the National Harbours Board:

1. In part (See answer to 3).

2. See answer to 3.

3. A settlement was effected after initiation of legal action by the national harbours board whereby the board received $3,000, $1,500 of which was paid by the Canadian General Insurance Company which had bonded said employee from November 6, 1930 to April 20, 1936, and $1,500 of which was paid by Hudson Bay Insurance Company which had bonded said employee from and after April 20, 1936.

4. No.

QUESTIONS PASSED AS ORDERS FOR RETURNS

ROYAL COMMISSIONS

Mr. HAYHURST:

1. What is the name of each commission appointed by the Dominion government since November 1, 1935?

2. What is the total cost to the government of each of these commissions in: (a) salaries; (b) other expenses?

Mr. BERTRAND (Prescott):

1. What is the name of each commission appointed by the dominion government from August 1, 1930, to November 1, 1935?

2. What is the total cost to the government of each of these commissions in: (a) salaries; (b) other expenses?

EXPORTATION OF ARMS, AMMUNITION, MILITARY AND NAVAL STORES

Mr. GREEN:

1. To what persons or corporations have permits been issued for the exportation of arms or articles set out in section 290 of the Customs Act?

2. Upon what dates were such permits issued, what was the value of the articles covered by each permit and the country to which exportation was permitted?

[Mr. Ilsley.]

MOTIONS FOR PAPERS

VALIDITY OF ALBERTA STATUTES

Mr. FAIR (for Mr. Poole):

(a) For a copy of all correspondence, letters, telegrams and other documents, passing between the government of the province of Alberta or any member thereof, and the federal government or any member thereof, regarding the disallowance of any Alberta acts during the year 1938; (b) for a copy of all correspondence, letters, telegrams, communications and other documents from any persons, corporations, firms or banks, requesting or protesting the disallowance of any Alberta acts.

Mr. MACKENZIE KING: I believe it is understood that the hon. member is prepared to accept a digest of the miscellaneous correspondence. The important correspondence will be brought down in full.

Motion agreed to.

VANCOUVER-YUKON AIR MAIL SERVICE

Mr. MacINNIS:

For a copy of all letters, telegrams, reports and other documents passing between any member of the government and the Northern Airways Limited, the Vancouver board of trade, and the council of the city of Vancouver, regarding an air mail service from Vancouver to the Yukon by way of Prince George, Hazelton, Maziaden Lake, Dease Lake, Telegraph Creek and Atlin.

BREN MACHINE GUN CONTRACT

Mr. MULOCK:

For a copy of the agreement between the government and John Inglis Company, of Toronto, for the manufacture of Bren machine guns.

GATINEAU POINT RETAINING WALL

Mr. PELLETIER:

For a copy of a contract between the federal government and Rodolph Moreau, Esquire, of Gatineau Point, Quebec, covering an agreement to build a retaining wall or dock at or near Gatineau Point, Quebec.

J. J. BOWLEN—NATURALIZATION

Mr. FAIR (for Mr. Poole):

For a copy of the original certificate of naturalization granted to one J. J. Bowlen, of Calgary, Alberta, at Charlottetown, Prince Edward Island, in or about 1904.

Hon. FERNAND RINFRET (Secretary of State): I should like to direct the attention of the hon. member to the answer given to a question put by himself, as reported on page 4167 of Hansard of Thursday, June 23, in which it was pointed out that under the

statute relating to naturalization in force in 1904, all naturalizations were effected directly by the court and not by the issue of a certificate from a government department. Therefore there is no copy of the certificate available in the Department of State.

Motion dropped.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND GUARANTEE OF SECURITIES AND INDEBTEDNESS

Hon. J. L. ILSLEY (Minister of National Revenue—for the Minister of Finance) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to bring in a measure to authorize the Canadian National Railway Company to issue securities not exceeding $17,574,233 in principal amount to provide the moneys necessary to meet expenditures made and indebtedness incurred by the companies or railways comprised in the national railway system during the calendar year 1938; to authorize the governor in council to guarantee the principal, interest and sinking funds of such securities; and to authorize the making of temporary loans to the said company secured by such securities and not exceeding $17,574,233 in principal amount to enable the said company to meet such expenditures and indebtedness.

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.

BUSINESS OF THE HOUSE

MORNING SITTINGS—LEGISLATIVE PROGRAM

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

That on and after Tuesday, June 28, 1938, until the end of the session, the house shall meet at 11 o'clock in the morning of each sitting day and that in addition to the usual intermission at 6.00 o'clock p.m. there shall also be an intermission every day from one to three o'clock.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, it has not been customary for the house to sit three times a day when the committees have not completed their work. The general rule has been that the work of the committees shall have been completed or practically completed before such a motion is adopted, for reasons which I think are fairly obvious. For instance, if the special commitee on electoral matters is to consider the measure that is now before it, hon. members who are associated with me on that committee cannot be there and in the house at the same time. They would like to be in the house, in view of the legislation that is now before us. Under the circumstances I think the government should determine what legislation it will not proceed with, or that we should not sit three times a day unless there is a likelihood of our being able to conclude our sittings this week.

Mr. MACKENZIE KING: I believe the committees generally have about concluded their work. It is quite true that one committee will have to sit again, but I imagine that hon. members of that committee might be prepared to accommodate each other and sit from ten to eleven o'clock in the morning if necessary. However, for some time past, all committees have been sitting more or less while the house has been in session. This may impose a slight additional burden, but I am inclined to think that it is one which will be accepted willingly by hon. members if there is a prospect of the house proroguing on Thursday of this week. From what I have been told by the whips I understand there is every reason to believe that we may be able to get through the remaining legislation without undue haste if we begin sittings in the morning. I think in any event it would be best to begin the sittings in the morning and if we find we cannot get through before July, continue them for whatever time thereafter may be desired by hon. members. I believe it accords with the general wish to have the house begin its morning sittings tomorrow.

Mr. WOODSWORTH: Would the Prime Minister be good enough to tell us now what legislative program he will proceed with?

Mr. MACKENZIE KING: I have already stated that the house has before it on the order paper notice of all the legislation that the government intends to introduce or to have it consider. The intention is to proceed with the bills and resolutions on the order paper. There are one or two resolutions which might prove to be contentious, and if such be the case the government would be prepared to consider whether or not they should proceed with them and introduce the bills to be based on them this session. It will not take very long to ascertain whether the measures are likely to prove contentious.

Mr. BENNETT: Two of them, at least, will be very contentious.

Mr. MACKENZIE KING: I understand there is the possibility of one being contentious, and in that event it is altogether probable

the measures will be held over for a subsequent session with the object of concluding the business of this session, if possible, by Thursday of this week.

Hon. H. A. STEWART (Leeds): Mr. Speaker, with further reference to this important matter, I know we are all anxious to conclude our labours as soon as we can, consistently with the proper discharge of the duties that devolve upon us. I would point out that the civil service committee is still sitting, and it is approaching the stage where a report is being drafted; I believe that will be under consideration this afternoon. The committee to which the leader of the opposition (Mr. Bennett) referred, the committee on electoral matters, has still one or two important items to deal with. I know we will all do the best we can, but it is going to crowd things a bit if we have to sit here in the morning, and if committees are sitting both in the morning and in the afternoon.

Hon. C. G. POWER (Minister of Pensions and National Health): Mr. Speaker, I attended the last meeting of the committee on electoral matters, and I gathered from what was said by members from all quarters of the house that there was a desire perhaps to study a little further the bill to which reference has been made. As a matter of fact I was quite convinced in my own mind that very few members of the committee desired to make a complete and thorough study of that bill this year, but I think there was a desire to examine it a little further in so far as its principle is concerned. When I left the committee—I left before it had adjourned—my understanding was that there would be at least one more meeting of the committee before the session closed in order to dispose of the principle underlying the bill. I do not think the government has any desire to press this particular bill this session unless the committee itself is so disposed.

Motion agreed to.

THE LATE COUNTESS OF STRATHMORE

MESSAGE OF SYMPATHY FROM THE PRIME MINISTER AND THE GOVERNMENT, THE HOUSE OF COMMONS AND THE SENATE, TO HER MAJESTY QUEEN ELIZABETH

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, on Thursday of last week when I learned of the death of the Countess of Strathmore, the Queen's mother, I sent the following cable to her majesty's private secretary:

[Mr. Mackenzie King.]

Ottawa, June 23, 1938.

Private Secretary to
Her Majesty the Queen,
Buckingham Palace,
London.

Will you kindly convey to Her Majesty the Queen the expression of my very sincere sympathy in her bereavement. I should be grateful to have a similar expression of sympathy conveyed to Her Majesty on behalf of members of the government and also other members of the House of Commons and of the Senate of Canada.

On the next day I received the following reply:

June 24,
Buckingham Palace,
London.

Right Hon. Mackenzie King,
Laurier House, Ottawa.

I am deeply touched by your message of sympathy in my great loss, for which I sincerely thank you. Please convey to the members of your government, the members of the House of Commons and the Senate of Canada my heartfelt thanks for their kind words of sympathy.

Elizabeth R.

NATIONAL HOUSING ACT

MEASURE TO ASSIST THE CONSTRUCTION OF HOUSES—PROVISIONS WITH RESPECT TO LOW RENTAL HOUSES AND MUNICIPAL TAXES

The house resumed from Friday, June 17, consideration in committee of Bill No. 145, to assist the construction of houses—Mr. Rogers (for Mr. Dunning)—Mr. Sanderson in the chair.

Hon. NORMAN McL. ROGERS (Minister of Labour): With the consent of the committee, Mr. Chairman, I should like to revert to section 4, which was allowed to stand. I have an amendment to paragraph (b) of subsection 2 of section 4, which I will ask my colleague the Minister of National Defence (Mr. Mackenzie) to move.

On section 4—Advances.

Mr. MACKENZIE (Vancouver): I move that paragraph (b) of subsection 2 be amended by deleting the word "seventy" in line 23 on page 3 of the bill, and substituting therefor the word "fifty".

Mr. ROGERS: It will be remembered that when this clause was under discussion previously, the suggestion was made that the reduction from seventy to fifty should apply to all loans. The matter was given very careful consideration by officers of the department. The conclusion reached was that it would be inadvisable to make the reduction

applicable to all loans, but that the reduction might suitably and indeed usefully be made with respect to loans not exceeding $2,500.

Amendment agreed to.

Section as amended agreed to.

Mr. ROGERS: With the consent of the committee, Mr. Chairman, because I take it that it will require unanimous consent, I should like to reopen section 14 of the bill in order to make an amendment which has become necessary in view of certain preliminary discussions with a group in the city of Quebec interested in low rental housing projects.

On section 14—To whom loans may be made.

Mr. MACKENZIE (Vancouver): I move to amend paragraph (a) of section 14 by inserting after the word "municipality" in line 3 of page 8 of the bill, the words "or other appropriate authority," and after the word "kinds" in the same line the words "including school taxes and," and by deleting the words "by the municipality" in the fourth line of page 8 of the bill.

Mr. ROGERS: It was intended originally that school taxes should be included. It was found subsequently that in the province of Quebec, certainly in some of the municipalities in that province, school taxes were levied not directly by the municipality but by a school board, and in some cases by authority of the provincial legislature. For these reasons it seemed advisable to make the amendment which has just been proposed.

Amendment agreed to.

Section as amended agreed to.

Mr. ROGERS: With the consent of the committee I should like to reopen section 15, paragraph (b). I would ask the Minister of National Defence to move the appropriate amendment.

Mr. MACKENZIE (Vancouver) moved:

That section 15, paragraph (b) be amended by inserting after the word "unit" in line 37 on page 9 of the bill the words "excluding charges for water and heating."

Mr. ROGERS: This amendment is also for the purpose of clarification, in order to make it quite clear that water and heating charges are not included in the rental.

Mr. McNIVEN: From a perusal of press reports I notice that some municipalities are considering plans and ways and means of building houses which will cost from three to four thousand dollars, and are figuring on rentals varying from $25 to $35 a month. I am sure the minister does not contemplate either a cost of that extent or rentals of that variety, and a statement from the minister would do a great deal to clarify the situation in the country. These reports have given rise to criticism of the act and the intention of the government, it being stated that persons with incomes of $125 to $150 a month do not merit being subsidized either by reduction in taxation or by cheap money. So far as I am concerned, and I believe the house is in agreement, this measure is intended to benefit people whose monthly income varies from say sixty to ninety dollars or not more than a hundred dollars a month, and who have families to keep. The intention of the government is to assist such people in providing homes in which their families can be brought up as good Canadian citizens, not to subsidize persons whose incomes, as indicated in these press dispatches, are from $125 to 150 a month. If that view becomes prevalent, property owners in these centres will be opposed to the act and to any by-law which it may be necessary to submit to the burgesses for approval.

Mr. ROGERS: It is clearly the intention to make these low rental housing projects available to members of what are described as low income groups. I am advised that certainly it is not the intention that the loan shall be made available for a house—that is, a family unit—which would cost in excess of $3,000.

Mr. PELLETIER: Would the minister explain what he means by "low income group" or "low income"? Just what limit does the minister place upon it?

Mr. ROGERS: What would constitute a low income group might vary from one district to another. You cannot lay down an arbitrary definition. But the bill itself makes it clear that houses built under this legislation will not be available to those who are able to pay something more than the economic rental. That is stated in the bill itself:

No family housing unit shall be leased to any family whose total family income is equal to or more than five times the economic rental of such family housing unit.

The determination of what is the "economic rental" is set out in the bill.

Mr. PELLETIER: According to the amendment just introduced, the rental charge for each housing unit is not to include water and heating. I think the minister has made that point quite clear. But I understand that some

of these will be apartment houses, and they will be centrally heated. What limit will be placed upon the cost of heating? It might be quite possible, for example, to charge an excessive cost for heating purposes when that cost is not included in the rental. I think if the amendment is accepted, some limitation should be placed upon the heating charges.

Mr. ROGERS: A point of that kind would have to be dealt with by regulation, that is, in the terms of the agreement made between the governor in council and the municipality concerned.

Mr. PELLETIER: I quite realize that, and I hope that when such agreements are made, these things will be kept in mind so that no excessive charges will be made for heating.

Mr. ROGERS: I can assure my hon. friend that these considerations will be kept very much in mind.

Amendment agreed to.

Mr. PLAXTON: With respect to paragraph (f), what was intended in respect to the proportion of loss that the lending institution would bear, as opposed to the government?

Mr. ROGERS: There is no lending institution referred to in paragraph (f). It is not before the committee.

Mr. PLAXTON: I am sorry. I was on another page.

Section as amended agreed to.

On section 16, subsection 1, paragraph (i)—Orders and regulations:

Mr. PELLETIER: Exactly what does this mean:

(i) determine what specific items shall be included in cost of construction;

What is meant by the word "items"?

Mr. ROGERS: "Cost of construction" is defined in paragraph (a) on page six. This however is intended to deal with questions which might arise as to items which are not covered by that definition. It is intended rather as a safeguard of that section.

Mr. PELLETIER: It is not intended to lay down a definite rule as to what type of material shall be used, or what particular kind of goods shall be used, or things of that nature?

Mr. ROGERS: No, except as to standards.

Paragraph agreed to.

Paragraphs (ii) to (v) inclusive agreed to.

[Mr. Pelletier.]

On paragraph (vi).

Mr. PELLETIER: With regard to the form of guarantee given by the provincial government, have any negotiations been undertaken or has there been any correspondence with provincial governments as to the ultimate working of the act, and if so, what answer has been received from the provinces?

Mr. ROGERS: The answer to the specific question asked by the hon. member is in the negative. As provided in the legislation itself, the municipality or the limited dividend corporation, as the case may be, will make application for the loan. So far as the limited dividend corporation is concerned there is no necessity for provincial guarantee, but in the case of the municipality such a guarantee would be required. Clearly, however, until the bill is passed there can be no opportunity for municipal authorities to apply for provincial guarantees.

Mr. PELLETIER: Then there have been no communications from provincial governments concerning this measure. The bill has been under contemplation for some time, and I understood from certain dispatches I read that objection was being taken by certain provincial governments in view of the fact that they had to guarantee loans to the municipalities. Can the minister clear that up?

Mr. ROGERS: The guarantee does not apply in the case of the limited dividend corporation, but only where a low rental project is set up by a housing authority established by the municipality. I am informed that there have been no formal communications from the provincial governments with respect to the matter.

Paragraph agreed to.

On paragraph (vii).

Mr. McNIVEN: Under this paragraph will it be possible to prescribe regulations that will preclude the income groups to which I have referred from taking advantage of these provisions—that is, the groups who have an income of from $125 to $150 a month? I do not want to labour the point, but it should be emphasized again and again that these groups are not entitled to the benefit of this act, nor should they by any stretch of the imagination think that they have the right to be subsidized by cheap money or reduced taxation. The benefits of the act should go to people of low incomes such as teamsters and those engaged in seasonal occupations

and others of that kind, good citizens who have difficulty in securing accommodation for their families.

Mr. ROGERS: The hon. member has correctly stated the purpose of the bill. As a matter of fact his suggestion is effected in section 15, paragraph (a), which provides that no family housing unit shall be leased to any family whose total family income is equal to or more than five times the economic rental of such family housing unit. I agree that the clause now before the committee might very well afford an additional opportunity for the governor in council to prevent any abuse of the kind to which my hon. friend has referred.

Mr. MASSEY: There is a point here which should be made clear. I asked the Minister of Finance a question with regard to it the other day when we were discussing paragraph (b) of section 15, and the answer was not satisfactory. If a man and his family move into one of these flats, the man's total income being $900 and the rent $200, it may happen that a son of fourteen a few years later gets a job giving him a few dollars a week, and the total annual income may then be over $1,000. Does that family have to move? The son may be in residence in the flat but a short time and then move away. Are you going to cause the family the inconvenience of having to get out because their income exceeds the limit by a few dollars?

Mr. ROGERS: The regulations should cover the contingency the hon. member mentions. The regulations would normally set out the term of the lease and within that term it could very well be provided that no lessee should be obliged to vacate even if the family income should exceed that laid down as a qualification for the rental of family housing units. Apart from that, however, one must allow a certain degree of discretion in the drawing up of agreements with the municipalities concerned. Certainly it would be well to keep in kind the purpose of the legislation, namely, that these housing units should be made available to those who are in low income groups. The desire undoubtedly would be that if it were necessary for a family to move from a family unit under a low rental housing project this should be done with the minimum of inconvenience, and that could be effectively safeguarded in the regulations.

Mr. MASSEY: That is true, but an act such as this can by misuse be made more inelastic than it is designed to be. Here is a family waiting to move into one of these flats, occupied by such a family as that to which I referred a moment ago. As soon as the boy gets a job these other people can appeal to the municipal authorities to have the family removed at the end of the year. But at the end of the year the boy may be out of work for two or three months and then is back again, so that it causes a certain amount of dissatisfaction. Would it not be better to amend the subsection we are discussing so as to make it read:

. . . prescribe the manner in which total family annual income shall be determined or estimated.

The same idea would apply to paragraph (b) of section 15. As it stands, if for a short time the income exceeds five times the economic rent, then the difficulty arises to which I have drawn attention.

Mr. ROGERS: Unquestionably the intention is that income shall be interpreted in the sense referred to by my hon. friend, but it does appear to be desirable to leave this subsection in its present form in order to preserve some flexibility in determining what shall enter into family income and how it shall be estimated for the purposes of the act.

Mr. MASSEY: I do not doubt for a moment the intent of this subsection and also of the other subsection to which I have referred, and it does tend to flexibility. On the other hand, it does lend itself to rigidity also, and it seems to me there is possibility of some difficulty which might be overcome by the use of the word "annual."

Mr. ROGERS: If the word "annual" is inserted here it will have to be inserted in a previous section which has already carried.

Mr. MASSEY: It occurs in paragraph (b) of section 15.

Mr. ROGERS: It really makes it less flexible. I believe it would be preferable to leave it as it is.

Paragraph agreed to.

Paragraph (viii) agreed to.

On section 16, subsection 2—force and effect.

Mr. STEWART: This subsection provides that:

All orders and regulations made hereunder shall have the same force and effect as if they had been included in this part and all such orders and regulations as are of general application, or abstracts thereof, shall be published in the Canada Gazette.

I wish to offer a slight amendment which I think would be of advantage, namely, that after the words "all such orders and regulations as are of general application" the words

"shall be published in full, and abstracts of other regulations" be inserted. The words "or abstracts thereof" would be struck out.

Mr. ROGERS: That amendment is quite acceptable.

Mr. MACKENZIE (Vancouver): I move:

That all the words after the word "application" in line 33 be struck out and the following words inserted: "shall be published in full, and all other orders and regulations or abstracts thereof shall be published in the Canada Gazette."

Amendment agreed to.

Subsection as amended agreed to.

Section as amended agreed to.

Section 17 agreed to.

On section 18—Loans in proportion to population.

Mr. STEWART: What is the reason for making the termination of the act subject to the decision of the governor in council, rather than parliament?

Mr. ROGERS: It appeared to be desirable that some discretion should be left to the governor in council between sessions of parliament. It is possible that there might be a stimulus to housing construction which it would be desirable to arrest at a period between sessions of parliament. It will be noted that a definite termination of the legislation is provided in the bill itself—March 31, 1940—so that the discretion would be exercisable only within that period.

Mr. BAKER: That would mean that the governor in council could stop the operation of the act before that time?

Mr. ROGERS: Yes.

Mr. BAKER: Personally I think that is first rate. You might have a good deal of trouble in getting it going and might be glad to put a full stop to it.

Mr. BARBER: The proportion of the $30,000,000 to be allotted to a given area is arrived at on the basis of the rates of the population of the municipality to the total urban population. What relation has that to the whole population?

Mr. ROGERS: About 55 per cent. It was thought desirable to take that as the standard as the construction contemplated in this section would be urban.

Mr. BARBER: But still this applies to loans to rural municipalities.

Mr. ROGERS: It is very doubtful whether a rural municipality would take advantage of this part of the bill. This is designed to bring about the construction of low rental housing projects, and it would be most unlikely that rural municipalities would invoke this section.

Mr. MASSEY: It seems to me, as was mentioned when discussing the resolution, that, although one can readily see the reason for it, the basis of population is not an adequate or fair basis. There are urban centres in Canada where generally speaking no assistance to housing is required, as against the very great need in other municipalities.

Mr. MACKENZIE (Vancouver): What other basis would my hon. friend suggest?

Mr. MASSEY: I think there should be provision which would permit of an extreme condition being met, without being bound by the terminology of the section. The minister knows that there are municipalities, in which the need is very great, which would be restricted in carrying out the plan by the limitation in subsection 1. Other municipalities have no great need and $100,000 might meet their requirements. There should be some method of escape from that.

Mr. ROGERS: It is not easy to determine a method of escape which would not involve further difficulties. There will be opportunity between now and the next session of parliament to determine whether or not any municipalities are prejudiced as a result of the present wording of the clause, and if so the house can deal with it. I doubt if such will be found to be the case. There appears to be no better means of determining the allocation of the amount available than the population standard. My hon. friend will admit that we have given full weight to the demands of the larger urban centres by making the standard not the total population of Canada but the urban population. That of course works in favour of the larger municipalities.

Section agreed to.

Section 19 agreed to.

On section 20—Report as to contracts and loans to be laid before parliament.

Mr. BAKER: In regard to subsection 2, it is quite evident that a certain characteristic of human nature is being overlooked. There is a certain element who will take advantage of the act and who, although they are not eligible, will form a greater percentage of the applicants than will those who are in need of this kind of legislation. For instance, there

will be the foreigner who is out to get everything he can get for nothing, the man who has plenty of money coming in or plenty on hand. The weakness I see is that there is not sufficient safeguard against the man who has no right to take advantage of the bill, and against men who in their make-up have a distinct element of meanness and do not deserve to reap the benefits of this kind of legislation.

Section agreed to.

The CHAIRMAN: We now come to part III of the bill, headed "Assistance to municipalities in respect of low cost housing."

Section 21, paragraphs (a), (b) and (c), agreed to.

On section 21, paragraph (d)—Municipal taxes.

Mr. MACKENZIE (Vancouver): I move:

That paragraph (d) of section 21 be amended by inserting after the word "municipality" in line thirty-six, page 12, the words "or other appropriate authority."

This is in consonance with the other sections.

Mr. STEWART: And makes the section consistent with the amendments already made.

Mr. MACKENZIE (Vancouver): Yes.

Amendment agreed to.

Paragraph (d) as amended agreed to.

Paragraph (e) agreed to.

Section 21 as amended agreed to.

On section 22—Payment of municipal taxes.

Mr. LANDERYOU: I believe it is the taxation which is creating difficulty so far as housing is concerned. The decrease in the value of construction contracts in Canada has been particularly noticeable in certain years. I have before me construction figures in millions of dollars from the year 1927. They are as follows:

1927	$418,000,000
1928	472,000,000
1929	576,000,000
1930	457,000,000
1931	313,000,000
1932	132,000,000
1933	97,000,000
1934	125,000,000
1935	160,000,000
1936	163,000,000
1937	220,000,000

Hon. members will notice that there was a sharp drop in 1932, and an increase from 1934. In fact there has been a gradual increase since 1933, when the value of contracts reached its lowest point. Unemployment costs are going up and from year to year are adding to the taxation. Many municipalities are behind in the replacement of their equipment, and now we are asking the people of Canada to enter into further private and public debt to the extent of possibly another hundred million dollars. We are giving them the assurance that the government will pay one hundred per cent of the taxes in the first year, fifty per cent in the second year and twenty-five per cent in the third year, but what assurance have we that these people are going to be able to pay their taxes in the fourth year? I believe we would be dealing more equitably with the matter and would be taking action which would be more apt to reduce taxation for all concerned if we were to relieve the municipalities of unemployment costs and the heavy burden of unemployment relief. I am not opposed to giving assistance in the manner indicated in the bill, but I must point out that at the end of four years the people are going to face increased taxation, without any assurance that they will be able to find the money with which to pay it. I would ask the minister to consider some means of reducing taxation in the municipalities other than that of simply paying taxes on a few houses.

Mr. ROGERS: The answer to the hon. member's observations is that the measure does two things: in the first place, it provides for an immediate relief of taxation on new construction of the kind contemplated in this part of the bill. In the second place, it is designed to afford a further stimulus to the construction industry. In other words, it is to provide more employment. The more employment we have the less unemployment and relief we will have to contend with in the municipalities. The intention and hope is that the legislation will attack the problem at two points, namely, immediate relief from taxation for those who build under this part of the bill, and new employment in the construction trades and in general labour, thereby in due course reducing the incidence of unemployment relief in the municipalities.

Mr. LANDERYOU: It would appear that, as Arthur Kitson says, this is like a prison gate which opens only inward. It is just a trap for some people. We encourage them to go ahead and to build so that we may relieve unemployment. But we relieve unemployment only temporarily. Then, back comes the unemployment. At the end of three or four years the taxpayer finds himself with the prison gates closed and no way of escape. He owes money that he will not be able to pay, and the result will be that the government will have the property thrown back on them.

Section agreed to.

On section 23—Conditions for payment.

Mr. ESLING: I know of some municipalities in which there are tax rates of sixty mills, because of which, for the purpose of escaping high taxation, people go outside the corporation limits and build their homes there. Who would be the lending authority in a case of that kind? Who would get the assistance from the federal government? Outside the corporate limits of municipalities we find land owned by the provinces, on which taxes are very low. I can tell of about two hundred families who have done the very thing I have described—that is, they have built or are building their homes outside municipal limits.

Mr. ROGERS: Under this section it would not matter where a house was built, whether it was in a city, town or rural municipality, provided the municipality carried out its part of the understanding set out in section 23. If the hon. member is referring to loans he must have in mind another section of the bill with which the committee has already dealt. No loans are contemplated under part III of the bill.

Mr. ESLING: To whom should such people look if they desire assistance in building low priced homes? We will speak of people who may be employed in industrial plants and who, because of high taxation, do not wish to build within the limits of a city; consequently they go outside the limits where the land is owned by the provincial government. On the other hand they can purchase the land from the provincial government, and it would still remain free from municipal taxation. To whom should such people turn for assistance if they want to take advantage of this measure?

Mr. ROGERS: The problem which my hon. friend has in mind is dealt with by part I of the bill. A person in the circumstances described by my hon. friend would apply to a lending institution for a loan. It is quite true that it has been found from experience that in certain districts these applications for loans under the old Dominion Housing Act were not as successful as in other districts, but amendments have been agreed to by the committee which are designed to correct that situation. Certain guarantees are added and the adoption of the principle of the home improvement plan will in certain districts meet the situation which previously had not been served effectively by the Dominion Housing Act.

[Mr. Landeryou.]

Mr. NEILL: The minister was going to look into phases of the low rental scheme to which I referred the last time the bill was before us. It does not seem clear that a loan can be obtained except in municipalities, as the bill states that an option shall be given to the municipality. If there is no municipal authority, that cannot be done.

Mr. BAKER: The point raised by my hon. friend has to do with the unfairness in assessments. I know of hundreds of cases in the city of Toronto along the boundaries where there are substantial variations in the assessment on the same type of houses. On one side of the boundary line a house will be paying taxes of $500, while, within two hundred feet, practically the same house on a lot of the same size will be paying only $200. One lot is vacant and the other occupied because of such inequalities in assessment.

Mr. ROGERS: My understanding of part I of the bill, which deals with low rental projects, is that rural municipalities would be excluded very largely from its operation. Perhaps I should say it would exclude them in effect rather than by the actual terms of the legislation. Low rental housing projects will be carried out in overcrowded areas. One of the purposes of giving this encouragement to low rental housing projects is to make it possible for municipalities to relieve overcrowding and proceed with plans for slum clearance. The problem to be met with by this part of the legislation was the problem of building not in rural municipalities, but rather in crowded urban areas.

Mr. NEILL: The minister does not appreciate the fact that there are places in need of low rental facilities which are not municipalities. There are many settlements greatly in need of this type of accommodation. I was really anxious to have a definite statement. If the minister says that that cannot be done under this legislation, then we know where we are at. One of the conditions is the giving of an option to a municipality, and I do not see why that could not be changed to provide that the option should be given to the municipality or, in the case of unorganized territories, to the provincial government. He must take either one stand or the other. If the minister says it is possible for unorganized territories to obtain loans under this low rental housing legislation, then it behooves him to provide facilities. At the present time the measure is not workable when an option must be given to a municipality where in fact there is no municipality.

Mr. ROGERS: According to section 12, "municipality" means a city, town or incorporated village.

Mr. NEILL: That would not take in many settlements of perhaps five hundred people.

Mr. MACKENZIE (Vancouver): I move:

That paragraph (a) of section 23 of the bill be amended by inserting therein after the word "lot" in line 32 on page 13 of the bill, the following words: "or, if the municipality has no power to sell such lots at such price, at not more than the lowest price at which the municipality may sell such lots."

Mr. STEWART: I assume this amendment will make it legal for a municipality to sell a lot, against which it may have a claim for taxes, at a price below the amount of the taxes?

Mr. ROGERS: That is correct.

Mr. CLEAVER: The point raised by the hon. member for Leeds (Mr. Stewart) would arise only at the time of the tax sale. Once a municipality has exercised its right and actually buys in a property for taxes, then under the assessment act it becomes the owner of that land and has a legal right to sell it at any price. The price is not restricted to the amount of arrears of taxes owing originally against the land. It would appear to me that this amendment would tend to vitiate much of the section as originally drafted. This is not an entirely new experiment; it has been done very successfully by the town of Burlington. This town had on hand a number of tax sale lots which were bringing in no revenue and were depressing the value of other lots privately owned. The municipality decided to sell them at a nominal price to anyone who would contract to build a house within a year. As a result of that mild form of bonusing, last year Burlington had the greatest building boom in its history. If it is the intention of this amendment to stipulate that municipalities must charge the total amount of the tax arrears originally owing against the land, then the benefits of the section will be more or less vitiated.

Mr. STEWART: I do not think the effect of this amendment would be to prevent a municipality from selling land for any amount it thought advisable, provided that title had been acquired. The hon. member is quite right in his statement of the law of Ontario, and I can speak only for that province. After title has been acquired by the municipality they can sell at any price they wish.

Mr. ROGERS: Perhaps I ought to state that there was an additional reason for this amendment. In the city of Vancouver particularly, a number of lots are being held against the sinking fund. It appeared to be doubly desirable that we should not exclude Vancouver from the benefits of this legislation simply because there was a legal impediment against their carrying out the provisions of this section as originally drafted.

Mr. CLEAVER: I have reread the amendment carefully, and I withdraw my objections.

Amendment agreed to.

Section as amended agreed to.

On section 24—Duties of municipalities.

Mr. MACKENZIE (Vancouver): I move:

That paragraph (b) of section 24 of the bill be amended by inserting therein after the word "lot" in line 12 on page 14 of the bill, the following words:

"or, if the municipality has no power to sell such lots at such price, at not more than the lowest price at which the municipality may sell such lots."

Amendment agreed to.

Section as amended agreed to.

Sections 25 to 27 inclusive agreed to.

On section 28—Report to be laid before parliament.

Mr. ROGERS: There is an amendment, Mr. Chairman.

Mr. MACKENZIE (Vancouver): I move to amend this section by striking out the word "loans" in line 17 and substituting therefor the word "payments."

Mr. STEWART: It would appear to me that the section should retain the provision with respect to a report on loans. What is the objection to adding the words "and payments"?

Mr. ROGERS: There are no loans under this part.

Mr. STEWART: Then the use of the word "loans" was improper?

Mr. ROGERS: Yes, a typographical error.

Amendment agreed to.

Mr. PELLETIER: I think every member of the house and all who are interested are desirous of seeing this legislation work to the best advantage. Hon. members will receive a vast number of inquiries from their constituents, and I was wondering if the minister had considered supplying that information in convenient pamphlet form to members of the house and others interested. It would be the only way in which we could disseminate

authoritative information on the legislation and inform people how they could take advantage of it. It might cost a little, but assuredly it would help the legislation forward.

Mr. ROGERS: Preliminary arrangements have already been made to have a pamphlet prepared along the lines my hon. friend has indicated. It was done previously with respect to the Dominion Housing Act and the home improvement legislation, and certainly it is very desirable to have it done with respect to this measure.

Mr. PELLETIER: And it will be sent to all the members?

Mr. ROGERS: Yes.

Mr. STIRLING: The Minister of Finance said that that would be done.

Mr. ROGERS: Yes.

Mr. McIVOR: I should like to ask a question for information. Suppose a carpenter or bricklayer, after working eight hours a day at his regular occupation, puts in time in the evening working on his own house. Can he get wages for that extra time?

Mr. ROGERS: Does my hon. friend mean a carpenter building a house for himself under the provisions of this legislation? If so, one of the amendments accepted by the committee this afternoon would meet that situation. Undoubtedly if a carpenter is putting his own labour into the house, full account would be taken of it.

Mr. McIVOR: Thank you.

Section as amended agreed to.

Bill reported.

BANK OF CANADA

ACQUISITION BY THE GOVERNMENT OF SHARES NOW IN HANDS OF THE PUBLIC

Hon. J. L. ILSLEY (Minister of National Revenue, for Mr. Dunning) moved the second reading of Bill No. 160, to amend the Bank of Canada Act.

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I might perhaps at this stage state very briefly on behalf of the group with which I am associated that we are very glad indeed to see this legislation brought before the house, and we will do everything we can to facilitate its passage. The Montreal Gazette of May 30 last was good enough to state in its columns that "this is a victory for the C.C.F., which has been urging complete nationalization." It went on to say that it was a triumph of no practical importance.

This measure can be of great practical importance. It depends on how the new Bank of Canada functions and to what extent it is made an instrument of public policy. I should like to think that just as in Sweden, New Zealand and other countries where the central bank is under national ownership and control, the Bank of Canada will play an important part in preventing booms on the upswing and deflationary depressions on the downswing. I believe that a central bank publicly owned and properly operated can do much in these directions.

As we look back over the years it will be found that the group with which I am associated has consistently advocated this reform. As early as May, 1922, for example, Mr. William Irvine, who was then a Labour member of this house, moved for the appointment of a committee to investigate the basis, function and control of financial credit. I read those debates at the time and have read them since, and as the hon. member for Grey-Bruce (Miss Macphail) suggests, the proposal at that time was met with ridicule.

In 1924 Mr. Robert Gardiner said:

> I think the time is coming when we in Canada will demand that instead of banks being allowed to issue their own notes, they shall have a central bank operated by the government that will be responsible for the issuing of money.

In June, 1925, the hon. member for Winnipeg North Centre (Mr. Woodsworth) spoke on the nationalization of banking.

In April, 1926, Mr. Gardiner moved:

> That in the opinion of this house the time has come for the establishment of a national system of banking.

In February, 1928, the hon. member for Winnipeg North Centre moved again for the establishment of a national system of banking.

In 1931 Mr. George Coote moved:

> That a nationally owned central bank be established.

In 1932 Mr. Robert Gardiner moved, as a subamendment to the budget for the nationalization of banking and currency.

In 1934 Mr. Lucas brought the matter forward, and later in the same year Mr. H. E. Spencer moved a budget amendment for the control of credit.

In 1935 Mr. Irvine moved—this was the last resolution on the subject that the U.F.A.—Labour group moved:

> That all banking, including the central bank, be nationalized at once.

Coming down to 1936 we of this Cooperative Commonwealth Federation group fathered a similar resolution.

Mr. REID: So did ours.

Mr. COLDWELL: I mention these facts because sometimes we and those associated with us are accused of advocating reforms and policies that are impossible of enactment or achievement, and yet over a period of years we often find that those policies which were met with ridicule at the beginning are found to be in the public interest as time goes on and find their place ultimately on the statute books of Canada.

To my mind this reform, for reform it is, and useful as it is, is not going to be found to be quite sufficient. We who have been advocating that the chartered banks of Canada should be brought under greater public control believe that this will ultimately take place. I realize of course that public opinion has to be moulded in order that such reforms may come about, and we shall not cease the educational work we are doing in relation to these matters until the commercial banks are brought under public control and public ownership as well; for, after all, the responsibility for directing most of the country's short term credit rests with the chartered or commercial banks. Their credit policy, as has been stated before, accentuates booms and depressions by easing credit during periods of prosperity and tightening it during periods of depression or deflation. Not only that, but I believe that their position at the present time tends towards the creation of monopolies of which banking is one. The fact that we have now a central bank which is going to be publicly owned and controlled is the bringing of one type of monopoly under public supervision, public control and, to some extent, public ownership. The chartered banks themselves through their interlocking directorates are very largely a part of the monopolistic set up of industry, and that is a matter which, if we are to make this central bank function, we shall have to consider very carefully in the days to come.

As I have so often said, I do not believe that the mere control of banking is the panacea which is going to cure all our economic and social ills. It is only one phase of a many sided problem. But I welcome this reform because it does bring nearer the time when we should be able to bring under control those economic forces which ultimately must minister to the common good. As I said in the debate on the budget, I believe that this reform should be paralleled as quickly as possible by the setting up of a national investment board. A national securities board was recommended following the price spreads inquiry, and a comprehensive national securities board would do much to direct investments into safe and proper channels.

Just a few minutes ago we were discussing a bill to promote low-cost housing. That has been necessary largely because private enterprise has not entered into the field of low-cost housing, because of the risks and because the profits were not large enough. We have to find money for enterprises of that description. I believe that, with a nationally owned bank and a national securities board or investment board directing, first, the savings of the people, and, ultimately, the financial returns from all our own national industries and economic undertakings, we could do much to bring about improvements in housing and in the general conditions of the people.

This is near the close of the session. I do not wish to make a long speech. All I rose to do was to say that we are in approval of this legislation, which we have long advocated, and we hope that as the days go by the operations of this bank will be in the interests of Canada. It can be, as the Montreal Gazette said, of no consequence, or it can be of paramount importance to the people. That is very largely in the hands of the government and of this parliament. We wish to see the central bank operated, as central banks have been operated in New Zealand and Sweden, in accordance with the needs of the nation, for both the producers and the consumers. Thus we hope that the national bank will perform a great service to this dominion in the days to come.

Mr. THOMAS REID (New Westminster): It was not my intention to speak at this time; but as the hon. member who has just resumed his seat has taken credit to the Cooperative Commonwealth Federation party, to which he belongs, for the fact of the central bank becoming a government owned national central bank, I for one am going to dispute that statement. I was not in the house when the Old Age Pensions Act was passed, but I know that his party made great political capital out of the assertion that members of that party were the means, so it was stated, of bringing about old age pensions.

Mr. COLDWELL: I think that is true.

Mr. REID: I dispute the statement of the hon. member that the Cooperative Commonwealth Federation party brought about government ownership of the central bank. A larger

number of members of the Liberal party than all who comprise the hon. member's party have long advocated this reform. The hon. member's statement is not correct; it is just a political speech.

Mr. VICTOR QUELCH (Acadia): I wish to make only a few remarks about this measure. Many spokesmen of the party represented by the group to our right, the Cooperative Commonwealth Federation, have been carrying on for the past two or three years a campaign of misrepresentation regarding the attitude of our group on this question. For instance, they have repeatedly stated that we voted against the nationalization of the Bank of Canada. Of course that is an absolute misstatement of fact. This is the first time a motion has been brought into parliament for this purpose. A motion was formerly brought in to give parliament greater powers of control, and we as a group voted solidly for that motion. On the other hand these speakers have stated that when a motion was introduced by the hon. member for Rosetown-Biggar (Mr. Coldwell) to nationalize the Bank of Canada and the private banks of the country, we as a group voted against that motion. That statement is also an absolute misstatement of fact.

Mr. COLDWELL: I rise to a point of order. The hon. member for Acadia (Mr. Quelch) is not stating the fact. We have stated and do state that they officially spoke against the introduction of that motion. That, I think, is substantiated in Hansard.

Mr. QUELCH: I was referring to speakers of the party. I do not necessarily say it was said by members of this house. I said that these speakers have stressed the fact time and again throughout the country that we as a group voted against a motion which was introduced by the hon. member for Rosetown-Biggar for the purpose of nationalizing the Bank of Canada and the chartered banks. There is no truth in that statement. We did not vote against that motion. A recorded vote was never taken. Moreover, had a recorded vote been taken, a very large majority of the members of this group would have voted in favour of that motion. We have stressed over and over again that we do not regard nationalization as a question of major importance. What we regard as the most important point is the effective control of policy. We believe that the present policy of the banking system should be changed, because under the existing policy the amount of money in circulation does not necessarily have any relationship to the requirements of the people. We desire a change to be brought about so that money shall be put into circulation to make the present physical demand of the people an effective demand against the production of the country.

What is the main purpose of this motion? Public ownership of the Bank of Canada just to save interest on one hundred thousand class A shares? That is desirable, but it does not really mean very much. On the other hand, was the resolution introduced chiefly to help out with the Saskatchewan election? It is strange that it was introduced about that time; it is strange that there was no notice of it in the speech from the throne. It is interesting to note the attitude on this question of the Prime Minister (Mr. Mackenzie King) in 1936. As recorded in Hansard at page 3808, he stated as follows:

> . . . and I repeat it now: I think the question of ownership is debatable, for reasons which appear in what I have said repeatedly in this house. I do not think the question of effective control is debatable. I think if you have effective public control it matters relatively little where the ownership rests, but if you have not effective public control then ownership in full may be desirable should it prove to be the only way to acquire it.

I would agree with that. The Prime Minister did not think ownership was absolutely essential. Why a change now? Is he convinced that we have not effective control? And if the Prime Minister is convinced that we have not, does he think for one minute that this measure will provide it? He said:

> . . . ownership in full may be desirable should it prove to be the only way to acquire it.

And yet the Minister of Finance (Mr. Dunning), speaking on February 28, 1938, as recorded in Hansard at page 891, stated:

> . . . this parliament through instruments which it has created and which are now in operation does control currency and credit in Canada day by day, week by week and month by month.

That statement is definite. Then why this amendment? The Prime Minister said that ownership would be necessary only if control could not be acquired otherwise. It is interesting to note that shortly after that date the Minister of Agriculture (Mr. Gardiner), speaking in Edmonton in the Edmonton East by-election, said on March 16:

> "There are cries on all sides to change the banking system," said Mr. Gardiner. "Changes are being made, and I say the time cannot come too soon for me when the government has control over credit and currency in this country. I mean control entirely in the hands of the government of Canada. If no other party interferes with present legislation passed by the Liberal government, such control will be in effect in 1945."

The Minister of Finance, speaking on February 28, said that we had control; the Minister of Agriculture, speaking in Edmonton on March 16, said that we would not have it until 1945. There appears to be a great deal of confusion in the minds of members of the cabinet as to exactly what control means and whether or not this government has control.

An hon. MEMBER: They are learning.

Mr. QUELCH: They may be learning, but I say that this government has absolutely no control over the issue of currency and credit, and this amendment will not give it.

An hon. MEMBER: Vote against it.

Mr. QUELCH: We are not going to vote against it; we will support it as a very small step in the right direction. I shall refer to that later on. It is interesting to note that while the Minister of Finance on February 28 said that we had control, nevertheless in his speech on March 8 he shows quite clearly that we have no effective control over the issue of currency and credit. Let me quote his words:

> Mr. Dunning: . . . We come back, then, to the question whether the present volume of currency and credit in circulation in Canada is adequate for the needs of business and whether a further increase would be beneficial. It must first be understood that an increase in Bank of Canada note issue does not mean more notes in the hands or pockets of the public. Whatever medium be used for issuing the new currency or credit, such as the proposed one of financing the construction of public works, the central bank's notes would be immediately deposited with the chartered banks. An increase of, say $350,000,000 in chartered bank holdings of Bank of Canada notes would increase their cash reserves from the present figure of about $250,000,000 to $600,000,000, and their cash ratio from about ten per cent to roughly twenty-one per cent.
>
> The sponsor of the suggestion contends that no inflation is intended or would result by thus increasing bank cash, so long as the gold cover of the Bank of Canada did not fall below the twenty-five per cent minimum. This factor, however, is not a test of inflation. If the banks use their increased cash in the normal way, as a basis for the extension of roughly ten times as much in loans to the public, or for the acquisition of ten times as much in investments, bank deposits would expand by approximately an equal amount until the cash ratio was brought down again to approximately ten per cent. This would mean an increase in bank deposits from the present level of about $2,387,000,000 to something like $6,000,000,000, or more than 2·6 times the level of December 31, 1929. Am I merely old fashioned or orthodox when I say that this would mean a colossal measure of inflation?

Let us suppose that the increase in the amount of money adequately to meet the needs of business is $350,000,000. Then, as the minister points out, there will be the danger that the chartered banks may expand this to $3,500,000,000, thereby causing inflation. They may not do so, but on the other hand they may. How, then, can the minister possibly claim that we have effective control? As I pointed out on March 14, the kind of control that we have at the present time is similar to the sort of control that we might have over a high-powered car with a defective steering gear. It would be absolutely impossible to hold it on a given course because the reaction to any turn of the wheel might be exaggerated.

This amendment does not increase control, and therefore I urge that the Bank Act be amended so as to compel the chartered banks to maintain 100 per cent cash reserve against checking deposits. This reserve might be made available by the government through the national bank purchasing from the chartered banks a sufficient quantity of government securities to provide that backing. Then the chartered banks henceforth would be compelled to maintain permanently a cash reserve of 100 per cent against their demand deposits. The result would be a great reduction in the national debt followed by a reduction in taxation. The Minister of Finance speaking some time ago said, I believe, that 43 per cent of all taxation went towards the payment of interest. The result would be 100 per cent control over the issue of currency and credit. The amount of money required in circulation would be decided by the Bank of Canada and so regulated. Money required for public works would be issued by the Bank of Canada without danger of inflationary action on the part of the chartered banks.

This proposal has been endorsed by prominent men who have made an exhaustive study of the question of money such as Professor Irving Fisher, Professor Soddy, and Robert Hemphil, former credit manager of the Federal Reserve Bank of Atlanta, and many eminent bankers throughout the United States. On the other hand it has been said that the banks could not operate on this basis because it would mean a great curtailment of their profits. But, as has been pointed out on former occasions in this house, the profits of the banks at the present time are excessive, and their expenditures on many lines are extravagant. When we consider the tremendous privileges the chartered banks enjoy, I would say that they are not rendering to the people the service they have a right to demand. I have in mind the closing of many branches throughout western Canada in the past nine

or ten years, and more recently one might describe their action as being tantamount to blackmail; for they have been using their power to compel or persuade the people to demand from the government that certain legislation shall be annulled under the threat that if such action is not taken they will close certain branches in Alberta. The hon. member for Melville (Mr. Motherwell) the other day gave a good talk on this matter, pointing out that the banks were trying to exercise a form of dictatorship. I do not think such a condition is desirable in a so-called democratic country. So I would say that if the chartered banks refuse to cooperate on that basis, the whole banking system should be nationalized.

There are many other things one might discuss, but as we are trying to finish the session by the end of the month I shall merely say that in our opinion the main monetary policy of this government should be to put in the hands of the people sufficient money to make the present physical demand of the people into an effective demand against the production of the country, and as that production increases, to see that the ability of the people to procure that production shall be increased in like degree. While we in this corner intend to support the motion as a step in the right direction, we point out that it is absolutely valueless for the purpose of giving the government effective control over the issue of currency and credit.

Mr. J. S. TAYLOR (Nanaimo): I propose to deal with the matter of credit from the point of view of present and future possibilities of the Bank of Canada. In the material world all keeping of life's accounts is by double entry bookkeeping. Wherever there is a credit a debit appears; on the other hand, where there is a debit a credit will be found per contra. It is only in the spiritual world that pure creation is said to take place, and while I may be disposed to adjust and modify that statement to my own experience and intellectual and spiritual development, I believe I can use the first declaration as my textual basis for dealing with the whole question of credit.

Our friends the social credit members have established to their own satisfaction the belief that banks create credit. They go further, and bring to their support many students of finance and economics who hold the same view, and who—even the eminent of them—go so far as to declare that the bankers loan ten of credit for one of cash holdings. The hon. member for Lethbridge (Mr. Blackmore) quoted from a report of the London chamber of commerce of July, 1932, to this effect, vide Hansard of March 8, 1938, page 1121. This statement shows its error on the face of it. The report says:

> At the present time the banks are working to a ratio of 10 per cent cash of their total deposits—i.e., they are lending ten credit pounds for every one pound cash holding.

If they are working to a ratio of 10 per cent cash to their total deposits, then they must have only 90 per cent of the initial deposit of cash to lend. If each deposit is supported on 10 per cent till money, theoretically only nine credit pounds can be lent for every pound of cash. Have I made this clear? It appears to me incontrovertible; I continually marvel that this credit illusion gains so much credence, and I marvel in spite of Lord Macmillan; in spite of the hon. Minister of Finance; in spite of the hon. member for Vancouver-Burrard (Mr. McGeer), and still more in spite of the hon. social credit members.

Further, I advance the statement that the theory even in its adjusted form of nine to one is merely a theory, and brings no support to the actual practice of this development of banking. It must be quite apparent that credits are absolutely dependent on deposits. It must also be quite apparent that credit when "created" so-called is represented in the form of loans, and that in the practical outcome the total of loans must be restrained to run with and not in advance of the total of deposit funds. It must also be quite apparent even to any hon. member who has not attempted to understand banking practice, that when loans are granted the rate of dissipation of the loan money is faster than the rate of dissipation of all deposit accounts developed as a result of savings or as a result of the maintenance of commercial reserves by business houses and institutions. Obviously, then, 10 per cent as till money may not be enough for a purely loan structure, and rapid dissipation will compel a more liquid condition of the very loans themselves.

Believing that I have properly presented the situation existing, I make this emphatic declaration, that as long as it is found necessary to retain 10 per cent of any deposit as till money it will be found practically impossible to create credit on a more generous basis than even $5 for every $1 of cash held, allowing for all commercial involutions developing as a result therefrom. It must not be forgotten that bankers' credit is not created out of nothing. As I said at the opening of my speech, the material world knows nothing of pure creation. Bankers' credit is, by the use of a natural law, merely an extension

along the third and fourth dimension of relationships already established in the first and second. The banker debits himself with cash deposited and credits the customer on current or other deposit account. These, for purposes of illustration, I call the first and second dimensions. With an empiric understanding of the normal actions of cash, when once the banker has it in his possession he builds a profitable business of loaning, receives the security of a promissory note, guarantee or hypothecation along the third dimension, and credits his new deposit account with the proceeds, or in effect extends his business along the fourth dimension. If the first and second are non-existent, the third and fourth cannot be created.

All this is equally true of the operations of the central bank, a most excellent countervailing influence in the business of the country. Of course in all this I believe I am indisputably correct, and believing this I knock the first prop from under the arguments which have supported the theories of social credit members in this chamber. However, one swallow does not prove the summer, and one prop less is not sufficient to bring about the downfall of all the arguments of my social credit friends. Nevertheless let it be kept in mind that bankers' credit has very definite limits, as to both extent and time.

What is recommended by my hon. friends? Roughly this, that irrecoverable amounts should be paid over to all citizens to enable them to purchase those things which they have assisted to produce and of which they have been deprived. Reference of this formula to the hon. member for Lethbridge brought out just one change; therefore I shall not hesitate to make the necessary alteration so that I may not fail properly to interpret their aims. Roughly, therefore, they say that non-repayable amounts should be paid over to all citizens to enable them to purchase those things which they have assisted to produce and of which they are to-day being deprived. If this formula be correct, then my social credit friends are entirely wrong in using bankers' credit as an argument to support their contention, as the hon. member for Lethbridge declared in his speech on March 8, 1938, as reported at page 1121 of Hansard, when he said:

> Where does money come from? The contention of the whole social credit movement is that the banker creates that money as he lends it to you.

I hope I have definitely made clear that bankers' credit is not created out of nothing, and that unless the law of chance is permitted to operate on the cash placed in the bank by a savings depositor, no money dare be created, and no loans dare be granted. Surely I do not have to labour that point.

If my declaration is accepted, I shall pass on to another implication in the formula enunciated by me and accepted by the hon. member for Lethbridge. It is this, that unless profits can be developed out of industry, dividends social or otherwise cannot be declared. I state this to be the unequivocal truth, not only for the capitalist economy, but for the more modern neo-capitalist economy, for the socialist economy, and for any economy at all that aims to deal with our national housekeeping. This will provide contentious material for the Marxian socialist, equally as it does for the social crediter.

Let me beg a very simple illustration. Assume that all our capital was used for the purchase of seed wheat, and that all our labour was devoted to the preparation and cultivation of the ground, and seeding in and harrowing down of all our seed wheat. Assume next that a catastrophic condition destroyed our farm land and ruined our crop so that not only did we fail to get the expected natural increase, but we did not recover even the equivalent of our original sowing. What, then, is our position? Neither capitalism nor socialism nor social credit nor any other economy will save us unless we are able to consume the profits of the preceding fat years, unless we have the stored up profits of accounting to fall back upon. Of course it is a childishly simply illustration; but it establishes my point, that unless more comes out of a productive system than goes in to it, we fall behind. And if that falling behind continues, we ultimately lose our identity in the struggle. There will be no dividends to divide or no social credit to create.

Of course my hon. friends will say that I have chosen an absurd illustration; that their theory applies to the world as a going concern, and that the case I have advanced can have no support in experience. All right then; I shall gladly grant for the sake of argument that in giving the non-repayable dividends to the citizens our social credit friends are introducing their system to an already functioning economy. Nevertheless, unless there is a strict accounting, unless there is a quid pro quo, unless there are to be tangible profits arising out of the functioning of the economy, chaos will ultimately if not immediately result.

But there is something else I desire to draw to my hon. friends' attention. The introduction of social credit to our present functioning economy altogether unprepared for it would

promptly develop serious results. The explanation involves a big story, which I do not intend to give, but I can open it out and leave the details to the imaginations of hon. members. There is a system, albeit a bastard one, of social credit, already at work within our economy. It constitutes the whole structure of the wages of money. For example, a light and power company is producing electricity and can sell it at a price much less than is now being paid. But a large section of the citizens of the country are already, in consideration of money introduced, receiving all or nearly all of the social credit which it is possible for that particular light and power company to contribute; and, therefore, the destruction of its capital structure must be insisted upon, or it must be left out of the social credit plan for the country. This is most serious; for practically all businesses and all industries are wedded to this admittedly bastard form of social credit, and the dividends already being distributed to the citizens of the country leave no profits on which the social credit of my hon. friends may be based.

It is no lessening of the force of this argument to observe that the idea that the social credits of which I have spoken are raggedly and quite unfairly distributed to the citizens, and the instances are not few which demonstrate that the actual worker is robbed of his wages to support this peculiar social credit structure.

Upon the unquestioned force of this argument I declare that the social credit of the hon. members cannot possibly be imposed upon the present economy, not only because there is no place for it that is not already filled, but because of its very nature, if it is to be conceived of as a purely concocted panacea of the economic ills which flesh is heir to. Every citizen who can produce, every citizen who would produce if opportunity afforded and every citizen who is accepted by the citizenry as a non-producer, whether by grace or by reason of personal incompetence or incapacity—and these categories are intended to include the whole of the citizenry—are fully entitled to the benefit of a pure social credit. It can only be developed, however, in those fields of our economic activity where the profits of production are developed for the benefit of the whole citizenry. This represents pro tanto the advantages of a socialist economy, and I therefore assert that only in some form of socialism in our economy can we look for social credit to function properly.

I am prepared at this stage of my review of the situation to declare that the irresistible forces of our civilization are driving us rapidly into a form of national economy which will grant first one and then another of our productive and distributive functions for the unrestricted benefit of the citizens as a whole. Only in such cases can social credit ever be adequately established, and by the same token only in such cases can socialism ever become available to advance the condition of our people.

And this will be true just as certainly if, unhappily, civil revolution be invoked to bring it about; for revolution in itself can and will accomplish nothing. It is what is built on the ruins of a revolution which will determine the future of the unlucky people who have to pass through it. And, too, often in such case the reconstruction of society proceeds haltingly because of the irrevocable and irrecoverable loss of those elements of government which, by virtue of their essential worth, constituted the cementing properties of the government now overthrown, while of necessity new cementing elements will take a long time to accrete, and thus properly to perform their function.

It may still be advanced that I have not yet fully covered the phase of the problem developed by the social credit formula which proposes to introduce to our economy non-repayable sums at the free disposal of every citizen. I am urging that in effect all I have said covers this matter. But let me observe that the whole financial system of the country in its multifarious ramifications always adjusts itself and seeks its own level, and does so by the age-old governing rule of debit and credit. It is tied definitely at the one end to the consumer, and at the other end to the producer. The social credit formula now introduces a medium of exchange which is tied only at the producer end and which leaves the consumer end floating free. It is through or by this free floating end that the non-repayable dividend created out of nothing by the social credit government will flow into the otherwise balanced, though admittedly badly adjusted, economy. This will create a condition never before practised, and it must be studied with great care.

For our study we can think of the $25 per month proposed to be given as social credit to every citizen of Alberta. Of course we must admit and agree that, when given, that sum must, either at the outset or later, be related definitely and scientifically to the spread between the cost of production and the ability to purchase within that province. In effect each Alberta citizen is made, by the free flowing ink of the pen of a ready writer, richer by $300 per annum. Let us sense the repercussions. First, of course the

spread between the cost of production and the price of purchase will vary considerably with every product. Second, of course the citizens will be neither constant nor consistent in their unrestricted choice of the products purchased. Therefore, I unhesitatingly declare that it will be practically impossible to equate these inconstant elements. No arbitrary monthly payment of money to citizen purchasers will in itself justify or equate a scientifically ascertained just price for the above cogent reasons. However, my social credit friends may believe the plan to be really practical; I do not.

I describe given money and non-repayable dividends as being inferior to earned money and, therefore, liable to the vagaries of inferior money in a financial system, in spite of the fact that in use it will be undiscoverable from the ordinary money of the economy. I assert that there is grave danger to an existing financial structure in padding it with an inferior currency. All hon. members will sense the concern with which the manufacturer will view the new situation presented by a supposedly easy market for his products when he remembers how he pared down his cost of production and profit margins in order to satisfy the market before the new credit was introduced. All hon. members will sense the chagrin of workers who accepted lower wages to help their employers meet the competitive market when they discover the products on which they worked entering an easy market. The inevitable result in both cases will be a definite readjustment of prices until an equitable condition obtains for worker and manufacturer alike. This equitable condition will not be reached without a very much increased distribution of so-called dividends.

There is another highly important problem. Hon. members know that the $25 per month will represent pin-money to one citizen, while to another it will represent almost an adequate living allowance. And so we beat the devil around the stump, and we turn to the arguments first cited for this problem. The hon. member for Vancouver-Burrard is so earnest in his efforts to awaken the people and the government to the advantages of both to be discovered in the newer financial economy that I dislike finding myself in disagreement with him. However, I am unable to travel with him in his statements as recorded on page 4197, column 1, paragraph 2, of Hansard, for the following reasons. If an individual banking institution finds to-day that it requires 10 per cent of its total deposits as till money for the safe and reasonable conduct of its business, no legislation of the government can change the bank's empiric findings. The Bank of Canada, however, by virtue of section 27 of the Bank of Canada Act, 1934, and also subsection 4 of section 59 of the Bank Act, 1934, has assumed the guardianship and sufficiency of till moneys and demands that 5 per cent of all deposit liabilities shall be in either a Bank of Canada deposit account or in Bank of Canada notes, which means that the said 5 per cent must be in such liquid condition as the Bank of Canada might be legally accountable, answerable and responsible for. A reference to the liquid reserves with which the chartered banks can conduct their business would reveal the fallacy that they build up $100 of loan deposits from $5 of Bank of Canada notes.

Further, a close study of section 26 of the Bank of Canada Act, 1934, will reveal the dangers attending any banking practice which would avail of all the legal limits assigned to it. There is an interesting point in the speech of the hon. member for Vancouver-Burrard, as reported in Hansard at page 4068, column 1, paragraph 2. This reads:

> . . . but I do commend to the Prime Minister and his government serious and fair consideration of my statement to-night that the major weapons of control, by which we were told the government through the Bank of Canada would regulate the volume of currency and credit in the interests of the economic life of the nation, are not effective; because I am satisfied that the majority of the members of the government will not permit that statement to go unchallenged, if my conclusions, from the facts I have analysed to-night, are justified and correct.

On this I make vigorously this important observation. The legally established functions of the Bank of Canada do appear to have strengthened the financial structure of the country to resist the destructive force of an impending recession. But the other side of the picture is not equally clear. The ability of the central bank to place large funds at the disposal of the banks does not necessarily bring about a stimulus to flagging business or flagging industry. Economists of every kind will have to learn that in our present economy of practical plenty the stimulus will have to be applied to the individual citizen. Stimulate the individual who wants something which his country has made it possible for him to obtain, and we shall hear no more of the frustrations of poverty; we shall hear no more of unemployment; we shall begin to make of our country the glorious dwelling place it is capable of becoming.

Pierpont Morgan, the banker, told the commission which inquired into the conditions surrounding the collapse of 1929 that he would not hesitate to loan $5,000 to any man whom he believed honest and capable, without consideration of security. In essence this

is done frequently by bankers. I submit that this leads us logically in the direction of economic security for our people, and points the way by which it can be developed. While absence of sufficient money will bring about a recession of business, a pentitude of it in the hands of bankers or the central bank will not act per contra. If every citizen in Canada were rich but miserly, our business would be relatively small; nevertheless, if every citizen in Canada were poor, but could be persuaded that his social security was being established and guaranteed by the government, his economic wants could be gradually built up until he reached a more just and reasonable distribution of the productive and distributive capacity of our wonderful country.

What, then, is my aim and to what end should we mould the legal functions of the Bank of Canada? The essentials of life in this or any country are food, shelter and clothing.

There is in Canada an average wage. This average wage represents the general standard of achievement of our citizens. Of this average wage, food, shelter and clothing each demand a definite percentage which varies only fractionally within well-defined limits. These are the pegs upon which we can hang the social security of our people.

For this reason I say that it is now possible to extend the operations of our banking system through the functions of the Bank of Canada, widened for that purpose, so as to provide a series of automatically recurring credits to every citizen of our country, which credits shall become loans as they are availed of and only for the amount availed of. Every such loan will be repayable to the country in one form or another, and, what is most important, such credits and loans will be related to and used only for one branch of our economic necessities at a time until it has justified its existence and completely proven its practicability.

In this manner, by an internal currency, can we quickly bring to everyone according to his need, and demand from everyone his share. Employment will increase at once. Initiative will in no sense be destroyed, and, as I have said, an economic standard can be automatically raised in scientific adjustment to the material development of the country.

Such credits introduced gradually and scientifically will differ altogether from the Aberhart and Douglas conceptions, and will be freed basically from the faults already elaborated.

It will revolutionize the present system, not by overthrowing it but by bringing to it a commercial understanding which recognizes its essential values and the complexities of its structure, and it will be definitely co-ordinated to it.

It will be tied at both ends—tied to the producer and tied to the consumer alike—and will carry the unquestioned and inescapable responsibility of a repayable loan.

It will be accepted freely by all honest citizens, and the dishonest ones will very quickly learn their lesson when deprived of its blessings. All this lies within the possible use to which we can bring our Bank of Canada, and I say this after much thought and after study of the trend of financial and industrial thought and practice everywhere. When the opportunity occurs in which I may extend my observations along this line, it will be with a developed plan, the outcome of much careful study and preparation.

No one can boast happily of his country unless he has himself enabled it to be and to become the provider of adequate and continuous sustenance to every citizen, male or female, adult or of tender years—unless he has assisted to bring to his people a secure existence in the midst of its plenty.

Finally, creation is an unhappy word to use to explain the physical functions of banking or credit or any other expression of our economy. Unless we produce and distribute at a profit by human effort, we must produce and distribute at a loss, and that way lie inefficiency, chaos and despair, notwithstanding all the claims of orthodox socialists for the elimination of the price system. It will eliminate itself when the right time and the right social conditions come together, and we have it in our power to make the Bank of Canada speed that happy day.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, it is indeed a very great pity that the hon. member for Nanaimo (Mr. Taylor) chose this time, when we are all anxious to close this session, to precipitate a discussion on the principles of social credit after he has sat here for five months during almost every day of which he might have debated the matter.

I am going to present my case straightforwardly to the house and to those who read Hansard. We do not wish to protract this session, and consequently are not at this time going to go into a discussion of the details of social credit, but if the hon. member will bring his ideas up next session we shall deal with them until there will not be powder left of them.

I am just going to read three or four quotations which need to go into Hansard because

they are vital, and then I shall turn for a very brief period to a discussion of the Bank of Canada.

The other day the hon. member for Vancouver-Burrard (Mr. McGeer) gave a quotation which I am going to read into Hansard again because of its bearing on what the hon. member for Nanaimo has said. It is this:

> The first important thing to bear in mind is this, that money can be created.

The chief reason why the social crediters have used the banks as an illustration of the creation of money is simply to show that this can be done.

I am going to read now the quotation from John Maynard Keynes as given the other day on page 4194 of Hansard by the hon. member for Vancouver-Burrard. If the hon. member for Nanaimo wishes to question Mr. Keynes on this matter, he is at liberty to do so. Mr. Keynes said:

> The creation of legal tender has been and is a government's ultimate reserve; and no state is likely to decree its own bankruptcy or its own downfall so long as this instrument remains at hand unused.
>
> Thus we accept Mr. McKenna's contention that an expansion of credit is the key to the situation. But we conclude that if whilst an increased volume of bank credits is probably a sine qua non of increased employment, a program of home investment which will absorb this increase is a sine qua non of the same expansion of credit.

All I wish to say this afternoon in the contribution I desire to make to this debate is included in that statement. All one has to do is to enlarge upon it. Again, as reported at page 4195 of Hansard the hon. member for Vancouver-Burrard gave this quotation from the Right Hon. Mr. McKenna's report to his bank:

> The quantity of our money is no longer governed by the fortuitous supply of gold and the degree to which hoarding is practised by central banks and others. The quantity of money is subject now to pure management with first regards to the needs of commerce and industry.

That again expresses the whole contention of the monetary reformers and the whole contention of the social credit movement, because it is a movement of monetary reformers.

Again, as reported on the same page of Hansard, the hon. member for Vancouver-Burrard quoted from the London Economist of May 21, 1938:

> There are distinct signs that the policy of cheap plentiful credit—

The hon. member for Nanaimo will notice that the word "credit" is used there.

> —is being continued and intensified so as to combat the recession, and also so as to facilitate the financing of rearmament.

May I break in there to point out that if credit is sufficiently sound money to finance rearmament, it will finance dividends at any time.

Mr. BENNETT: That means that the Bank of England discount rate is kept low so that the joint stock banks have ample credit facilities—cheap credit.

Mr. McGEER: It does not mean that at all.

Mr. BLACKMORE: The quotation from the London Economist continued:

> Such a deduction is not at variance with the occasional reaffirmations of monetary policy which from time to time have emerged from official quarters.

I am going to read again from an address by the Right Hon. Reginald McKenna on January 29, 1936, in the following words:

> We learned that a shortage of money may be just as vicious in its effects as an excess. It is becoming more and more widely recognized that greater productivity calls for an increased supply of money, for otherwise prices will fall, business will stagnate, and the growing productive capacity will be unused. For money to be thoroughly sound, there must be enough of it to finance an ordinary growing volume of trade, yet not so much as to give rise to an inflationary movement of prices.

The whole social credit idea is involved in that statement. Let me draw attention particularly to these words:

> It is becoming more and more widely recognized that greater productivity calls for an increased supply of money.

Too frequently men lose sight of the fact that we are in an age of abundance in which we are producing more goods than we are now able to sell, and in which we are capable of producing many more goods than we are now producing. Consequently, it is abundantly manifest that our productivity has increased. The social credit contention is that at the present time there is no adequate device, no adequate government control, by means of which that increase of money is made which is necessary as a result of the increased productivity; and even if the amount of money is increased, there exists at the present time no means whereby that money can be put into circulation in such a way as to enable the people who need the goods to buy the goods; consequently, to enable the people who have the goods for sale, to sell the goods. When the hon. member for Nanaimo

or any other man in Canada thinks he can argue that away, he is welcome to try it next session.

It is extremely necessary that I should not take very much time, and I am going to leave that, letting anyone who wishes to read it, do so. I am going to give another extract, from an article in the London Times of January 30, 1936, by the Right Hon. Reginald McKenna, at page 23:

> Additional currency, however, can now be furnished by the authorities, if they choose to exercise their powers, without reference to the central bank's holdings of gold. Thus the nineteenth century, which brought into general use a means of payment hitherto scarcely known outside London, . . .

He is manifestly referring there to credit.

> . . . brought also the machinery whereby it could be subjected to intelligent control.

The chief contention, apparently, which the hon. member for Nanaimo was making was that social crediters were running along unsound lines in contending that governments can create money and that the amount of money they can create depends upon the country's productivity. That quotation strongly supports our case. After you have created money, it is simply a matter of deciding how you are going to use it.

May I now turn to a consideration of the bill? The hon. member for Acadia (Mr. Quelch) has expressed our opinion as a group. We are going to support this measure, but our views in large measure agree with those recently expressed by the hon. member for Rosetown-Biggar (Mr. Coldwell). Unless this Bank of Canada is correctly used, it is not going to do us the good that we hope it will do. Those people who have persuaded themselves that the mere ownership of the bank by the dominion government is going to solve their ills, are labouring under a delusion. Consequently it becomes extremely necessary to point this out at this stage. This bill is a step in the right direction, so we are going to support it.

May I hasten to say that we have no means of determining what the government are going to do with this bank. I assume they are going to use it wisely. I have no doubt about that; so I am not applying any criticism; I am merely pointing out the reason why I intend to support this measure.

There are two functions formerly performed by private persons which, on account of the rapid oncoming of the age of plenty, they are no longer disposed to undertake. The government, therefore, if disaster is to be avoided, must be prepared to supplement both of these functions. The first is that of capital being invested in new concerns, factories and the like. Since 1929 capital has literally gone on strike; it appears no longer available or free to invest in new enterprises to produce goods. The banks would seem increasingly indisposed to lend money for those purposes. The other day, while we were quietly discussing this matter, I asked a man this question, "If you were a banker, would you lend money to go into sheep?" "Why," he said, "I should say not." I said, "Why would you not?" He stopped and thought about it for quite a little while. I intended he should. "Now," I said to him, "I am going to turn right around and ask you this question: "If you were a shrewd, intelligent farmer, would you borrow money with which to go into sheep?" He thought a very few minutes and finally said, "I do not think I would." "Now," I said, "will you tell me why, in both cases? And when you get done telling me why, you will be ready to consider the proposals which I have." I will state briefly what we arrived at after about fifteen minutes. "Well," he said, "if I were a banker I would not lend money because I would be afraid I would not be able to get it back." I said, "Why?" "Because," he said, "the farmer would not be able to sell his goods." "Very well," I said, "your trouble is selling your goods. And that is the reason why the farmer will not take the money. Then your difficulty is concentrated on the question of consumption."

We can talk all we like about "confidence." President Roosevelt, I am told, spent a good deal of time the other night talking about it. People say it is because a certain government is not in; it is because of this, that and the other, that confidence is lacking. As long as they continue to have that idea, they will labour under a delusion, because the reason for the lack of confidence is that men fear they cannot sell. Capital, I say, has gone on a sort of sit-down strike since 1929. May I cite some figures which I found the other day in a most interesting bank letter? In the United States the figures of new corporate financing of late years are as follows:

Year	Amount
1928	$5,500,000,000
1929	8,000,000,000
1933	180,000,000
1935	400,000,000
1936	1,200,000,000
1937	1,500,000,000

Many people tried in 1937 to persuade themselves that we were back to the 1929 level. All we need to do is just glance at the two figures. In 1929 United States business men invested $8,000,000,000 in new corporate financing. In 1937 they invested $1,500,000,000.

What we ask is this: What is the matter? Well, it is abundantly clear, is it not, that capital has gone on strike? The question for us to determine, therefore, is why and how we can overcome the difficulty. That very small figure in 1937 is the more striking when we remember that during all the years of the depression there has been insufficient expenditure of capital in new corporate financing. The result has been that there must have developed a distinct deficiency in capital production, a distinct lack of factories; notwithstanding that stimulus, however, there is no tendency whatever to pick that up by anything like an adequate expenditure. There is no tendency to make up the loss. How is that loss to be made up? That is the problem which faces the United States, and it faces Canada and, indeed, all the civilized nations of the world.

We do not need to argue about if's and but's, about the A plus B theorem or anything of that sort. There are the facts and they must be faced. What did the United States do to make up the loss? There are many people who are finding fault with Mr. Roosevelt's extravagant spending program, but these people never for a moment undertake to show how he could solve the problem without that spending. They do not realize that unless he can get that money without borrowing, then his nation is doomed, but they cannot see how he can get along without spending money. Social credit puts its finger on that problem. It says: There is your problem; you simply must have money, and if you cannot get it without borrowing or without taxation, then you might as well close up and get ready for your funeral, because it is coming and no amount of sneering or levity will dispose of the situation.

When, therefore, people say that we are not keeping our eyes on reality they are simply deceiving themselves; that is all. In 1932 in the United States the government went into debt about $3,000,000,000 distributing the money in every direction, in relief, and for every kind of project which would enable them to put the money out so that people could buy goods that industry wanted to produce and sell. Every year from that time forward until 1936 they spent a similar amount. In 1936 they spent $4,400,000,000, with the soldiers' bonus, and the money was expended in their WPA and CCC projects and in a great many other ways, all designed to put money right into the hands of the needy people in order that goods might be sold to the greatest advantage. Anyone can see in that program a dividend, though a very crude sort of dividend. It is not scientific at all, but it is there. In 1937 they cut down this $4,400,000,000 to about $1,500,000,000, apparently because in the United States uninformed people behind Roosevelt began to clamour so vociferously for retrenchment, the balancing of the budget and all that sort of thing that the pressure exerted upon him was more than he could resist. The result was that he cut down the amount he was spending, and, behold, a recession. It may be said that the recession did not come because of that, but that would be something very difficult to prove. You notice that confidence is picking up and prices are rising as soon as a great amount of money goes out; and those who read the press in the last two or three days have read of Roosevelt's intention to rush recovery with $3,000,000,000. It means only one thing. They have discovered that one way out of the depression is by government spending of money.

If that $3,000,000,000 is being created in the United States by the banking systems, and if it could just as well be created by the government, then why not? That is a vital question which faces us as practical Canadian statesmen. Let me read what the Royal Bank of Canada says after a fine review. This is from the Royal Bank of Canada's letter of October, 1937:

> Unless private expenditures of a capital nature can be stimulated it would seem that the government will be compelled to increase its spending, or as an alternative, to permit a decline in national income.

The same applies to Great Britain. Most of us were interested in a certain powerful movement that took place over in Great Britain this year. I understand that a resolution was passed calling upon the government to declare what they were going to do in case the rearmament program ceased. The same question can be asked in Canada. What has the British government done? It has spent vast sums on rearmament, vast sums on rehousing, vast sums in divers social services and so on and so on, with the result that there is apparent recovery and prosperity, and those who are only superficial enough imagine that good times are coming back. But it is quite obvious that this is not so—obvious to those who read the words of people who are best informed.

I have said enough about the sit-down strike of investors. Now I will turn to the walk-out of consumers. They have quit buying; they have been compelled to, and the result is stagnation. The government must finance consumption. These measures which the United States has been adopting, the

measures which Great Britain has been adopting, are all designed to finance both production and consumption. In my opinion the Bank of Canada must definitely and positively aim at two things. In the first place it must be prepared, by machinery which it will set up by and by, to finance production. The hon. member for Nanaimo began to talk a great deal of wisdom toward the end of his speech when he spoke about spending money to produce. That proposal is sound. May I say with regard to this good man that he is one of the best students I have ever met, and one of the most earnest men. I do not hold it against him that he does not see eye to eye with me on social credit; the day will come when he will; for the simple reason that the ideas, whether you call them social credit or not, are sound inasmuch as they go to the basis of the difficulty which confronts us.

Since it is necessary that we finance both consumption and production, we can readily appreciate what the hon. member for Melville (Mr. Motherwell) felt the other day in a very fine outburst towards one of the greatest and most important utilities in our country, the utility of banking. We can understand why he implied—he did not exactly say it—that you should not allow a particular bank to go out of a certain little community. "Well," the banker pleads, "we are losing money." "Never mind whether you are losing money or not, you cannot destroy me and the community," he replies. Read his fine words, and remember the honour and respect which are universally accorded to that man, and the long practical experience he has had. He is not one who can be called an impossible idealist or a dreamer. He rises in his place in this house demanding exactly what the people of Alberta demand, namely, that the function of banking shall be subjected to an adequate measure of government control to prevent disaster from coming to the people. How well the hon. member expressed it. Perhaps, without violating the rules of the house, I might read one or two of his expressions. On page 4177 of Hansard for June 23 he is reported as saying:

> Why should a man have his whole life work interfered with by a ruthless bank outsider who knows nothing and apparently cares less about the rural areas of the country? Is it any wonder I am furious and indignant? And then there is no redress.

Those might be the words of the province of Alberta; that is exactly the way we feel, and Saskatchewan, Ontario and every other province will feel that very thing after a while.

[Mr. Blackmore.]

All that is necessary is to realize that banking is a public utility. Now consider his words as reported at page 4178:

> If the banks will not correct this situation, what am I going to do?

Alberta is as it were speaking.

> I am going to suggest to the Minister of Finance, the Prime Minister and all the government, that they take into careful consideration the desirability of having a board of bank commissioners, so that when a bronco banker like this one breaks out, a snub twitch or a lariat can be put on him. Do you think Canadians should have to submit to such tyranny? I do not. I would be ashamed to think that Canada had degenerated to that extent.

Those, Mr. Speaker, are exactly the views of Alberta. Yet some hon. members talk about Alberta being in open rebellion against Ottawa, and all that sort of thing; and say that the acts which Alberta passed in order to enable her to struggle against that very situation and bring it under some sort of control have to be disallowed immediately, with no redress from Ottawa whatsoever. The province is left to fight its way, just as this poor man and that little community where he lives. As soon as we as Canadians come to realize that Alberta, and men like the hon. member for Melville, are fighting for a real right, people will stop all this nonsensical talk.

I turn again to the policy of the Bank of Canada. My group have said time and again in this house that it is the policy of the bank which counts. Ownership is good, but you must have a right policy. You must recognize first that it is a public utility. After recognizing that, you will begin to be prepared to finance consumption; for example by pensions to the aged, to the blind, to the sick and incapacitated, to widows, mothers, orphans; greater and greater. Why? Simply because that is a means of financing consumption. You put the money into the hands of the people who wish to spend it, and who therefore will. The result is to develop markets to a fair degree. We shall follow that up with state medicine, state dentistry, and money for things which will tend to remove from the people the terrible burden they are now bearing. We are doing the most stupid things imaginable. One need only look at people who are raising families of five or six children. Do we want those families? Surely we do. But we place on them the burden of the sales tax, the burden of medicine, dentistry—one could go on and enumerate the great number of abuses as a result of which we put the burden on the very people who ought not to be bearing it—and we say that all is well. It is strange that

people all over the earth except Anglo-Saxons are able to see these injustices. But we shall see them by and by. Then we shall use this new state-created money in the reduction of prices; we shall subsidize consumers. It sounds silly, but is it? It is the common sense thing to do. Then we shall not be far away from dividends for all. It will all be paid for by the creation of new money. Let me revert to a quotation from Right Hon. Reginald McKenna in January, 1936:

Additional currency, however, can now be furnished by the authorities, if they choose to exercise their powers. . . .

It is additional currency, not old currency; it is not taxed from anyone; it is not borrowed from anyone.

My time has expired. I have already talked much longer than I had intended. I shall close with a little quotation which I think the longer hon. members consider, the more meaning they will find it has. It is from page 99 of Stuart Chase's book, Government in Business, quoting Arthur H. Adams, in the Key Ratio to Balance, published in the American Federationist of November, 1934:

The unbalance we have reached this time is so big that natural or automatic restoration of balance, or recovery, cannot occur. The buying power of all consumer goods workers in the United States—

And the same is true of Canada, of course.

—needs to be raised about 35 per cent on the average, and with no increase in their producing power, before an intelligent man should even hope for business to become self-sustaining at normal levels.

That, too, is the situation which Canada faces. The Bank of Canada must be used for the working out of the policy, first, of financing production, and second, of financing consumption.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

BANK OF CANADA

ACQUISITION BY THE GOVERNMENT OF SHARES NOW IN HANDS OF THE PUBLIC

The house resumed consideration of the motion of Hon. Mr. Ilsley (for Mr. Dunning) for the second reading of Bill No. 160, to amend the Bank of Canada Act.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Short title.

Mr. BENNETT: Perhaps I had better say what I have to say at this time, because the title involves the whole question I wish to discuss. When the resolution was before the house I made such observations as I thought necessary with respect to the general principle of the measure. I endeavoured to point out that it is rather a commentary on our institutions that in 1936 we should have adopted what was regarded by the minister at that time as being the best possible method of effectuating public control over the Bank of Canada. When I heard him say the other evening that he still thought that this was so, but that the measure now before the committee was being put forward for the purpose of eliminating and removing criticism of the bank, I realized that while the reason is in itself sound, it is difficult to appreciate it in its entirety. I am afraid that the pressure of a near-by election had about as much to do with the matter as the public discussion as to the methods of the measure itself.

But there are two or three matters which I think might be considered to be of some importance. When I was in Australia I looked into the question of the Commonwealth Bank, and the conditions under which it was operated. It came into being without capital at all, borrowed a few pounds, relatively, from the government, and started into business. In 1937 a royal commission which was appointed in 1935-36 made a report, and with respect to the Commonwealth Bank they made the following recommendations which I think are of some importance:

1. The governor should be chairman of the board by virtue of his office and should possess qualifications and receive a salary commensurate with the importance of the office. The appointment of the governor should not be made on the basis of seniority nor is it even essential that he should already be in the service of the bank.

2. The six directors other than the governor and the secretary to the treasury should be appointed for a term of six years instead of seven as at present, one should retire each year, and be eligible for reappointment, but provision should be made that no director shall continue to hold office after reaching the age of 70.

3. The limitation on the field of choice of directors in section II (2) (b) of the act should be removed. The members of the board should be selected for capacity and diversity of experience and contact, and not as representatives of special interests.

4. The "Commonwealth Bank Act 1911-32," section 12B, which provides that there "shall be" a board of advice in London, should be made permissive. This board is not at present constituted, and there seems to be no necessity for such a board in present circumstances.

Our new board will be thirteen in number. There are eleven to be appointed; the governor makes the twelfth, and the minister or his representative we will say, makes the thirteenth.

Mr. ILSLEY: The deputy governor makes the thirteenth.

Mr. BENNETT: Yes, the deputy governor. I wish to point out that in Australia the secretary of the treasury is one of the board, along with the governor and six directors. I think there is much to be said in favour of a permanent official of the Department of Finance of this country being on the board. It is true that when we originally passed the act we made provision for the Deputy Minister of Finance being the contact man between the board and the government; but now that the government has acquired complete ownership of the bank, it seems to me that possibly it might be desirable to maintain that contact between the institution itself and the government, because it is owned by the government. It might, therefore, be desirable to appoint the Deputy Minister of Finance as one of the directors.

I think thirteen directors are too large a number in a country such as this. When they arrived at the number to which they reduced it in Australia it was after many representations had been made, and the recommendation which I am now reading from the Australian Year Book for 1937 was, I believe, unanimous.

Then, there is the savings bank, which came into being later than the Commonwealth Bank. I must say that on investigation I thought the savings bank played a very large part in the financial life of Australia. Whether or not it would be possible to have a savings bank department that would discharge as varied and important functions in Canada, I am not prepared to say. But it is a subject worthy, I believe, of careful thought and consideration.

As regards the issue of notes, the Commonwealth Bank has made enormous profits. The Commonwealth Bank of Australia has turned into the exchequer not less than £25,000,000, and it came into being in 1912. At the present time one-half of certain earnings are allocated to a sinking fund on the national debt, and there stands to the credit of that fund at the present time I believe somewhere between £4,000,000 and £5,000,000. Then, their rural credits system has been developed through that bank, and the profits that come from their operations in certain fields of endeavour are allocated to that rural credits system; with the result that you have the bank discharging the responsibilities of a central bank, with branches in all the states, as we have here. Added to that you have the savings bank department, and the rural credits.

The truth is that the profits derived from the note issue department are so large that the bank has been extremely profitable. For instance, it is practically the only bank of issue in the commonwealth. While other banks have the right to issue notes, they do not do so, and they buy their notes from the Commonwealth Bank. For example, at the end of 1936 the Commonwealth note issue amounted, in round figures, to the sum of £47,437,788. The Australian pound is roughly the equivalent of $4 in our money. The profits, as indicated, are indeed very large. For the year ended June 30, 1936, the general department of the bank made a profit of between four and five hundred thousand pounds; the savings bank made a profit of £334,726, and the rural credits department, a profit of over £45,159, making a total of nearly £800,000.

In accordance with the provisions of section 30 of the Bank Act and section 9 (2) of the National Debt Sinking Fund Act, half of the net profits of the bank have been placed to the credit of the bank's reserve fund and half to the credit of the national debt sinking fund. Up to 30th June, 1936, the latter fund had benefited to the extent of £4,093,252.

And 1937 was also highly profitable. I mention these figures because they are staggering to look at, but when one analyses the methods that have been used for the purpose of making money, they are not difficult to understand. For instance, we will say the Bank of New South Wales desire £100,000 for circulation. They go to the note issue department of the Commonwealth Bank and requisition for £100,000 in notes. The bank has the right to issue that £100,000 of paper money upon depositing in the note issue department £100,000 of securities or bonds. The bank take £100,000 of securities or cash which they have accumulated and hand them over to the Commonwealth Bank, which in turn gives the £100,000 of paper money. The profit is the difference between the practical cost of creating £100,000 and £100,000. It is a large profit. It is on the note issue side that the profit has been largely made.

The rural credits system that has developed there by taking part of the profits from the savings bank and utilizing them for that purpose has been amazing. I was so interested that I spent considerable time with the officials of the bank to see exactly how it was functioning. After all, they say in Australia that

a Canadian, King O'Malley, was responsible for forcing the Commonwealth Bank through to a successful issue. Mr. Fisher was Prime Minister at that time and had associated with him Mr. Hughes, who was later Prime Minister. The two first accounts in the bank were opened by Mr. Fisher and Mr. Hughes, with very small sums of money indeed. As a matter of fact, one account was for only one pound.

What they have done in Australia could not be done in this country at once. They have their chartered banks there. The Bank of New South Wales is not quite as old, I think, as the Bank of Montreal. There is the Bank of Australia, and commercial and various other banks that have branches throughout the commonwealth. There is one thing that is very clear, namely, that the bank has served a tremendously useful purpose to the several communities in which it functions as well as to the commonwealth as a whole.

I was much interested in hearing what was said during the progress of the discussion the other evening as to what we have been able to do with our central bank. I confess I have been disappointed in what it has been able to accomplish, for two reasons. First, I think the hon. member for Vancouver-Burrard (Mr. McGeer) made it perfectly clear that conditions in this country have been such that there has been no necessity to control the discount rate. It has never functioned as a bank of rediscount. I should not say never, because it did once, but that was for only such a small amount as to be not worth mentioning. Why? Because there are such stupendous sums of money in the banks that are not in demand for commercial business owing to the depressed condition of business generally. I use that term in a broad sense, and it has no reference to any particular time. That is number one—it has not functioned as a bank of rediscount.

Second, it has not, shall I say, found it necessary to engage in any substantial open market operations. In other words, conditions that have obtained in this country have made it somewhat difficult, if not impossible, for the bank to function in that manner, either as a buyer or a seller of securities. This was pointed out the other evening. All that is left is an institution which we have utilized successfully in the transaction of the nation's business. But from the standpoint of the preamble of the bill with respect to the control of credit, no one looking at the bank's structure would say for a moment that our Bank of Canada has to any extent been able to function with respect to credit. Conditions have made it impossible for it to do so.

The chartered banks have lost their right to issue paper money, but that right is disappearing slowly. It will be many years before it disappears finally. That being so, it follows that they still have the benefits which accrue from being banks of issue. As the chartered banks, or the joint stock banks as they are called in England, have not found it essential to utilize the Bank of Canada for their purpose, it follows that the point to which reference was made the other evening, as to the chartered banks discharging in the main the functions of the central bank and the Bank of Canada not having materially affected credit conditions, is something that I think cannot soundly be denied. That is the general situation with respect to it.

If business improves; if conditions in this country ever again reach the point where banks are not compelled to invest their money in the country's securities—a practice which, of course, is unsound—this will change. As everyone knows, the whole function of the chartered bank is to maintain an equilibrium between time loans and time deposits, and demand loans and demand deposits. If a bank uses its resources for the purpose of advancing money to the sheep industry, it might well be unable to meet the demands of its depositors, which of course is a thing to be avoided. So far as the question of the reserve maintained by the chartered banks is concerned, it is maintained in the notes of the Bank of Canada and with deposits that are made by the banks, in that bank.

There was a long argument in the standing committee as to what should be the figure. The original figure was higher than five, but it was finally agreed that it should be not less than 5 per cent. It has always exceeded 5 per cent in practice, and as a matter of fact one might say broadly—this is subject to variation— that 10 per cent is a fair statement of the figure. I daresay at times it has been 8 per cent and at other times, 12, but broadly and generally I think it has been maintained at about 10 per cent.

Mr. ILSLEY: It has not been below 8·6 per cent in the last ten years.

Mr. BENNETT: I said about 8, and the minister now tells me it has not been below 8·6 per cent in the last ten years. The only question that confronts us is: How can we make this bank more useful to the Canadian people and more responsive to their needs and necessities? There was a statement, which I think originated with the hon. member for Vancouver-Burrard, as to public credit. If I remember rightly, this was adopted practically as a slogan by the government during

the election of 1935. This had to do with the utilization of the bank to the greatest possible extent in service to the people. But when it is suggested that the bank can make credit, there have to be conditions that permit of credit being made. The difficulty is that these conditions have not arisen in this country. Until they arise there is only one thing can be done—and the Minister of Finance made it perfectly clear that he at least was not prepared to do that—and that is by statutory enactment to provide what the Minister of National Defence (Mr. Mackenzie) said would be done after the last election, namely, to issue paper money in relation to the gold reserve that is in the bank, which would permit hundreds of millions of dollars being issued. A portion of that money, he said, would be used to liquidate the national debt, and a portion used for other purposes. That has not been done although, remember, it was done in this country once. In 1915 we passed a statute legalizing the acts that had been done by the government of 1914. We issued $26,000,000 of Dominion of Canada bills, $10,000,000 of which had nothing behind them, $10,000,000 had behind them Canadian Northern securities which were worthless, and $6,000,000 had Grand Trunk Pacific securities behind them which were also worthless, and that $26,000,000 you will find referred to in chapter 4 of the statutes of 1915, where you will find these words; I shall not take time to read it all:

> Whereas for the purposes set forth in orders in council of date the fifth day of September, 1914 (P.C. 2326), the twenty-sixth day of September, 1914 (P.C. 2451), the twenty-fourth day of October, 1914 (P.C. 2671), and the twentieth day of November, 1914 (P.C. 2922), and pursuant to said orders, advances to the amount of six million dollars ($6,000,000) in the form of an issue of dominion notes were made to the Grand Trunk Pacific Railway Company, against a pledge by the company of its guaranteed securities issued in pursuance of the provisions of the Grand Trunk Pacific Guarantee Act, 1914, by placing the sums so advanced to the credit of the Minister of Finance for payment out under the provisions of the deed of trust securing the issue of these securities;
>
> And whereas pursuant to an order in council of date the second day of November, 1914 (P.C. 2750), dominion notes to the amount of ten million dollars ($10,000,000) were issued, in order that certain obligations of Canada might be met as they matured;
>
> And whereas with respect to the greater part of these issues of dominion notes security in the form required by section 5 of the Dominion Notes Act 1914 was not held—

Mr. MACKENZIE (Vancouver): The total increase was $46,000,000. There was an increase from $30,000,000 to $50,000,000 in 1914.

Mr. BENNETT: That was covered by the expansion of dominion note issues. But this was covered by the issue of notes by the dominion to liquidate three obligations: one to the Canadian Northern, one to the Grand Trunk Pacific, and the other to the nation generally; one being for $10,000,000, one being for $6,000,000, and the other being for $10,000,000. The other $20,000,000 stands on a somewhat different basis because the gold coverage was used for the purposes of protecting that issue. It was in order to avoid any discussion of that, that I referred to this particular statute. The hon. gentleman will realize that the gold coverage was behind the $20,000,000. The first recital deals with the $10,000,000 to the Canadian Northern, and that is validated by the legislation.

It is within the knowledge of all the members of this committee that if a bank found itself in need of cash it deposited with the Minister of Finance certain securities which it held, and the Minister of Finance handed out to that bank Dominion of Canada notes. For this accommodation the bank paid certain interest rates, sometimes 3¼ per cent, sometimes 4 per cent and sometimes 2½ per cent. That issue of dominion notes was not protected by metallic coverage. That had nothing to do with it. It was only a temporary advance, and it will be observed that it was supported only by the securities which were deposited with the Minister of Finance for the purpose of enabling the advance to be made.

Mr. VIEN: Would it be a rediscount operation?

Mr. BENNETT: The hon. member has anticipated what I was going to say. That we did not continue. It will be remembered that Sir Thomas White, in his dissenting opinion from the conclusions of the royal commission, said that that was quite ample for our purposes, but the bulk of professional as well as lay opinion was that that was not an easy or a safe way to carry on our operations. I use the word "safe," not from the standpoint of financial stability but as indicating a safe, sound way in which to carry on.

Mr. PELLETIER: To complete the picture which the right hon. gentleman is giving, will he tell us how the issue of $26,000,000 was finally withdrawn from circulation?

Mr. BENNETT: As a matter of fact, it was not withdrawn from circulation. It was covered by the statute passed during the régime of the late government when we dealt with the note act and the legal tender act

and the coverage act after the conference of 1933, when 25 per cent of metallic coverage was regarded as safe coverage, and to that I shall refer presently. The notes were part of our authorized and legal note issue, and they became part of the note issue which was taken over by the Bank of Canada and for which it assumed responsibility.

I have given that illustration merely as indicative of what might be done when necessity compels, as it did in 1914. As I read the observations of the present Prime Minister (Mr. Mackenzie King) and of my hon. friend the Minister of National Defence, I certainly concluded that he contemplated the utilization of the national credit in much that way. The Prime Minister had assured me that I was wrong in my conclusion as to that, and I have not joined issue with him on that because, after all, what one man understands from what another man says is not always the test of what one may regard as what was intended by the man who spoke the words.

Mr. MACKENZIE KING: Does my hon. friend mean the Prime Minister or the Minister of Finance?

Mr. BENNETT: The Prime Minister during the campaign of 1935, and it will be recalled that in 1936 when I was dealing with the Bank of Canada the Prime Minister said that at no place would it be found he had said they would be responsible for the operations of the bank, but he said it should be a publicly controlled institution. If he will turn up Hansard he will see what I mean.

Mr. MACKENZIE KING: I said publicly controlled but not publicly owned.

Mr. BENNETT: Quite. It was that distinction which the Prime Minister pointed out in this house in answer to the observation I was making, and it was read this afternoon, that he was not concerned how control was effected as long as the bank was controlled by the government.

Mr. MACKENZIE KING: Effective control is more important than ownership.

Mr. BENNETT: That was what was said anyway.

Now let us go a step further. We have substituted for the provisions to which I have referred a provision with respect to rediscount, and so I get back to what I pointed out at the very start, that when there is no occasion for rediscount, when business conditions are such that there is no opportunity for the banks to use the enormous deposits they have, there is no opportunity for the Bank of Canada to function as a rediscount bank any more than there would have been for the finance department to function in emitting credit to the banks. That is the first difficulty we must face, and until we can restore the confidence of the people of this country in business we cannot expect this bank to function as a bank of rediscount. It is there; it is on the statute books; we have provided for it; but all you have to do is to look at the statements of the banks to-morrow and you will find that the banks have enormous holdings of our securities.

I want to say this, and I am sure that the Minister of Finance (Mr. Dunning), if he were here, would agree with me. Of course we are getting money on treasury bills cheap. I remember when we started doing this. We were told we could not do it; that nobody would want to buy our treasury bills. We started in a very modest way; but as there was no demand for money, as the banks were unable to place in profitable loans the money of their depositors, the demand for short-term treasury bills increased and the rate decreased. It is a bad sign when treasury bills are cheap. The cheaper they are, the less business there is in the country. I remember once watching the upturn of business in London, where they sell treasury bills on an enormous scale, far beyond anything we can appreciate or understand. There was an upturn of business, whereupon the treasury had to pay more money to sell treasury bills. But as money accumulates and is unable to be utilized by those in whose custody it is placed, treasury bills become cheaper and the rate is lower. That is the story. There cannot be any question about it. All one has to do is make himself familiar with the day to day transactions in respect to these matters.

I am hopeful, as I think every man is, that with increasing confidence on the part of the Canadian people in the business of developing their country there will come a greater demand for credit. But that demand will reflect itself in what? In deposits being converted, not into government loans, but into loans to business, to individuals, to factories, to various things of that sort,—and not for capital, either. That is what I think the hon. member for Lethbridge (Mr. Blackmore) must always keep in mind: the banks do not provide capital. Why? Because they do not know when they will be called upon to honour the cheques of their depositors. The maintenance of that equilibrium between time loans and time deposits, and demand loans and demand deposits, is the basis of all sound banking, and departure from it, by putting bank deposits into capital securities or into long-term loans, means inevitable disaster, as

has been proved in this country on more than one occasion. That is the position which we occupy. Despite all that may be said to the contrary, it just gets down to this. We can by appropriate legislation repeat what was done in 1915. We have, rightly or wrongly, a public opinion as reflected by a universal rule of less metallic coverage behind sound money than existed prior to 1915. There is no legal metallic coverage by statute in Great Britain, but England has more gold behind her currency to-day than she has had for a very long time, possibly more than she ever had. The Bank of England has more gold to-day than ever before; and when you see the bank's return, remember that it values gold at $20.67 an ounce and not at $35. The stabilization fund has absorbed, for the moment at any rate, the difference between $20.67 and $35 per ounce. I cannot speak as to the position this week, but about eight weeks ago there was more gold in the Bank of England behind its currency issue than there had ever been in its history. There is no longer the issue of "Bradburys." That paper money which was established when the war broke out and was called "Bradburys" has been wiped out. All the notes that are issued south of the Tweed are issued by the Bank of England, and as I have said, these are covered at the moment by a larger deposit of gold than at any other time in the bank's history, although England is off the gold standard.

Our currency to-day is just as sound as it was at the moment of its greatest soundness. Canadian paper money is covered by metal to the same extent or to a greater extent than it has been at any time in our history.

Mr. MACKENZIE (Vancouver): Much more.

Mr. BENNETT: Much more than at some times in our history. There was a time when we had very much more gold than we have now. I was looking at the figures the other night.

That being so, the only question, I repeat, is how we can utilize to the greatest possible extent the credit that springs from the resources over which this country now has control. I do not see any provision in the bill which contemplates any change of policy. I see nothing that contemplates any change in the conduct of the bank. Instead of the $5,000,000 of shares being scattered all over this country, they are going to be lodged in the treasury. Instead of directors who have to hold shares, and who have some sense of financial responsibility, they now are appointees of the government. I would point out how desirable it is to endeavour to realize, as the commission in Australia stated in its report, that the directors should be representative of all forms of business and that so far as possible the political factor should not be one to be considered. I am not going to repeat the details of the experience which I had in connection with the organization of the Bank of Canada, but I do not think it could have been successfully organized if it had been subject to the continuance of the tremendous pressure that is described by the one word "patronage"—not the best word, perhaps, to define it. For instance, some people thought that the Bank of Canada should be an institution which at once would provide them with loans of anywhere from $1,000 to $1,000,000. I see that two of my friends opposite nod their heads; they come from rural constituencies, and they were asked on some occasions why they were not able to get money for their electors. I have received many letters of that type.

The Bank of Canada is not at all that sort of institution. It has no accounts of that kind; it reflects its activities and the power of its position only by indirect methods on the banking system of the country. Again I say I can only hope that we may be able to devise some method whereby this great untouched reservoir of credit can be utilized for the public weal. That is the problem before us, just how that can be brought about—on the one hand, to preserve the solvency and reputation of the country; on the other, to utilize to the most the accumulated good will and reputation of the country, which after all is credit. I am not here to solve the problem—it is not my responsibility—but I desire only to point out that great results have followed in some parts of our empire from the efforts which have been made in that direction.

One word more, with respect to the acquisition of the bank. I pointed out in 1936 that if the country desired to take the bank, they should expropriate it and acquire the shares. They have taken the shares now at 120, or a little short of that, and those who sell their shares will have made 4½ per cent dividend and 20 per cent profit on their venture, which is not bad in these days.

In New Zealand, if my memory serves me aright, they did not provide so large a profit to those whose shares they took. It was just shortly after the state took over, that I visited New Zealand, and I inquired of the governor of the bank precisely how matters were being worked out. Will the hon. members keep in mind one thing that differentiates us from all these countries and prevents us from making a comparison of the type that I have sometimes made here to-night with the type

that others make. Australia has her debt domiciled in two places only, London and Australia. They did have a small loan in New York, but that is not important at the moment; it was an experiment. New Zealand's debts are domiciled in London and New Zealand, and all sales of produce of New Zealand find payment in sterling lodged in their banks there for the purpose of servicing their debt, paying interest on their debt there. Then, when the exchange is made, the pound, New Zealand and Australia, is practically on a $4 basis with us. One can get some idea, therefore, how it stands with respect to sterling.

It is a purely technical matter how they maintain the exchange rate. The governors of the banks told me how simple it was to maintain it. The suggestion has been made—I remember the Minister of National Defence having made it—that we should have depreciated our dollar. Well, heaven only knows it was depreciated enough by causes over which we had no control without our wanting to depreciate it more; and the gentleman who made representations to the royal commission at Winnipeg, who was not a Canadian, was confronted with the situation that we had a third creditor which these other countries have not. We have the great country to the south of us as our creditor, a country where we owe enormous sums of money, federally, provincially, municipally and by corporations. When England went off the gold standard we still had, in terms of our contract, before the United States took the action they did, to pay our debts there in gold; and having to do so was what brought about the greatest strain that this country has ever had to undergo. Fortunately, with the good will of some of the United States banks and a combination of fortuitous circumstances, we were able to meet every obligation in terms of our contract, and that is the reason that ultimately we were able to restore our credit in face of the difficulties we had to meet.

We must never forget, however, that the action taken by the United States was really the determining factor in changing the picture as a whole. That third factor—not England, not Canada, but those debts in the United States that were payable in gold—was the factor which created such a serious situation in our economy. That difficulty no longer confronts us in the way it did. Why? Because of the action taken by the United States with respect to gold, with respect to paper, with respect to all these matters; and their action has had the effect, of course, of releasing us from a tremendous burden which frankly at one time it looked as though it might be almost impossible for us to bear. That differentiates our position from that of Australia or New Zealand. They have no such situation as we have.

There is another factor that was mentioned the other day. We have a great favourable commodity balance with Great Britain; we have an adverse balance with the United States; and the utilization of that balance in London to discharge the adverse balance in New York is, of course, the basis of international trade; only you have to multiply it by several countries in addition to those; here an adverse balance, and there a favourable balance; the utilization of this favourable balance with respect to that adverse balance, and so on. Largely, however, it was a matter between London and New York. That is a factor which can never be forgotten.

Mr. ILSLEY: There has been a favourable balance with the United States at least until very recently, if we count gold.

Mr. BENNETT: Yes; but I have been leaving gold out of the question. Gold, becoming a commodity pure and simple as it now is, has made the situation very much better and simpler for us in every way. To-day gold is a commodity like tobacco or pulpwood or anything of that kind. That is all it is at the moment. There is in the library a book that gives a wonderful history of the reason why gold has kept the place it has through all the centuries. It is not that it is money alone but that it has always represented something which in the eyes of all generations has had a peculiar value. It is that it has been very much admired for its beauty and also, because of its rarity, that it has had a value which no other metal has had.

How this problem can be approached without impairing our credit on the one hand and our reputation on the other is a question which I am sure must be engaging the attention of the government in view of the declarations of policy which they so earnestly made before the last election. I am sure that the Macmillan report, which was substituted for the psalms of David by my hon. friend the Minister of National Defence, has become quite worn by much perusal, but a solution of the difficulties has not been found.

I am only going to suggest, as we reach the sections, that thirteen directors are too large a number. There is one other point which I might touch upon. Are we not entitled to have back our bonds now? When the Dominion of Canada handed over to the Bank of Canada various assets we gave them

our bonds to guarantee them from responsibility with respect to the assumption of liability for our note issue. Do we contemplate by the language of this bill the transfer of those bonds back to the country? I have looked at it earnestly on more than one occasion, and I am not sure whether it is open to that construction.

These, Mr. Chairman, are the principal matters to which I desire to direct attention.

Mr. McGEER: The leader of the opposition has pointed out, as did the Minister of Finance the other evening, that one of the problems which face the government in the exercise of its control over the currency and credit of the nation is to get into circulation an effective amount of the huge amount of credit and currency that is to-day available. The tremendous amount of credit now available was referred to in a rather indirect way by the Minister of Finance the other evening. I was questioning his statement that the control of the circulation of currency and credit could be exercised through the discount rate and he replied:

> I intended to say then just what I am saying now, that the conditions which create that tremendous volume of available credit in all three of these great countries have for the time being rendered any rediscount rate an ineffective weapon. . . .

He was referring to Great Britain, the United States and Canada.

It must be apparent that "that tremendous amount of credit" comes from some direct source, and as a matter of fact, the conditions to which the Minister of Finance referred and which were mentioned indirectly to-night are conditions such as arise when a country abandons gold and goes upon a managed paper standard. Under such conditions the volume of credit is directly under the control of whatever authority is issuing the currency on a managed paper standard. That control has been assumed to be in this government through the Bank of Canada.

Before I go on to deal with that feature, may I point out the extent to which, under the policy of the Conservative party when the Bank of Canada Act was passed and the Bank Act was amended to establish a paper standard, the limits of credit creation were fixed by parliament. In the Bank of Canada reports for May of this year it is disclosed that the total resources are $211,300,000. Of this total $182,300,000 consists of gold, leaving $29,000,000 in foreign currency, mostly United States dollars and pounds sterling. Of the bank's gold holdings only $97,250,000 are in use as currency reserves leaving $84,850,000 of gold reserves idle and unemployed. That is saying nothing of Canada's annual gold production, from which a substantial increase in that unemployment of gold can be developed. From my own calculations I find that during the last three years, over and above our debt repatriation, payments for goods and all other things, we have exported gold as a commodity to the value of $116,000,000. This means that if there is anything in the Bank of Canada Act with regard to this provision of 25 per cent gold coverage and 5 per cent reserve in the chartered banks, we have actually sabotaged the credit of Canada to the tune of several billion dollars by exporting gold as a commodity, which I think is a serious mistake; for although reserves of gold are being accumulated in England to-day, they are being accumulated not for currency purposes, but for international emergencies, because gold can play a real part in the defensive equipment for the nation.

I estimate that under our Bank of Canada Act we have available to-day a total credit currency of $10,495,000,000. This is made up in this way. Under the Bank of Canada Act the bank may issue four times its gold reserves in Bank of Canada bills, that is, $182,300,000 multiplied by four, or $729,200,000. Against this the bank has issued and has on demand call a total of only $389,800,000. This amount subtracted from the total issue authorized by law of $729,200,000 leaves $339,400,000 of Bank of Canada money unissued and unemployed, or sufficient for twenty times that amount in bank deposits, or a total of $6,788,000,000 in bank deposits as provided in subsection 4 of section 59 of the Bank Act. These figures I know are stupendous, but they are within the limits that parliament has fixed for the creation of bank credit currency. Here, then, is the source of some of "that tremendous volume of credit," that the Minister of Finance said made the rediscount rate inapplicable.

Mr. ILSLEY: The utmost limits.

Mr. McGEER: No, not the utmost. All I am using here is the gold reserves available now held by the Bank of Canada. There are a great many other reserves available for the same purpose at this time. So that when I use these figures do not let the Minister of National Revenue (Mr. Ilsley) make the mistake of saying that I am using maximum figures; that would be another one of the mistakes which he is making about this issue.

Mr. ILSLEY: Is the hon. member not suggesting now that the ratio of gold held by the banks to their deposit liabilities should be 25 per cent and no more?

Mr. McGEER: No; I am not suggesting that at all. I am suggesting nothing; I am stating a fact. I am explaining to the committee the amount of credit currency that parliament made available on existing gold reserves as the national working capital of this dominion when it amended the Bank Act in 1934 and established the Bank of Canada. I am stating a fact that can be confirmed by the Bank of Canada reports.

But that is only one item in the plentiful supply of money that was intended to be created by the adoption by Canada of the British Empire currency policy, which as the leader of the opposition knows was defined at the world economic conference in July, 1933. We have, according to the Bank of Canada report, the following distribution of the issued bills:

Bank of Canada bills issued or on demand	$389,800,000
Owned outright by the chartered banks	247,500,000
Held in the tills of the chartered banks	53,400,000
Held on deposit with the Bank of Canada by the chartered banks	194,100,000
Total owned by the chartered banks	247,500,000
Amount required under the Bank Act 5 per cent cash reserve to support the reported $2,884,000,000 of alleged bank deposits	144,200,000
Bank of Canada bills held by the chartered banks in excess of reserve requirements	103,300,000

Mr. ILSLEY: On a 5 per cent basis?

Mr. McGEER: Parliament fixed the 5 per cent basis, and it is parliament that ought to rule the reserve limits of this country, not the dictation of the banks.

Mr. ILSLEY: Parliament never fixed it as a practical working minimum, but fixed it merely as a legal minimum. The hon. gentleman knows that no commercial banking system in the world goes down to a 5 per cent reserve ratio. They go to about 10 per cent. They do so in England and in this country.

Mr. McGEER: Does the hon. gentleman wish to make any more speeches? He is letting himself fall into a nice little bankers' trap. Until this 5 per cent reserve came into the Bank Act, there never was any rule or regulation in Canada as to what the banks should hold by way of cash reserve.

Mr. ILSLEY: Certainly not.

Mr. BENNETT: There was as to legal tender.

Mr. McGEER: If the hon. minister will keep quiet and listen to me for a little while, he will probably know more when I get through than he knew before I started. I think he has a delusion which is common among a great many people. When the Macmillan committee report was first issued, what happened was they said that as a matter of banking practice in England, to meet till money requirements, out-of-pocket expenses international exchange requirements and the settlement of inter-bank balances, the banks usually held Bank of England notes to approximately 10 per cent. But they also pointed out that this 10 per cent was largely a window-dressing proposition; that those reserves were built up on bank report days and were never an actual reality. This 10 per cent fiction of the Macmillan committee report has been seized upon by Canadian bankers as bank propaganda.

Mr. ILSLEY: Has the hon. gentleman—

Mr. McGEER: Just a moment, let me finish. In a debate of this kind interruptions are not in place.

Mr. ILSLEY: Neither is discourtesy.

Mr. McGEER: I do not think the hon. member can lay that charge against me. All I would say to him is that probably one of the most discourteous things that can happen is for a minister on the front bench to intervene as against a back-bencher, when he is dealing with a somewhat difficult and technical matter. I do not think I need to—

The CHAIRMAN: I would ask the hon. member for Vancouver-Burrard to address his observations to the chair.

Mr. McGEER: In Canada we have this great difference in the banks holdings of currency, as against England. Our banks are allowed to issue their own bank-note currency, which to-day they do to the tune of a hundred million dollars. In other words our banks have, for till money and out-of-pocket transactions of the people, a hundred million dollars of bank-note bills issued by the chartered banks, which the English banks have no privilege of issuing at all.

As a matter of fact, five per cent of Bank of Canada bills is far more than our chartered banks need to carry in their reserve accounts, and that is clearly evidenced by the value of the bank bills they have on deposit with the Bank of Canada, and the value of the Bank

of Canada bills which they carry in their actual tills. As a matter of fact, if hon. members will notice, the only amount of Bank of Canada bills that the banks have in their possession for the purpose of meeting public needs, international exchange and inter-bank transactions, is $53,000,000. The other amount of $194,000,000 they have on deposit with the Bank of Canada. In addition to those combined totals, the Bank of Canada has issued to the people $102,000,000, which amount is to-day circulating in the possession of the people. So that if you will take down the figures you will find that the reserve requirement of 5 per cent is far more than the chartered banks are actually using to-day.

But the point I wish to draw to the attention of the committee is that there is to-day in the possession of the banks $103,000,000 of Bank of Canada bills, against which they can issue $2,060,000,000 of new bank deposits. There is, however, no control in the Bank of Canada or in the government over that $103,000,000 of Bank of Canada bills, which the chartered banks of the dominion own outright. They can use that money if they wish as reserves for new bank deposits, but there is no way by which the government through the Bank of Canada can assert any authority to force them to do so. That Bank of Canada legal tender cash is now being hoarded up by our chartered banks.

It is idle, and though on deposit with the Bank of Canada for the purpose of increasing the nation's currency and credit powers is absolutely under the control of the chartered banks. Let me say again that this does not exhaust the supply of available working capital in Canada, because of the $2,884,000,000 of reported deposits only $687,000,000 are on current account; $398,000,000 are on deposit abroad and $1,631,000,000 are in savings accounts. These savings deposits at the present time are drawing on the average not more than one and a half per cent. This means that under this system the banks get the savings of the people as working capital from depositors at one and a half per cent. But that huge amount of money is locked up, as the right hon. the leader of the opposition has pointed out, because nobody has any faith in the future of the country, and nobody is prepared to invest their savings even in government bonds at the present time. Everyone who has a savings bank account knows that this $1,631,000,000 is available for the purchase of government bonds by each owner of the amount to his or her credit in the savings bank account, so that to arrive at the total of Canadian money available for Canadian defence or development, we must add the $1,631,000,000 in the savings accounts to the other amounts I have already mentioned.

Here then is a recapitulation of "the tremendous amount of credit" to use the language of the Minister of Finance, or "the great amount of credit available," to use the language of the right hon. the leader of the opposition, that is now available. The amount available of gold reserves not in use and Bank of Canada bills not issued is $6,798,000,000. The amount which chartered banks may issue on the reserve of Bank of Canada bills not in use, but on deposit with the Bank of Canada, is $2,060,000,000. The amount of savings accounts amounts to $1,631,000,000, or a total of $10,529,000,000.

Under the Bennett monetary policy of 1934 this huge reserve of new currency and credit created by our change in monetary policy was handed over as a public concession to the privately owned Bank of Canada and the privately owned chartered banks. That policy was repudiated in 1935 when the King monetary policy, which declared for "the control of currency issued in terms of public need" and, "to determine the supply of currency in relation to the domestic, social and industrial requirements of the Canadian people," was endorsed from coast to coast.

The issue is no longer inflation; for we in Canada adopted inflation in 1934. The real issue is: Shall our inflated currency and credit be controlled to serve Canada, or shall it remain a concession to Canadian bankers? Surely the answer to that issue must be that Canada's plentiful supply of money should be used for Canadian development, and it must be used to advance and sustain the peace, order, progress, prosperity and security of the Canadian people who are the actual owners of the nation's currency and credit resources.

Any government can grant a concession. Governments have a like power to make concessions so granted valuable by buying back with the taxpayers' money what the concessions yield. It is in the misuse of this authority that democratic governments give way to the oligarchy of privilege, and lose that most important of all things to democratic governments, namely the right to control the great resources of the state in the service of the people. Thus, in the misuse of this authority, democratic governments lose their power, become mere sycophants of monopoly, and wrongly exercise their authority to aid the privileged few in the improper exploitation of the wealth of the state, and of the rights of individuals unable to protect themselves.

One of the worst examples of this kind of mistake by democracy is to be found in the Canadian bank policy of 1934, which I hope the present bill aims to cure for under that policy a privately owned bank, the Bank of Canada, was given the exclusive right to issue the full legal tender currency of the Dominion of Canada, which carried with it the right to expand gold into Canadian full legal tender paper money on a basis of one to four. It also gave to the chartered banks the power to use the Bank of Canada not as a national bank but as a mere filling station. Acting in that capacity it has issued free to the chartered banks more Bank of Canada bills than the chartered banks require for their legal reserve purposes. That is, the Bank of Canada was made not an institution of the state, but a mere servant of the chartered banks. Now, when the chartered banks may use Bank of Canada bills by expanding $1 Bank of Canada bills into $20 of bank credit money, and exchange that type of money for interest bearing government bonds, it seems to me that we have gone the limit in adopting the course of keeping the government, the state and the people poor, and in making one isolated group in the community rich, by giving it possession of all the money wealth of the nation.

It is an extraordinary thing, but true, that under the policy now in effect the chartered banks can exchange mere bookkeeping entries for government bills bearing interest, and government bonds. But it was in this great concession that some of us saw one of the great mistakes the Dominion of Canada was making under the Conservative government of 1934.

I came to Ottawa and laid such views before the banking and commerce committee, urging that the Bank of Canada be nationally owned and be made an arm of government to control the issue and circulation of the currency and credit wealth of the nation. It is because we are now coming to the adoption of the very things that were advocated then, and that I advocated in the election of 1935, that I think this parliament under Liberalism is starting on the way to establish a real Canadian democracy and to free the people of the Dominion of Canada from the oligarchy of money power which has dominated it for every year of its existence.

By way of illustrating the evils of this concession which was granted in 1934, and which we in this house I hope are now moving to correct, may I point out that any one of our chartered banks possessed of $5 of Bank of Canada bills can now buy, under the authority of our laws, $100 of national treasury certificates or government interest bearing bonds by merely entering in its books a deposit credit in favour of the government. In this way parliament, back in the days of 1934 under the Conservative administration, authorized our chartered banks to issue alleged bank deposits as an effective substitute for Canadian money. The great prerogative of the state, the right to create legal tender and the medium of exchange of the government and the people was then handed over to a private monopoly. Is it any wonder that under such a system the banks have continued to pay their dividends?

Now that our chartered banks are allowed to buy government securities with bookkeeping entries, it should not be surprising to learn on an examination of their books that they own $1,155,000,000 worth of interest bearing securities issued by our dominion and provincial governments, nor should it be surprising to learn that from 1934, when this concession was granted, until to-day, they have increased their holdings of provincial and dominion government securities by $471,000,000. Every dollar's worth of those securities has been purchased with a bookkeeping entry of alleged bank deposits, which analysis will show, instead of its being a deposit, is merely a practice where the banks are trading short in money and long in credit. That is all it amounts to. That is a service which should be appropriated to the use of the state through its own banking system. But even if the bankers perform that service for the government, they are entitled to a proper service charge, but they are not entitled to charge interest as though they were lending the government their own or their depositors' money.

The vital importance of correcting such a situation should be recognized as imperative once it is realized that if the government securities amounting to $1,155,000,000 now held by the chartered banks carry interest rates on the average of three per cent, the taxpayers are paying the chartered banks $33,450,000 a year for merely converting government securities into bank deposits by bookkeeping entries. This bonus of taxpayers' wealth is out of all proportion to the service rendered to the state by the chartered banks. The banks do use debt-free money, and they do use interest-free money through the exercise of parliament's power to create an effective medium of exchange. Could there be a more perfect scheme to make bankers rich and keep the government poor?

This government, by continuing the Conservative policy of 1934, sanctions the vesting in privately owned banks of parliament's power to create and control the issuance of the nation's credit, and to convert it into

bankers' bank deposit currency, which is tantamount to the transfer of the government's power to mint money to a private monopoly. The direct result is that both government and people are under the control of men who employ the nation's credit as the stock in trade of the business of making money by manipulating the nation's debt-free money and the nation's interest-free credit. Thus, by our own laws, this parliament has placed mass usury in control of the nation. Under the circumstances we cannot expect balanced budgets, but we should expect unemployment and destitution, stagnation in national development, debt repudiation, confiscatory taxation, municipal and provincial bankruptcy, class and sectional dissension and waning faith in our country's future, because the present Prime Minister has correctly informed this house and the people of the land that "usury once in control will wreck a nation." This is not usury in the ordinary sense; it is mass usury gone mad. It is one reason why this vast country, with its wealth and its future, with its industry and its capacity, stagnates and wallows in a world that is going ahead all about us. I believe we can go forward if we will but manage our national currency and credit in the service of the state.

May I just take one or two minutes to confirm the conclusions I have arrived at from what was undoubtedly a very carefully prepared speech of the hon. Minister of Finance delivered on March 8. On page 2 of the copy of that address which has been circulated, he acknowledged that bank deposits created by bookkeeping entries in the books of our chartered banks are being substituted for money by saying:

> As every one knows the story of the last century . . . is a story of the general rise of bank deposits to perform the monetary work of the business world.

"And," he should have added, "the monetary work of the government world," because our governments now use cheques transferring bank deposits in the place of money, as does everyone else. He then referred to the power of the chartered banks to expand Bank of Canada bills into alleged bank deposits. At page 3 he said:

> Speaking of the banks as a whole, the proportion or percentage of cash which the banks keep is in practice about ten per cent, and by law it must be at least five per cent. . . . Suppose, for example, that the Bank of Canada buys $10,000,000 worth of securities. Then, no matter from whom it buys those securities, the reserves of the chartered banks as a whole will rise by the amount of $10,000,000.

[Mr. McGeer.]

Then, after explaining that this was an example of open market operation and presenting some details to prove that proposition, he went on to say:

> Thus it is that the security purchases by the Bank of Canada tend to expand bank deposits in the country by approximately ten times the amount of the transaction.

Or, in a word, whenever the Bank of Canada issues $10,000,000 of Bank of Canada bills to buy gold or government securities, the law gives to the chartered banks the power to issue $200,000,000 of chartered bank buying power in bank deposit money in the form of alleged bank deposits. However, the banks, as the Minister of Finance points out, have allegedly overruled the law of parliament and instead of expanding bank credit on a 5 per cent cash reserve basis, they profess to have increased the reserves held to 10 per cent, which, of course, if a true statement, would reduce the amount of bank deposits authorized by parliament on a reserve of $10,000,000 of Bank of Canada bills to the $100,000,000 the minister mentioned. Then the minister went on to explain just how the chartered banks could use that $100,000,000 of bank deposit money to purchase government bills and interest bearing bonds. At this point he said:

> You may ask just how the chartered banks will expand their assets and deposits as a result of open market operations by the Bank of Canada. If the chartered banks can find good borrowers they will tend to increase their ordinary commercial loans, and by so doing increase their deposit liabilities by a similar amount. Otherwise they may buy investment securities which will usually earn them a considerably lower rate, or they may expand partly in one way and partly in the other. Either move will increase the aggregate of deposits of the banking system as a whole.

Now investment securities are government bonds. Therefore, when the Bank of Canada issues $10,000,000 of Bank of Canada bills under our banking laws, the chartered banks are empowered to create $200,000,000 in bank deposits which may be exchanged for treasury bills or any other form of interest-bearing government bonds. So, on the authority of the Minister of Finance, we find that parliament has authorized the chartered banks to create their own buying power with a bookkeeping system which they use to buy government bonds. The bankers thus use the tremendous volume of credit, created by our managed currency system, for which they do not pay interest. It offers a splendid illustration of what we call orthodox finance. It

is one of the most dangerous concessions that has ever been issued by a democratic government to private capital.

I know that a long time is going to elapse between the time we establish national ownership of the Bank of Canada and the time when we shall have the fruits of a really national currency policy. But we are on the way. Just as men must know that they cannot run their homes without money and could not run them if those unfriendly to them controlled their money resources, we in government must come to recognize that government cannot afford to be out of control of the nation's currency and credit. I grant that there will come much heavier responsibilites upon government in the administration of a managed currency system where there is no longer the security of the restricted nineteenth century gold standard system. There will be public demands and temptations to overcome, but the standard of intelligence of government to-day is a little different from what it was in John Law's time, or two hundred years or more ago. The problems of managed currency and credit that face us to-day belong to the twentieth century, and it is because they are of the twentieth century that twentieth century democratic government must rise superior to the challenge that these problems present. We cannot go on in the midst of opportunity, worshipping at the shrine of things that are obsolete and ignoring the opportunities for progress that exist. We must find the practical and effective way to finance progress.

I would say that with the establishment of the national ownership of the Bank of Canada we should be able to meet the problem put up to this committee by the leader of the opposition to-night, namely, that of finding a way with this huge reserve of managed currency at our disposal, to put into circulation the funds necessary to give security and peace and order and progress and the production and the use of wealth to Canada and the Canadian people. How can that be done?

With this enormous credit wealth under the control of government, we can reestablish the social services of this dominion, modelling ours along the line of the British plan. I would say that we could greatly improve and extend our old age pension system into a much more generous and christian practice than it is to-day. Possibly we can adopt the sixty year limit, as the leader of the opposition advocated during the election of 1935. We can give definite aid in unemployment insurance and health service programs, and take from the overburdened provinces and municipalities the cost of unemployment relief. We can give contributions in aid of financing needy mothers and children, and contributions in aid of education, which needs to be brought up to twentieth century standards. We can give contributions to the provinces and municipalities for the maintenance of law and order. We can aid in the protection of those who suffer from physical disability, which lessens their capacity for gainful employment. We can do all these things if we will only recognize that we are no longer poor. We can give grants in aid, as Great Britain is doing, for municipal reconstruction and expansion. If these things can be done in Great Britain and other European countries, why cannot we with all our wealth do them? We can improve our urban and rural housing. We can aid in the promotion of better health in the dominion. We can create health centres, gymnasia, amphitheatres equipped with effective health, recreation, and educational facilities.

We can develop our tourist trade. The leader of the opposition has said that we have to meet our national obligations in the United States. No more effective way could be found than in the development of our tourist trade. A great national highway system could be developed, including the building of truly modern highways from all the gateway points on the international boundary line, leading northward to Canadian cities and to our tourist attractions. The beautification of our cities and countryside would give employment and new life to the dominion, and we should give special attention to the commemoration of many places of historical interest, and our unemployed should be at work developing tourist accommodation around Canada's many places of scenic beauty and natural wonder.

National defence is a thing we cannot ignore. We should develop the production at home as far as is practical of every conceivable form of equipment and accoutrement required in the services.

Probably the time has come when we should have a vigorous campaign to reestablish loyalty on the part of Canadian youth to our Canadian country and democratic government, under our constitutional sovereign.

The passage of this bill will mark one of the great milestones in the economic life of Canadian civilization. It is not a step that is going to be retraced. If it is followed with a national currency policy that will put into effect the declarations and promises which the Liberal party made in 1935, we shall have a

new Canada, a Canada of a happy and united people, a Canada that will be worthy of everything that the fathers of confederation dreamed we would accomplish in the future.

We lack one thing and one thing only—the means of financing Canadian progress, and with the establishment of national ownership of the Bank of Canada that now comes to us. It will make us not only a happy and united people but something more. It will give us the right to stand forth as a nation on the North American continent, worthy of the traditions of the two great races from which we came, playing our part in partnership with other nations to do something not only for the development of ourselves but for the good of the world that is sadly in need of the kind of leadership which we of the British empire should offer.

I venture to say that if we will look forward to cooperating in the great celebration that is going to take place in the United States next year, when our neighbours celebrate the 150th anniversary of their nation's birth, we can make a contribution to world peace that will be worth while. If, for instance, we were able to induce an international exchange of courtesies that would come to pass with a visit of His Imperial Majesty the King of England and his gracious queen to the north American continent next year, a visit that would include both Canada and the United States, we would be doing something that would send a message of good will throughout all the world! When we realize what is taking place under the tripartite agreement and the very many obligations of France and England to-day, we should, as we pass this bill, dedicate ourselves to something more than a consideration of merely Canadian affairs. Let me say that in our world the progress of human enlightenment, bringing in its wake a more generous measure—

The CHAIRMAN: I am sorry to interrupt the hon. member but he has exhausted his time.

Some hon. MEMBERS: Go on.

The CHAIRMAN: By unanimous consent.

Mr. McGEER: I just want to say a few words in conclusion. I have studied finance in theory for something over seventeen years. I have had the privilege of sitting in provincial houses and in the executive offices of council chambers, and in all these places I have never known the time in the public life of this dominion when the problem of financing was not the greatest difficulty of government. Every man who has ever been charged with the responsibility of public affairs has found himself face to face with this difficulty. Things that should have been done, things that should have been improved, could not be done or could not be improved because the public authority did not have the money. I think one of the greatest handicaps of democracy has been the apparent refusal of public men to study the problems of practical public finance. They have been treated as something akin to the weather, something over which we had no control, something we did not have the capacity to understand. I sat in the gallery and heard two ministers of finance, being introduced to their chairs, proclaiming the fact that they did not know anything about money; that they never hoped to know anything about money, and that for that reason they expected to be good ministers of finance. Of course that attitude is silly, because our financial institution does not come from on high; it is man-made in every particular of its machination, and every law that has been passed by any parliament or other lawmaking authority at the behest of the financial world has always proven pernicious to posterity and disastrous in the end. For that reason I say that with the nationalization of the Bank of Canada we are moving to a new day for humanity. But I want to confess that in our world the progress of human enlightenment, bringing in its wake more generous measures of human service and wider understanding of social justice, spirals upwards with disheartening slowness.

Old habits of thought, old customs and old-established institutions die hard, if they die at all. Loyalty to the things we know and fear of the new help even bad institutions to persist long after their disturbing and baneful influence is acknowledged by common agreement. Such institutions, particularly those born of self-interest, never die at all, and it seems that they pass away only when we mix the blood of life and the sweat of toil together in the tragedy of death-dealing revolution and war. Yet it is a world in which we cannot lose faith; for its history and tradition, its present and its future, lend it a baffling dignity that inspires us with the nobility of service even in the moments of our greatest trials and defeats.

Ineffectiveness, the handmaiden of impatience, will at times lead us into paths of intolerance and indulgence—those treacherous twin demon offspring of despairing futility. But if we will always remember that while men come and go like bubbles on a stream, a worthy idea once sown in the social consciousness of a people will in time bear good fruit and live on forever, and the will to do

well in public service is not likely to perish. If our faith in the destiny of our country is good and true, we are certain to find encouraging consolation even in those irritating delays and disappointing reverses which we ought to know are the steadying and essential punctuation marks of timely and orderly progress. I look upon the nationalization of the Bank of Canada as something of real encouragement.

Yes, I have taken time to-night to put a few moments on some things I wanted to say. I for one believe that Canada can be rebuilt. It is my hope and wish that it will be rebuilt under the kind of leadership which the Liberal government of the day, through its capacity, gained from long years of experience in Canadian affairs, has to offer. The reconstruction of Canada is bound to come. In my humble opinion it will be better if it comes under experienced Liberalism than in any other form. That this Liberal government is now taking upon itself the great responsibility of administering the nation's currency and credit as a public utility in the service of the nation and its people is an indication that the Liberalism of Canada is keeping pace with the progress of the twentieth century. I for one have only one desire, and that is to lend to this government and to the Liberal party whatever service I may have to offer to help to make this government a truly democratic government, serving Canada with all the power and means that the government of Canada has within its power to advance every section of our nation and to help every class of our Canadian people.

Mr. ILSLEY: Possibly it will be the part of wisdom to permit the committee to address its attention to the sections one by one; but some of the remarks which were made, first by the leader of the opposition (Mr. Bennett) and next by the hon. member for Vancouver-Burrard (Mr. McGeer), call for, I think, a few observations from myself. In attempting to deal with them I shall have to ask the indulgence of the committee, because I am merely acting in the absence of the Minister of Finance (Mr. Dunning), who, I am sure, had he been here, would have wanted to say a few things about the record and functions of the Bank of Canada. The only reason I wish to say anything about it is that I would regret to have the impression go abroad that the Bank of Canada has failed to discharge its functions and to carry out the purposes for which it was incorporated.

The purposes of the Bank of Canada are set out in the preamble of the bill:

> . . . to regulate credit and currency in the best interests of the economic life of the nation, to control and protect the external value of the national monetary unit and to mitigate by its influence fluctuations in the general level of production, trade, prices and employment, so far as may be possible within the scope of monetary action, and generally to promote the economic and financial welfare of the dominion.

The leader of the opposition expressed his disappointment that one of the means by which those objectives might be expected to be attained, that is the use of the rediscount rate, had not been used by the Bank of Canada.

Mr. BENNETT: No, that there was no opportunity to use it. It was not the bank's fault.

Mr. ILSLEY: Exactly.

Mr. BENNETT: It was because of conditions.

Mr. ILSLEY: The right hon. gentleman went on to say that the open market operations had not been on the scale expected.

Mr. BENNETT: For the same reason.

Mr. ILSLEY: And as a result of neither one of these methods being utilized, at least to the extent expected, I gathered that he felt some disappointment, perhaps not with the bank, but with the way in which the situation had developed.

Mr. BENNETT: The conditions made it impossible for it thus to function.

Mr. ILSLEY: With regard to the rediscount rate, it is true that the rediscounting of securities of the banks has not been resorted to, at least to any substantial extent. The reason is that the banks have had no occasion to come to the central bank with their securities for sale or for discount or rediscount. But this does not mean that that method of controlling credit and currency is obsolete—

Mr. BENNETT: Oh, no.

Mr. ILSLEY: —or that it is permanently out of use. The time may come when the fixing of a rediscount rate either at the low level or on the high level, or the raising or lowering of the rediscount rate, may powerfully operate upon the volume of credit and currency in circulation in Canada. For instance, if there were a boom, the present deposits in the Bank of Canada of commercial banks and the bank notes held by the commercial banks might be regarded by them as entirely inadequate as a base for the amount of their deposits; if that were the case they undoubtedly would wish to rediscount their securities with the Bank of Canada, and the Bank of Canada then would be using that

method of control. The same might be true in different circumstances, if the boom were succeeded by a depression.

Now with regard to open market operations—

Mr. McGEER: If the minister is through with that, will he let me ask a question?

Mr. ILSLEY: Well, yes.

Mr. McGEER: We might overlook the exchange of courtesies. What I want to point out is that the minister has indicated there is no need for the banks to get new cash currency. Could he explain why the banks have Bank of Canada cash now amounting to $243,000,000 as against $203,000,000 in 1934, or why there has been an increase of $40,000,000 during four years?

Mr. ILSLEY: I was coming to that. The other method of control is by open market operations; and, as the hon. member for Vancouver-Burrard has pointed out, the amount of deposits of the commercial banks in the Bank of Canada in bank notes has increased between the end of March, 1935, the first month in which the bank was in operation, and the end of April, 1938, by something over $43,000,000. That increase has come about largely by open market operations, that is to say, by the purchase of securities by the Bank of Canada.

I wish now to deal for a moment with the matter of the 5 per cent and 10 per cent. When the Bank of Canada was set up it was never contemplated that this institution should issue its notes and carry deposits to the full extent of four times the gold coverage. The section of the act that relates to the gold coverage is section 26, subsection 2, which reads:

> 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—

Certain securities are named. It has been suggested, not only by the hon. member for Vancouver-Burrard but by others, that the bank should see to it that its gold reserve was not more than 25 per cent of its notes and deposit liabilities.

Mr. McGEER: I never said anything like that.

Mr. ILSLEY: The suggestion is that, or it is nothing. Does the hon. member want to deny it?

Mr. McGEER: Absolutely. I never made such a suggestion.

[Mr. Ilsley.]

Mr. ILSLEY: Other hon. members have suggested it if the hon. gentleman has not. I am glad to hear that he did not make that suggestion, because it was not intended, when this institution was set up, that it should necessarily approach the 25 per cent. I am not sure, but there was some stipulation regarding the matter at the world economic conference of 1933.

Mr. BENNETT: A resolution was passed, and the suggestion was that it was hoped that it would not be used to that extent.

Mr. ILSLEY: The other reference was not to the 25 per cent but to the 5 per cent, which is also mentioned in the act in a later section. Section 27, subsection 1, reads:

> Every chartered bank shall on and after the day on which the bank is authorized to commence business maintain a reserve of not less than five per centum of its deposit liabilities within Canada and such reserve shall consist of a deposit with the bank and of notes of the bank held by such bank.

The hon. gentleman said that the commercial banks had an excess reserve of $103,000,000. That figure is erected upon the basis of the 5 per cent. If 10 per cent were taken as the proper and reasonable reserve ratio, then the banks have no such increased sum, no such unutilized amount at all. As a matter of fact, this legal minimum reserve has never been regarded in this or any other country as the practical reserve, the working reserve, and it is a great fallacy to confuse a practical working reserve ratio with a legal minimum ratio. If you look at the records of the English banks, you will find the reserve ratio from month to month running 10·1, 10·2, 10·1, and so on; and for this country in the last ten years the reserve ratio has been as indicated by the figures I shall now give. In 1926, although there was no legal minimum at all, no law governing the reserve ratio, the banks were of the opinion that it was necessary to maintain a reserve ratio of 10·1. The figures are:

1926	10·1
1927	9·4
1928	9·1
1929	9·2
1930	9·2
1931	8·6
1932	9·5
1933	10·1
1934	10·3
1935	10·2
1936	10·0
1937	10·1

In other words, the banks are maintaining only the reserve ratio that is necessary in the light of experience, namely, approximately 10 per cent.

Mr. CAHAN: Sufficient to keep them, from day to day, from going into bankruptcy.

Mr. ILSLEY: Yes, so that they may be able to meet sudden demands made upon them for cash. The expansion of the reserve between Bank of Canada notes in the hands of the banks and the deposits in the bank from $200,000,000 on March 31, 1935, to $243,000,000 on April 30, 1938, has been accompanied by a corresponding increase in deposits in the Canadian banks. I shall give the figures. The deposits in the banks on March 31, 1935, were $2,033,600,000, and on April 30, 1938, they had increased to $2,455,000,000, an increase of something over $400,000,000 I would point out that the proportion of cash reserves to deposits on March 31, 1935, was about 10 per cent and the proportion on April 30, 1938, was about 10 per cent. The cash reserve increased during that period by 21·2 per cent, and the deposits increased during the period by 20·2 per cent. That, I submit, is a healthy expansion of Canadian deposits during that period.

It is a matter of judgment how much deposits should be forced up by the operations of the central bank. But when we come to consider whether that expansion has been reasonable or unreasonable, we have the experience of the United Kingdom to compare with our own. We find that in the United Kingdom the cash reserve on March 31, 1935, amounted to £214,000,000, with total deposits at that time of £1,923,300,000. By April 30, 1938, the reserve had increased to £246,400,000, or an increase of 15·1 per cent, and the deposits had increased to £2,268,000,000, or an increase of 17·9 per cent. If, therefore, the United Kingdom be taken as the model, as the hon. gentleman certainly indicated the other night that he thought it should, we have expanded our cash reserves and deposits in Canada considerably more than in the United Kingdom for the corresponding period, that is to say, the period between the establishment of the Bank of Canada and the present time.

I put these figures and facts on the record because it is not well for the impression to go out that the Bank of Canada has done nothing. That is not the case, and it is not well for the impression to go out that the country is pursuing a deflationary policy. It is not so. The policy has been an easy money or reflationary policy. It has been the policy which the government certainly believed was indicated by the conditions of the time. Of course we have not gone so far as the hon. gentleman has suggested we should go. He painted a picture of huge expenditures in every department of our national life. I am sure that if the Minister of Finance were here he would say, and I certainly believe, that if we went to any such extent as that we should be embarking upon a most dangerous policy of inflation, such as has ruined many countries.

Mr. HEAPS: I understand that the government intends to buy back the outstanding shares from the public at $59.20. In other words, it will cost the government $920,000 more to buy back the shares than the public paid for them. If, in 1934, the government of the day had accepted the advice of those who sit in this section of the house, the country would have been spared that expense. Is $59.20 the price the government is going to pay for those shares? Personally I think they ought to be bought back at the price at which they were issued plus accrued interest. Can the minister give any information as to that?

Mr. ILSLEY: That is dealt with in a later section of the bill and perhaps can be discussed when we reach that section. But the price is fixed at $59.20. The hon. gentleman said that the shares were bought by the public at $50. It is true they were issued at $50, but of course a great many purchases were made by present shareholders at much more than $50. In fact $59.20 is the average of the prices paid for the shares since the beginning of the present year.

Mr. COLDWELL: But the point made by the hon. member for Winnipeg North (Mr. Heaps) is that had the bank been made a national institution at the beginning, that increase would not have to be paid by the government; that amount would have been saved to the Dominion of Canada. The Dominion of Canada is paying $9.20 a share for having issued these shares to the general public.

Mr. ILSLEY: It is true, of course, that if there had never been any shares issued, the question would not have arisen; they would not have been bought or sold.

Mr. MACKENZIE KING: I do not wish to interrupt the committee; but the government are anxious to devote a little time to-day to the elections bill, and if it is agreeable to hon. members I would ask that the committee rise and report progress.

Mr. BENNETT: Might I make just one statement first?

Mr. MACKENZIE KING: Yes.

Mr. BENNETT: I have been amazed, as have most hon. members, at statements made this evening. The chartered banks owe:

Their shareholders for the sums they have put into the enterprise;

Their customers the amount of their deposits, payable either on demand or on notice.

To meet those liabilities the banks own buildings, cash, loans and government securities. In no case, by any legerdemain, can a bank ever have government or other securities in excess of its deposits. And if hon. members will take the trouble to look at the returns of the chartered banks, they will find that deposits are liabilities on their balance sheets and not assets.

Progress reported.

ELECTIONS AND FRANCHISE

MEASURE RESPECTING FRANCHISE OF ELECTORS, ELECTION OF MEMBERS OF HOUSE OF COMMONS AND PRINTING AND PUBLICATION OF ELECTION DOCUMENTS

The house resumed from Friday, June 24, consideration in committee of Bill No. 91, respecting the franchise of electors and the election of members of the House of Commons—Mr. Power—Mr. Sanderson in the chair.

On section 14—Qualifications.

Hon. C. G. POWER (Minister of Pensions and National Health): When this bill was last being considered by the committee, section 14 was allowed to stand at the request of the hon. member for Comox-Alberni (Mr. Neill). Subsection 1 of that section refers to electors who ordinarily reside in the division. My hon. friend objected to the use of the word "ordinarily," and to meet his objection I am prepared to offer an amendment to subsection 1 of section 14, that the word "ordinarily" be deleted from line 45, page 11.

Mr. MacNICOL: Will the minister explain?

Mr. BOTHWELL: When the committee were considering this, the intention was that an elector would have to be in the electoral district on the date of the issue of the writ of election. Subsection 1 provides that he must be not only in the electoral district but also ordinarily resident in the polling subdivision. If we leave that word out the section would read:

> Save as hereinafter provided every person, man or woman, shall be qualified to vote and be entitled to be registered as an elector on the list of electors for the polling division in which he or she resides at the time of the preparation and revision of the list of electors therefor if he or she
>
> (d) was ordinarily resident in the electoral district at the date of the issue of the writ for the pending election; and at a by-election has continued to be ordinarily resident therein until polling day.

It is considered that it would be hardly fair to require that although a man resided for a number of years in an electoral district, he should be prohibited from voting if he had moved even temporarily into a different polling subdivision in the same electoral district.

Mr. STEWART: I do not follow the chairman of the committee at all. There is no word that has caused more difficulty in connection with the franchise than the word "residence," and what shall be deemed to be residence and constitutes residence under different conditions. I take it that the purpose in using this word "ordinarily" was to clarify the situation and make it clear that what was meant, and what I think should be meant, is a man's ordinary residence; not an extraordinary residence, not a temporary residence, not a residence that has been recently acquired or may have been acquired for some particular purpose, but where he is ordinarily resident in the ordinary course of things. It seems to me that goes right to the root of the whole matter. We have to consider 245 constituencies and what is of sound application to the great majority of those, rather than what might arise in one or two or half a dozen of them. It seems to me there is very sound reason for retaining the word "ordinarily." There was not a question about it in the committee at all.

Paragraph (d) reads:

> Was ordinarily resident in the electoral district at the date of the issue of the writ.

Surely that means ordinarily regularly resident.

Mr. BOTHWELL: That remains. We are striking out the word "ordinarily" only in the first subsection on page 11. We also retain paragraph (d) on page 12, and also all of section 16, which defined "ordinarily resident" and "ordinarily resided." We are referring only to the word "ordinarily" in line forty-five of page 11, the third to the last line.

Mr. CAHAN: Why muss up the matter then, as you are doing?

Mr. BOTHWELL: The only objection to having "ordinarily" in that particular place is that it compels the elector to be resident in the same polling subdivision in the same electoral district. He has to reside in the same electoral district.

Mr. CAHAN: Certainly that is not the statute as it stands. We fought this all out at great length in committee. Section 14 states:

> Save as hereinafter provided every person, man or woman, shall be qualified to vote and be entitled to be registered as an elector on the list of electors for the polling division in which he or she ordinarily resides at the time of the preparation and revision of the list of electors therefor.

If an elector applies to have his or her name placed on the list, or if the enumerators place a name on the list, it should be placed on the list for the polling division, which I assume is the polling section, in which that person resides. There is no doubt about it.

An hon. MEMBER: Subsection 3 of section 16 goes pretty far.

Mr. CAHAN: That is all right. When we considered the matter the debate ran something like this, that an elector might at a general revision be placed on the list for a particular polling section or division, as it is called here; then the same lists would be the lists for a subsequent by-election. If there had been removal in the meantime of the elector from one polling section to another in the same electoral division, then under subsection 3 of section 16 that elector could vote in the polling section in which he was registered, although in the meantime he may have removed to another polling section in the division.

But certainly it seems to me there can be no objection to the fact that an elector is registered for the polling division in which he ordinarily resides. If you change it, it means this, that, although not ordinarily residing in the polling division, an elector may be placed upon a list in a polling division five or ten or fifty miles away from the place where he resides, in which there can be no supervision over his identity, and no neighbours who know as to whether or not he is properly on the list.

But if, when the general revision of the lists takes place before a general election, he is entered on the lists for the polling division in which he resides, and then subsequently, before the next by-election, moves into another polling division in the same electoral district, then subsection 3 of section 16 preserves his right to vote. It seems to me that if you make a change you are complicating matters very much.

Mr. NEILL: The trouble arises from the close definition placed on the words "ordinarily resident." Under section 16 it now practically requires that a man be registered in the place where his wife lives.

Mr. CAHAN: Not necessarily.

Mr. NEILL: Yes, necessarily. Section 16, subsection 3 states:

> A person can have only one place of ordinary residence. . . . Although, generally, a person's place of ordinary residence is where his family is. . . .

Then it goes on to refer to the case where he might be permanently separated from his family. The putting in of the word "ordinarily" will deprive a large number of people of their vote, and would open the door to make it easier for a certain amount of impersonation. We are asking to go back to the law which was in force in 1930, and for a number of years before that. No abuse had ever taken place under it, and no persons—

Mr. CAHAN: I differ from that. The statement shows that the hon. member is not acquainted with affairs in some of the other provinces.

Mr. NEILL: Then the hon. member admits that this regulation has been in force before?

Mr. STEWART: He admits it has been abused.

Mr. NEILL: And we only ask that we go back to the law as it was in force prior to the changes made in 1934. The hon. member says there would be no supervision about his being put on the list. Certainly there is supervision. If his name is placed on the list in a logging camp, there is a rural registrar there who knows every man in the camp. It may be a small community not exceeding a hundred people altogether, and certainly the registrar, who is generally the bookkeeper, is in a thorough position to know whether a person is entitled to be put on or not. The fact that he is there is evidence of that portion of it.

As I say, we are only asking to go back to the conditions which existed before. Much attention has been directed to the words "ordinarily resident" in the Dominion of Canada and in the electoral district. But I should like to emphasize the fact that there are three conditions imposed. One is that he must be ordinarily resident in Canada. We are not proposing to interfere with that at all. The second is that he must be ordinarily resident in the electoral district. We are not proposing to interfere with that at all either, although I would like to. We only ask that he be allowed to be registered in the polling division in which he is then living.

The other night I gave an illustration of North Vancouver, which is part rural and part urban. A man has his wife there. The term

"ordinarily resident" is interpreted, according to section 16, to mean the place where he has his wife and family. He is registered in North Vancouver, and in order to get a living—which is the right of every man, surely—he moves away to a logging camp in the northern part of the district, and goes to poll in the logging camp. If he comes there before the issue of the writ, he should be eligible to be registered in that polling division. The employer knows he is there, and there is no possibility of putting in names which should not be put in. He is well known and he is identified. Further on, when he comes to take the vote, under section 46, he has to be identified by a man then on the list.

I would ask the hon. member for St. Lawrence-St. George to point out where the use of the word "ordinarily" has led to abuse in the past—

Mr. CAHAN: There were great abuses which were remedied by the use of the word "ordinarily."

Mr. REID: What would the answer of the hon. member be to a situation like this: We will say there are three hundred fishermen from a district away up north when registration takes place. They would be registered perhaps three hundred miles away from that district, if the word "ordinarily" were taken out. But on voting day they would be in the New Westminster constituency. I am just afraid that under this proposal they would be disfranchised because they would not be anywhere near the place they were registered when the registration took place.

Mr. NEILL: I appreciate what my hon. friend has said, and I should like to join with him in having it apply, not only to the polling division but to the electoral division, in order to allow a man to go from one electoral district to another. However, I realize that this would be difficult to get through this house this year because it would meet with a lot of objection. So we have accepted the lesser possibility of having it apply only within the electoral district. If a constituent of the hon. member moves from New Westminster to some other part of his district, he will be allowed to vote if his amendment passes; but if he moves to another electoral district, he could not vote, with the way the measure reads now.

Mr. CAHAN: I think the hon. member is taking an entirely erroneous view of subsection 3 of section 16 which reads:

A person can have only one place of ordinary residence and it cannot be lost unless or until another is gained. Although, generally, a person's place of ordinary residence is where his family is, if he is living apart from his family, with the intent to remain so apart from it in another place, the place of ordinary residence of such person is such other place.

I suggest that if a voter's family is in Vancouver and he is employed in some other part of British Columbia—

Mr. NEILL: Of the electoral district.

Mr. CAHAN: Out of the electoral district.

Mr. NEILL: It must be the same electoral district; it can be only a different polling division.

Mr. CAHAN: I was dealing with subsection 3. If he is employed in some other place, then the real purpose and intent of subsection 3 of section 16, as we discussed it, is that he might be resident apart from his family and employed for the time being in another place. Then, whether he was in that electoral district or in another, he could register in the place where he was temporarily employed, even though that was apart from the family residence. But when you come to enumeration, unless you register the proposed voter in the polling division where he is resident at the time, grave complications will certainly ensue; for you will be faced with great difficulty in verifying the identity of that person if he is allowed to register anywhere in an electoral district, despite the fact that he is ordinarily resident in only one polling division of that electoral district.

Mr. POWER: The objection taken by the hon. member for Comox-Alberni (Mr. Neill) is one that would apply to all far-flung constituencies. For instance, it would apply in the constituency of His Honour, The Speaker, Charlevoix-Saguenay. A man from Murray Bay might move down the north shore to be employed during the late summer, the autumn and the winter in a lumber camp. The hon. member for Comox-Alberni wishes to make a distinction between that residence and ordinary residence, as defined in section 16. To his mind "ordinary residence" is perhaps too narrow and too strict a destinction. If we take section 14 and leave out the word "ordinary," we would be providing that he is to be registered in the polling subdivision where he resides, and not where he ordinarily resides. Under paragraph (d) of subsection 1 of section 14 he must have been ordinarily resident in the electoral district. So that the man from Murray Bay who is living at Comeau Bay at the time of the registration could register and vote at Comeau Bay provided he was ordinarily resident in the electoral district of Charlevoix-Saguenay.

Mr. CAHAN: That is perfectly proper.

Mr. POWER: That is all that the hon. member for Comox-Alberni is asking for. Let us see if we meet him.

Mr. CAHAN: You are giving him more than that.

Mr. POWER: Let us see if we have tried to meet him. I understand the hon. member for St. Lawrence-St. George has no objection to a man being allowed to vote in another electoral subdivision provided he remains in the same constituency in which he ordinarily resides. We all agree that that difficulty should be dealt with.

Mr. CAHAN: Yes, except that he should be registered in the polling section in which he is residing at the time of enumeration.

Mr. POWER: The hon. member for Comox-Alberni contends that the words "ordinarily resident" are perhaps too narrow, because the man from Murray Bay who is in the lumber camp at Comeau Bay or working in the mill there would not be residing with his wife, would not be residing in his ordinary domicile.

Mr. CAHAN: That is true, but it is not necessary that he should be residing there, under the section as at present drafted.

Mr. POWER: The hon. member for Comox-Alberni was referring to subsection 3 which states that the place of ordinary residence of a man is where his family is. In the case of the Murray Bay man, his place of ordinary residence would be there.

Mr. CAHAN: The statute in section 16, subsection 1 makes provision for him.

Mr. POWER: If he is living apart from his family with the intent to remain so apart from it in another place, the place of ordinary residence of such person is such other place. He must be living apart with intent to remain apart, not with the intent to come home at Christmas and so on.

Mr. CAHAN: There is the difficulty. If you put it that he is living apart from his wife with the intent to remain apart until the election, all right, but then he should also not be registered in the polling section in which he ordinarily resides.

Mr. POWER: That is all we want to do.

Mr. CAHAN: That is common ground, but the suggestion of the hon. member for Comox-Alberni seems to go far beyond that because he misreads another section.

Mr. POWER: In the 1930 act section 29 read exactly the same as section 14 in this bill, except that the word "ordinarily" was left out. Section 16 of this bill was section 29A of the act of 1930, and it reads exactly the same. The reason why I referred to the constituency of Charlevoix-Saguenay was on account of the fact that some discussion arose at that time. His Honour, the Speaker, brought this matter to the attention of the house, and the only thought we had then was to allow a man to vote in the same electoral district. Should he have been residing in the same electoral district at the time of registration, he could register at the place where he was actually in residence. The definition of "ordinarily resident" is too severe to cover the case of that man. There was never any question of allowing him to vote in another electoral district, nor will that be the effect of the proposed amendment.

Mr. STEWART: Looking at section 16, which has been read in connection with this, you will find that all it proposes to do is to define residence. It does not give any qualification whatever. It purports to explain the rules, principles and facts upon which you determine residence.

Mr. POWER: Ordinary residence.

Mr. STEWART: Exactly. It gives no qualifications whatever. Section 14 comes under the heading "qualifications and disqualifications of electors," and reads in part as follows:

> Save as hereinafter provided every person, man or woman, shall be qualified to vote and be entitled to be registered as an elector on the list of electors for the polling division—

That means any polling division in any electoral district. You cannot get away from that. He is entitled to be registered in any polling division—

Mr. POWER: But go on to paragraph (d).

Mr. STEWART: Subsection 1 continues:

> —in which he or she ordinarily resides.

What is contended here is that if you leave out the word "ordinarily," the person would be entitled to register in any polling division in which he or she resides, not within the constituency at all.

Mr. POWER: You have to read that with paragraph (d)—in the constituency in which he was ordinarily resident.

Mr. STEWART: No.

Mr. POWER: You have to read it with paragraph (d).

Mr. STEWART: I have read it with paragraph (d), and I cannot read it as the minister does. Paragraph (d) states:

(d) was ordinarily resident in the electoral district at the date of the issue of the writ for the pending election.

Mr. POWER: Read subsection 1, which provides that every person shall be qualified to vote and be entitled to be registered:

. . . as an elector on the list of electors for the polling division in which he or she ordinarily resides.

Leave out "ordinarily," and say "in which he or she resides." That is, where they have their actual place of residence at the time of the preparation of the list of electors. And then follows paragraph (d)—if he or she "was ordinarily resident in the electoral district." That is the way it would read. So he cannot be registered outside the electoral district in which he is ordinarily resident, and "ordinarily resident" is defined as being resident in the electoral district where his family lives, and so on.

Mr. STEWART: You get back to the fundamental principle that it is in the interests of a proper election that a person should vote in the district where he is known and resides.

Mr. POWER: Does the hon. member mean electoral district or polling division?

Mr. STEWART: Polling division also.

Mr. POWER: Then my hon. friend does not agree with the hon. member for St. Lawrence-St. George. I thought the hon. member for St. Lawrence-St. George and I were in agreement, that he had no objection to a man voting in another polling division provided he bona fide was ordinarily resident in a certain electoral district. Am I right in that?

Mr. CAHAN: That is the statement which I am contending against. I am contending that he should be on the enumerators' list in the polling section in which he ordinarily resides.

Mr. POWER: Make a distinction between residing actually and residing ordinarily.

Mr. CAHAN: I know that residence and domicile have an almost infinite number of meanings, and the words "ordinarily resident" were used in both cases in order to be consistent all the way through.

Mr. POWER: Quite.

Mr. CAHAN: If my hon. friend will allow me to make my case, then I am done. Take my own constituency, a very large one. With a great deal of time and care and watchfulness I can verify the identity of those who are enumerated in a certain polling section of that constituency; but if you allow a man or a woman to be registered in other polling sections, even in the same electoral district, I cannot verify the identity of these electors, and the reason why I was so anxious to retain the word "ordinarily," is that it is one of the best safeguards against impersonation. If he ordinarily resides in the polling section, he is more likely to be known in that polling section.

Mr. POWER: The case would hardly arise in my hon. friend's constituency, I submit, because a man would hardly have his family on St. Catherine street and he himself be an actual resident of St. Antoine street; I am just assuming these streets are in my hon. friend's constituency. Or, let us say, a man would hardly be actually—not ordinarily—but actually and physically residing on Guy street and have his family on St. Catherine street. Would he? It would not occur, would it?

Mr. CAHAN: I will not deal with the federal electoral list, but I could show you in St. Lawrence-St. George several hundred cases of that sort of thing. A family may be resident in a certain street. The man is employed away and lives and sleeps a greater part of his time in another street, with the result that under the former description there were not only hundreds but possibly thousands of men—men especially—who were entered on the city lists in the polling divisions in which they worked and resided part of the week, and it was difficult to follow them. If there is difficulty with section 16, subsection 1, I am quite willing to agree with the hon. member for Comox-Alberni, and will amend the twenty-first line on page 14, "if he is living apart from his family, with the intent to remain so apart from it in another place" by adding "pending the election," or similar words.

Mr. POWER: If you leave out, "if he is living apart from his family—"

Mr. CAHAN: "with the intent to remain so apart from it in another place."

Mr. POWER: I have no objection to allowing the section to stand.

Mr. BOTHWELL: I should like to explain the conflicting views in connection with this clause. In considering it the special committee had to take into consideration this fact, that some people were going to be disqualified in any event when the election came on. The hon. member for New Westminster has just given an illustration of a case that might arise in his constituency where, on the date of the issue of the writ, people were residing in another part of the constituency. If the amendment that is suggested went through,

when it comes to election day, they are back home where they ordinarily reside and not where they were residing when the writ was issued.

Mr. HEAPS: Could they not be registered at the time of the enumeration?

Mr. REID: They would be registered three hundred miles away.

Mr. BOTHWELL: We had to fix some date for residence. This matter was discussed in committee at great length, and in spite of the amendment which is being proposed to meet conflicting views and to get a decision from this committee, I am quite prepared to vote for the clause and support the members who agreed on the clause in the special committee, because we considered it all there. The question, however, is open to argument, and I believe that some people are going to be refused the ballot when election day comes, either in the case described by the hon. member for New Westminster or in the case described by the hon. member for Comox-Alberni.

Mr. STEWART: One feature of this which I overlooked, and as to which I think we shall all agree, is the necessity of as far as possible avoiding duplications of names upon the list. Let us see what will happen. An enumerator comes to a house, and he asks the names of all the members of that family who are entitled to vote. He puts them down on his list, and under the provisions of this bill he is entitled to include any member of that family who is temporarily away and who intends to return.

Mr. POWER: That covers the fishermen.

Mr. STEWART: So he puts down the name of A.B. in his polling division, as he has a right to do and as the legislation contemplates because that is his ordinary residence. But A.B. is away in another polling division, and under this amendment he, being there, would have a right to say, "I want my name on that polling division, the polling division where I am." What is the result? You have him on where he ordinarily resides, and you have him where he temporarily resides. You have duplication and the possibility of impersonation. The measure is all framed on the basis of a man being qualified to vote where he ordinarily resides, and to adopt the amendment will result, I submit, in many instances of duplication. When you get duplication, you have the door open for personation and for double voting.

Mr. ROBICHAUD: It seems to me that if we drop the word "ordinarily" out of section 14, subsection 1 of the bill, everybody would come in under the exceptions as cited in section 16—clergymen, teachers and students. Where they are really resident in two places they have the option. I am sure that was not the object or purpose of the committee.

Mr. POWER: I moved the amendment only in order to try to meet the wishes of the hon. member for Comox-Alberni, who seemed to have made out a fairly good case. If, as appears, the committee is almost unanimously against it, I am quite willing to withdraw the amendment.

Mr. NEILL: The hon. member sitting behind me said that this might come in under the provisions of section 16. I would be quite agreeable if he would kindly insert "miner, logger, fisherman and seaman" along with "clergyman, teacher and student." That is what I am objecting to. It is class legislation. You let these three classes in under exactly similar conditions, or rather with fewer qualifications. To hon. members who are so afraid of a man from one electoral district voting in another let me say we are not asking for that, but under the provisions of section 16 a minister, a teacher or a pupil can vote not only in another polling division but in another electoral district. We are not asking for that. We shall be satisfied if you will allow these classes I have mentioned to vote only under circumstances where they are living in the same electoral district but have moved into another polling division. Some of the explanations are down at the bottom of the page and some are at the top of the next page. This is the way the old act would read if the word "ordinarily," was left out. We will just take it out and see if there is any objection as we go along: "Every person shall be qualified to vote in the polling division in which he resides at the time of the preparation of the list"—that is after the issue of the writ—"if"—these are the conditions—"(a) he is twenty-one years old, (b) a British subject, and (c) has been ordinarily"—we will leave that word there—"resident in Canada for the twelve months immediately preceding polling day," and "(d) was ordinarily resident in the electoral district at the date of the issue of the writ." Those are the conditions when, even with the word "ordinarily" removed, a man could register only in the polling division in which he was then living. That was the old act. It worked well before; why should it not act now? If you strike out these men, you are going to disfranchise—one of the hon. members for Vancouver contradicted me when I said twenty per cent would be disfranchised; he said, more than that. From

my knowledge of conditions I suggest that if you are going to disfranchise those men you will kindly disfranchise the parson and the teacher and the student as well. We will treat them all alike if you are going to treat these men on a bad basis.

Mr. CAHAN: Will the hon. gentleman, in view of section 16, subsection 1, explain how you disfranchise them?

Mr. NEILL: Because when a man goes to register in a logging camp, let us say, the man there says to him, "I would be glad to put you on; you have been here since the day of the issue of the writ, but I have to follow the wording of the act, which says 'ordinarily resident,' and according to section 16 your home is the place to which you intend to return."

Mr. CAHAN: And how far would the logging camp be from the home?

Mr. MacNEIL: Three hundred miles.

Mr. NEILL: It might be two hundred miles. Section 16 says "ordinarily resident": the place of his habitation or home whereto, when away therefrom, he intends to return. He does intend to return. The man could be registered by the one who employs him or by a brother employee who knows he is on the paylist. I do not see how any corruption could occur, and the best proof is that it has not taken place, at least in British Columbia.

Mr. MacNICOL: I should like to ask the hon. member for Comox-Alberni how this example I am going to give would be taken care of if the word "ordinarily" is left out. I have in mind a family who lived in Uxbridge, Ontario. The head of the house worked during the election away up in northern Ontario, that is the northern part of the riding of Ontario, perhaps a hundred miles away from home.

Mr. NEILL: The same electoral district?

Mr. MacNICOL: The same electoral district. His wife, naturally, registered him at the home in Uxbridge, because he was away only for a few months working on roads in Muskoka, and he was also registered where he worked up in Muskoka. Therefore his name is on both lists. How could you prevent him from voting in both places? How would you prevent impersonation?

Mr. NEILL: The only place where he could vote would be the place where he was. He would not be put on at his home town.

Mr. POWER: Oh, yes, he would. His wife would put him on.

[Mr. Neill.]

Mr. STEWART: I do not want to take up the time of the committee, but I think the hon. member for Comox-Alberni has overlooked an essential difference between the case we are considering and that of a clergyman. The case we are considering under this section is based upon the fact that there is no change of residence, for the man is a resident of the electoral district all the time. But in the case of the clergyman, the school teacher and the others to whom he has referred there has been an actual change of residence. These men have gone out of one constituency into another and have thereby lost any right to vote. It is for that reason that there is a saving clause in connection with cases of that kind.

Mr. NEILL: In order to give them the vote?

Mr. STEWART: Yes, because they have lost it, because they have changed their residence.

Mr. NEILL: So has my man.

Mr. STEWART: No, he has not. That is just the difference. He is still a resident of the electoral district. The hon. member's whole argument is based on the contention that his man is still a resident of the electoral district. Therefore he has not lost his vote as the clergyman and the teacher and the others referred to have lost their votes, through having moved into another constituency. That is why there is a special provision to take care of them.

Mr. NEILL: Yes. The only difference is that the case made by the hon. member for Leeds is a great deal worse. He wants to give the vote to men of the classes he mentions when they have moved to another electoral district altogether. We only say that the man should be allowed to vote at another polling division when he is living in the same electoral district. According to the hon. member's argument, if you allow it in his case you must allow it with greater force in mine. The primary object should be to give every man a vote, and that is why the parson is allowed to be reregistered in an electoral district into which he has moved. We are not going as far as that, but we are satisfied to say that as long as a man remains in the same electoral district he should be given a chance to vote in the polling division in which he resides. The hon. member for Leeds says that he has not forfeited his right to vote in the place where he started from, but he is prevented, because a poor working man cannot afford to go back 100 or 150 miles to vote. It would

cost him $25 and he would lose his job. The question is, Do we or do we not want to have him vote. Do we want the proletariat, a word so often abused, to have a chance to vote? I know a good many of these men would vote against me, and I do not intend to run again, anyhow. I am merely fighting for the general principle. We fought this matter out ten years ago; the provision was made, and no harm came of it. A couple of thousand people in British Columbia alone will be affected.

Mr. CAHAN: We wish every man to have a vote; but the committee has taken strong ground against permitting one man to have two votes, one man to be entered twice on the list, so that he can vote in one place himself, and offer facilities for somebody else to impersonate him where his name is on the other list. That is the evil we have to meet.

Mr. DUPUIS: What is in the mind of the law? Who is going to establish the ordinary residence of an elector? The elector himself, I submit. Even if he is temporarily absent from the real, ordinary residence of his family, and if he informs the officer that the other place where he lived is his ordinary residence, who will condemn him for having so declared and for voting there, even though, with the words "ordinarily resident," his family are allowed to have his name registered in his absence? I do not see much difference.

Mr. MacINNIS: I rise to support the amendment, and the arguments in favour of it put forward by the hon. member for Comox-Alberni. In British Columbia we have recognized for the past twenty-five years that there were a great many people entitled to vote who could not vote on election day where they ordinarily reside. That is, in the polling division or even in the electoral district where they live. As a matter of fact, the amendment, although it helps some, will not make it possible for a great many in British Columbia to vote. We have miners, loggers, fishermen and sailors who go away from their homes for six, seven, eight or nine months, and they may be away on election day. We shall have to find some means whereby these people can vote, if elections are to have any meaning to them at all. What is the use of talking about democracy and democratic methods to a man who cannot vote on election day? That is what these men will say. They will tell you, "I have been in this province for so many years and have not yet been able to cast a vote." As the hon. member for Comox-Alberni pointed out, if we have made provision for teachers and preachers to vote, why not make provision for more useful people to vote, the people who do the world's work?

Mr. POWER: Look behind you.

Mr. MacINNIS: It is not necessary for me to look behind me; there are so many lawyers in front of me.

An hon. MEMBER: What is the hon. member's solution?

Mr. MacINNIS: In British Columbia we have worked out a solution which we have observed for years, and which no one would think of discarding. In the last federal act we were able to have it included in a partial way, but we were told that there was the question of expense. There was a cost of so many dollars per vote.

Mr. STEWART: Sixty-three dollars.

Mr. MacINNIS: Yes; I have known of votes that were cheaper and votes that were dearer than that. I am satisfied that it would not cost half that if the officials carrying on the election were properly instructed. I submit that this committee, if they are going to attach any value whatever to elections, will have to find ways by which people who are away from home on election day, and indeed for months before and months after that day, can exercise their franchise.

Mr. O'NEILL: I support the remarks of the hon. member for Comox-Alberni and the hon. member for Vancouver East. In the constituency which I represent in British Columbia, if there were an election right now, there would be from four to five hundred men who would not have a vote. That condition should not obtain, and I think it can be remedied. The hon. member for St. Lawrence-St. George is fearful that some fellow may vote twice. I think it is far more injurious to democracy for one man to be deprived of his vote than for some fellow to have voted twice. After all, there is a law that protects us, and if a man votes twice he can be sent to penitentiary. That is a consideration which will restrain most men.

Mr. POWER: It was with a view to obtaining peace and making a certain amount of progress that I moved the amendment suggested by the hon. member for Comox-Alberni. Perhaps we could settle our difficulties if we had a division. Personally, I am willing to vote for the amendment, which I moved merely as a matter of compromise. If we have a vote, I think we shall get on a little faster.

Mr. NEILL: Does the minister not think that if we slept over it to-night, better thoughts might prevail to-morrow? Suppose we allow it to stand and go on to some of the

other sections? When hon. members read in Hansard the report of these proceedings they will appreciate the situation and they may take a different view. The hon. member for Vancouver East very properly raised the point that it should apply also to the electoral district. If we are to have a scrap, let us have a substantial one, and that would meet the objection of the hon. member for New Westminster as well. That was our ambition to begin with. For the sake of peace we gave away a third of our birthright, and we are satisfied to accept this condition that it should apply only to the polling division within the electoral district. That was going a very long way out of our way; and as the hon. member for Kamloops (Mr. O'Neill) says, Why should men be disfranchised? If we are going to make provision for people away from home as we have done in section 16, for the parson—I have every respect for the parson—and the teacher and the student, why should we not make provision for the sailor and the farmer and the logger and people of that kind, especially when we want it done only inside the electoral district, whereas these others are going to get the privilege of moving from one electoral district to another? There is no doubt that paragraphs (c) and (d) of section 14 are ancillary—I do not think that is the word—are a condition of the words used in subsection 1, which states:

Save as hereinafter provided every person, man or woman, shall be qualified to vote and be entitled to be registered as an elector on the list of electors for the polling division in which he or she ordinarily resides—

Or "resides," if justice prevailed.

—at the time of the preparation and revision of the list of electors therefor if—

Now "if" means there is a condition attached. There happen to be quite a number.

—he or she

(a) is of the full age of twenty-one years or will attain the full age of twenty-one years on or before polling day at the pending election; and—

This is another condition:

(b) is a British subject by birth or naturalization: and

Here is a further condition:

(c) has been ordinarily resident in Canada for the twelve months immediately preceding polling day at the pending election; and

That covers the provision about ordinary residence in Canada, and (d) deals with the electoral district:

(d) was ordinarily resident in the electoral district at the date of the issue of the writ for the pending election; and at a by-election has continued to be ordinarily resident therein until polling day.

[Mr. Neill.]

The word "ordinarily" is allowed there. That ties him down to the electoral district. The amendment comes in only as regards the polling division. The effect will be as it was in 1930; ordinarily resident in Canada, ordinarily resident in the electoral district and resident in the polling division. I might quote the affidavit, form 45 to illustrate. That has been in force ever since I have been in politics I think:

Oath of person whose name is not on the official list of electors for a rural polling division and who is qualified to vote.

(sec. 46)

(1) You swear (or affirm) that you are a British subject of the full age of twenty-one years; that you have been ordinarily resident in Canada for the last twelve months and that you were ordinarily resident in this electoral district on the ..... day of ..... 19.. (naming the date of the issue of the writ of election); (and, at a by-election, you have continued to be ordinarily resident in this electoral district until to-day).

He has to take that oath, so it is fully protected.

(2) That you now reside in this polling division.

That form has been like that since 1921; they only had to take the oath that they "now reside" in this polling division. Why we should change it at this date, I do not know.

(3) That you are not within any of the classes of persons who lack qualification or are disqualified by reason of appointment to judicial office, employment in this electoral district for pay or reward in reference to the pending election, race, crime, mental incapacity or disfranchisement for corrupt or illegal practices;

(4) That you have not received anything nor has anything been promised to you directly or indirectly, in order to induce you to vote or to refrain from voting at this election; and

(5) That you have not already voted at this election or been guilty of any corrupt or illegal practice in relation thereto. So help you God.

Then there is a note that when the elector is a clergyman, teacher, pupil or summer resident, there will, at his request, be substituted for the first paragraph of this oath the appropriate alternative. That shows that it was originally intended, and has been all down the years since 1921 at any rate, that they were to be given the opportunity of voting in the polling division in which they then reside. I call attention to the fact that the explanation offered on the page opposite page 60 reads as follows:

Section 46. No change. At present these provisions appear in s. 46A of the act.

That is, to put it mildly, a false statement, and possibly led some members of the committee to agree to the insertion of this word "ordinarily," because they looked and said, "Oh this is the same as it was before; there is no change." It is not the same as it was before, because the word "ordinarily" has been put in and it changes it substantially. I would not be surprised if that influenced the members in the committee, because on Friday when we were going through this bill and came to a section and read the explanation "no change," someone said, "Carried," and it went right through. But where it said there has been a change, someone wanted an explanation and the thing was threshed out. There is the no doubt inadvertent misstatement that there is no change. There has been a change. All we are asking is that the provision be left as it was before. It might be possible to put in an amendment to the effect—as it seems to be inimical to our good friends from Quebec rather than the west—that it apply only to British Columbia and possibly the northern part of Ontario, because there must be similar conditions there. I am sorry we have not heard from hon. members from that section. I was hoping to hear from the hon. member for Nanaimo (Mr. Taylor), because I think his district contains similar conditions.

Mr. TAYLOR (Nanaimo): I am supporting the hon. member.

Some hon. MEMBERS: Question.

Mr. MacNEIL: It is eleven o'clock.

An hon. MEMBER: Half a minute.

Mr. NEILL: Well, I will raise this further point: We will not have any snap vote just when the clock is striking; it upsets one's judgment. It is now eleven o'clock.

Progress reported.

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

Tuesday, June 28, 1938

The house met at eleven o'clock.

PRIVATE BILLS

TO BE PLACED ON ORDERS OF THE DAY FOR CONSIDERATION IN COMMITTEE WHEN REPORTED ON BY STANDING COMMITTEE

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

That, for the remainder of the session, all private bills, when reported upon by the standing committee on miscellaneous private bills, be placed immediately upon the orders of the day for consideration in committee of the whole.

Motion agreed to.

NATIONAL HOUSING ACT

MEASURE TO ASSIST THE CONSTRUCTION OF HOUSES—PROVISIONS WITH RESPECT TO LOW RENTAL HOUSES AND MUNICIPAL TAXES

Right Hon. W. L. MACKENZIE KING (Prime Minister—for the Minister of Finance) moved the third reading of Bill No. 145, to assist the construction of houses.

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

SEEDS ACT AMENDMENT

CHANGES IN WORDING CONSEQUENT UPON REORGANIZATION OF DEPARTMENT

Hon. J. G. GARDINER (Minister of Agriculture) moved the second reading of Bill 158, to amend the Seeds Act, 1937.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Control sample.

Mr. GARDINER: I have an amendment which I shall ask the Minister of Labour (Mr. Rogers) to move.

Mr. ROGERS: I move:

That in paragraph (c) of section 1 the words "plant products division district office" be deleted and the following words substituted therefor:

"District office of the plant products division, production service of the Department of Agriculture."

Mr. STIRLING: What does that change actually mean?

Mr. GARDINER: It was thought wise by the Department of Justice that the words "Department of Agriculture" should be added in order to make it definite that this branch is in that department.

Mr. STIRLING: And the words "production service?"

Mr. GARDINER: That is just a change in the name from the old legislation, made necessary by the reorganization.

Amendment agreed to.

Section as amended agreed to.

On section 2—Official sample.

Mr. GARDINER: There is the same amendment in connection with this section.

Mr. ROGERS: I move:

That in paragraph (k) of section 2 the words "plant products division district office" be deleted and the following words substituted therefor:

"District office of the plant products division, production service of the Department of Agriculture."

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

DAIRY INDUSTRY ACT AMENDMENT

CHANGES IN WORDING CONSEQUENT UPON REORGANIZATION OF DEPARTMENT

Hon. J. G. GARDINER (Minister of Agriculture) moved the second reading of Bill No. 159, to amend the Dairy Industry Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Appeal from decision of grader.

Mr. ROGERS: I move:

That in the new section 24 after the words "marketing service" there be added the words "of the department of agriculture."

Mr. GARDINER: The explanation is the same as in the case of the other bill.

Amendment agreed to.

Section as amended agreed to.

Bill reported, read the third time and passed.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND INDEBTEDNESS, AND GUARANTEE OF SECURITIES

Hon. J. L. ILSLEY (Minister of National Revenue—for the Minister of Finance) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to bring in a measure to authorize the Canadian National Railway Company to issue securities not exceeding $17,574,233 in principal amount to provide the moneys necessary to meet expenditures made and indebtedness incurred by the companies or railways comprised in the National Railway system during the calendar year 1938; to authorize the governor in council to guarantee the principal, interest and sinking funds of such securities; and to authorize the making of temporary loans to the said company secured by such securities and not exceeding $17,574,233 in principal amount to enable the said company to meet such expenditures and indebtedness.

Mr. BENNETT: Would the minister explain just what is involved in this? It is only $17,000,000, and the loss is far greater than that already.

Mr. ILSLEY: That is to provide for capital expenditures amounting to $17,574,233, made up as follows:

(a) Retirement of maturing capital obligations, miscellaneous matured or unmatured notes and other obligations, secured or unsecured, and payment of sinking fund not exceeding $9,019,233; and

(b) Additions and betterments, including coordinations and acquisition of real or personal property not exceeding $8,555,000, estimated as follows:

General additions and betterments, $12,321,392.
Less equipment retirements, $7,921,392.

That leaves a balance of $4,400,000 as the sum that is required for general additions and betterments. The general additions and betterments for the year 1938 that will be paid for out of capital will be $4,400,000.

In addition, there are new equipment purchases, amounting to $3,455,000. This sum is only one-quarter of the new equipment purchases that will be made during the year 1938, but the railway company itself has power under legislation passed some years ago to purchase or issue notes for raising money for the payment of three-quarters of the sum required for new equipment purchases. This house has to vote the other quarter, which amounts to $3,455,000.

The remaining item is $700,000 for the acquisition of securities. Those are the securities of three companies, the shares of which are owned by the Canadian National Railway and other companies. The three companies are the Toronto Terminals Railway Company, the Northern Alberta Railway Company, the Chicago and Western Indiana Railroad Company.

The method used in supplying new equipment or in making capital expenditures on the properties of these companies is that securities are issued of which the Canadian National Railways purchases part. Their contribution, in other words, to the capital expenditures of these three railway systems for 1938 will be $700,000.

Mr. BENNETT: They are jointly owned.

Mr. ILSLEY: They are jointly owned. That makes a total of $8,555,000 for general additions and betterments, new equipment pur-

chases and acquisition of these particular securities. That, added to the $9,019,233 that I mentioned first, which is for retirement of obligations maturing this calendar year, makes $17,574,233, the amount covered by this resolution.

Mr. BENNETT: Normally part of these retirements should be made out of operating income, but under present conditions that cannot be done. I think that is the fair way to put it.

Mr. ILSLEY: The whole general additions and betterments amount to $12,321,392, and part of those should be and are being met out of operating income. That is the amount provided for by what are called the equipment retirements, $7,921,392.

Mr. BENNETT: I was speaking of the first item, the nine millions which normally had been met, in part at least, by income.

Mr. ILSLEY: Well, I do not know about that.

Mr. BENNETT: If the minister will look at it I think he will see that it is so.

Mr. ILSLEY: Possibly that is the case. I have a list here of the obligations that mature. It is quite a long list. I think it is normal and usual to meet it in this way. I have given the manner in which the $17,574,233 is made up. The bill it is proposed to introduce is simply to enable the railway company to issue its securities for this amount, to authorize the government to guarantee the payment of these securities, and to authorize the government to make temporary loans pending issue of the securities.

Resolution reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce Bill No. 174, to authorize the provision of moneys to meet certain expenditures made and indebtedness incurred by the Canadian National Railways system during the calendar year 1938, and to authorize the guarantee by his majesty of certain securities to be issued by the Canadian National Railway Company.

Motion agreed to and bill read the first time.

SPECIAL WAR REVENUE ACT

AMENDMENTS TO PROVIDE CERTAIN EXEMPTIONS AND ADDITIONAL REGULATIONS

Hon. J. L. ILSLEY (Minister of National Revenue) moved the second reading of Bill No. 163, to amend the Special War Revenue Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

Section 1 agreed to.

On section 2—Sale price.

Mr. BENNETT: I think this is a much more serious section.

Mr. ILSLEY: I think it deserves some explanation. This was not covered by the resolutions.

Mr. BENNETT: I noticed that.

Mr. ILSLEY: It was not necessary to cover it by the resolutions.

Mr. BENNETT: It is merely an amendment to a statute.

Mr. ILSLEY: The practice is to make these few miscellaneous amendments in the same bill as contains the budget resolutions. There are therefore in this bill a few additions to the budget resolutions.

The reason for this amendment is that there is an increasing tendency on the part of manufacturers to divide the total price of their goods into the price proper and charges for advertising, financing, servicing, and for warranty, and naturally they are able to minimize their sales tax to a considerable extent unless there is some check on it. This simply says that the price:

> . . . shall include any charges for advertising, financing, servicing, warranty or any other charges of a similar nature contracted for at the time of sale whether these items be charged for separately or not.

That is the addition.

Mr. BENNETT: Paragraph (a) reads:

> "Sale price" for the purpose of calculating the amount of the consumption or sales tax shall mean the price before any amount payable in respect of the consumption or sales tax is added thereto and shall include . . .

According to that, sale price means the price before anything is added thereto payable in respect to consumption or sales tax, and it shall include advertising. What about duties?

Mr. ILSLEY: Customs duties are included. The sales tax is calculated on the duty paid value of imported goods, and there is nothing in the section or the amendment to interfere with that rule.

Mr. BENNETT: No, but we have provided that it does include certain things, and there is no provision in respect to anything else.

Mr. ILSLEY: But there is a clear enactment somewhere—

Mr. BENNETT: I know—at the very beginning of the Sales Tax Act. Section 2 of this bill provides that certain things shall be included, and it names them. Might that not be taken to exclude others? That is the only point I am making.

Mr. ILSLEY: I think there is an express enactment.

Mr. BENNETT: Of course there is, but this is an amendment.

Mr. ILSLEY: The enactment is in section 86. It is very clear, and the effect of it could not be cut down by this legislation. The enactment is this:

. . . there shall be imposed, levied and collected a consumption or sales tax of eight per cent on the sale price of all goods . . . imported into Canada, payable by the importer or transferee who takes the goods out of bond for consumption, at the time when the goods are imported or taken out of warehouse for consumption;

Mr. BENNETT: This very section deals with that. That is exactly the point. It says:

. . . and shall also include the amount of other excise duties when the goods are sold in bond.

Mr. ILSLEY: The express provision I had in mind is in section 85, not section 86, as follows:

In this part, unless the context otherwise requires, the expression
(a) "sale price," for the purpose of calculating the amount of the consumption or sales tax, shall mean the price—

It is in the very section I am reading.

Mr. BENNETT: Yes, that is what I say,—the one that is being amended. Section 85 is being repealed and another substituted therefor.

Mr. ILSLEY: But at the very end of the subsection under consideration it says:

. . . in the case of imported goods the sale price shall be deemed to be the duty paid value thereof.

Mr. BENNETT: Yes. What I had in mind was the three per cent excise duty, whether that is covered by it or not. I am told they do collect it, but I was looking for the authority for it.

Mr. ILSLEY: Sales tax is not collected on the three per cent.

Mr. BENNETT: I was told that it was.

Mr. ILSLEY: The sales tax applies on the same price as that on which the three per cent applies. The amount collected on imported goods is eleven per cent. It is eight per cent on the duty paid value and it is three per cent on the duty paid value.

Section agreed to.

On section 3—Licensed wholesaler or jobber.

Mr. BENNETT: What is the reason for this?

Mr. ILSLEY: The desire is not to extend but rather to limit the issuing of wholesale licences. The issue of licences to wholesalers is not an advantage to the crown, because it delays the payment of sales tax, sometimes for a long time. It is thought desirable for the future to limit the issue of wholesalers' licences to the wholesalers who make the greater part of their sales to licence holders, because in those cases they would have to apply for a refund anyway and you might as well give them a licence.

Section agreed to.

Section 4 agreed to.

On section 5—Additional penalties.

Mr. BENNETT: Subsection 3 declares a principle which the senate did not adopt in the Lord's Day Act bill as to the liability of the directors of a company in connection with violations of the act. Whether this may not go too far I am in some doubt. It looks to me as though possibly it goes further than it should—this idea of condonation, and making them liable for acts that are done if the knowledge is brought home to them. That, it seems to me, is extremely difficult. The Lord's Day Act came back here from the senate because of their belief that we went too far and that there was no reason why we should depart from the general principles of the law with respect to other statutes. This is an endeavour by the use of words to cover everything, as is very often the case. This subsection declares that "every officer, director or agent of the company who directs, authorizes, condones or participates in the commission of the offence, shall be liable to the like penalties as such company and as if he had committed the like offence personally." That goes pretty far. It may be difficult of enforcement. I merely point it out because of the attitude taken in connection with the Lord's Day Act.

Mr. ILSLEY: The reason for the enactment is that it was discovered that many concerns formerly partnerships have incorporated themselves for the sole purpose of evading payment of the sales tax and escaping personal punishment. There may be a difference between this and the other act.

Mr. BENNETT: Undoubtedly, but they took a view that would be applicable to this.

Section agreed to.

On section 6—Schedule II repealed.

Mr. BARBER: Would discussion of schedule I be in order under this section?

Mr. ILSLEY: Yes.

Mr. BARBER: There is a matter to which I should like to direct the attention of the committee at this time—I know that for the last two years the minister has been made acquainted with it—and it has to do with the excise tax known as the sugar tax. In Canada there is a primary industry, forming part of the great industry of agriculture, known as the fruit and vegetable industry. Of the products of this industry it is necessary to preserve a large quantity in cans in order that provision may be made for their consumption at other seasons of the year. The complaint is that this industry is subject to the sugar tax while imported fruits and vegetables in the same form are not so handicapped. The manufacturer of canned fruits and vegetables in Canada, also of jams, jellies and marmalades, pays a tax of one cent per pound on the sugar used as an ingredient in the finished product. The complete exemption from this tax accorded to imported canned fruits and vegetables and the freedom from the tax of substitute domestic products such as are listed here—honey, maple syrup, peanut butter, and so on, which are competitive with jams—places this industry, we believe, in an entirely different position from that of certain other industries in justifying the granting of relief from the tax. The tax collected from this industry in 1936 was $608,996, representing between 20 and 25 per cent of the value of the sugar used.

This tax is not applied by the government on the sugar content of imported processed fruits and vegetables, which means that the manufacturer abroad is placed at an advantage over the Canadian producer of identical lines to the extent of this sugar tax. The special war revenue excise tax, subsection 6 of section 80, provides that the sugar excise tax shall be imposed on the sugar content of imported goods, but as stated, this provision has not been invoked in respect to processed fruits and vegetables. It is the desire of the Canadian industry that they be placed on a parity in respect to exemption from the sugar excise tax with producers of like goods shipping their products into this country.

The production in Canada of processed fruits, with a sugar cost varying from 7½ to 25 per cent of the material and labour cost in the case of fruits preserved in syrup, and to over 50 per cent of the material cost in the case of jam in the year 1936—the latest period for which figures are available—was $10,132,383. Exports were $1,495,969, leaving $8,636,414 as the domestic consumption. All of the sales in Canada carried the excise tax.

During 1936 the importations of canned fruits, and so on, were $1,771,255. None of the foregoing imports paid the excise tax, and analysis of those imports shows that in 1936 they comprised 26,205,704 pounds of canned pineapple, chiefly from Singapore, and 5,119,740 pounds of peaches, pears, apricots, principally from Australia in 1936, and about 1,000,000 pounds of miscellaneous processed fruits from other sources.

While the Singapore pineapple is not directly competitive with an identical Canadian product, there can be no doubt that its cheapness—about 3 cents per pound as compared with 8 cents per pound for honey and 10 cents per pound for jam—owing to the conditions under which it is manufactured, and which cheapness is accentuated by freedom from excise tax on its sugar content, has greatly facilitated its sale in Canada, and that this has tended to displace to a considerable degree Canadian canned fruit. It might be mentioned incidentally that this imported canned pineapple enters free of duty.

In the case of jam, jellies and marmalade, in which by far the largest proportion of sugar is used in any of the branches of the industry, while they are not subject to the same extent as canned fruits to the competition of imports, they are in direct competition with other domestic products which are not subject to the excise tax and which have the still greater advantage of exemption from sales tax. Some of these commodities are peanut butter, table syrup, and honey.

I have here a table giving the production of peanut butter and honey for the five year period 1932-36, but it is not necessary for me to put it on Hansard. I may point out, however, that honey has a sugar content of approximately 75 per cent. As an illustration, the sugar tax represents, as an item of cost in the production of jam, from 7½ per cent to 12½ per cent, but when it is borne in mind that this item of cost also carries the sales tax, the above percentages would be increased. The effect of these taxes including the sales tax brings it up to 27 per cent of the total cost on jam, which is the poor man's product. The complaint is that the tax is applied to the goods sold on the domestic market and not applied to those imported.

Mr. ILSLEY: No change is being made in the schedule. Two considerations are pointed out by the hon. member: first, that certain competing products, such as honey, are free of sales tax—

Mr. BARBER: I did not deal particularly with the sales tax because I understand it does not come under this clause. I was dealing with the excise sugar tax.

Mr. ILSLEY: Well, that was one of the reasons given by him and by the industry in making their representation, that their products are subject to sales tax while competing products are not.

Mr. BARBER: I was dealing with the excise sugar tax, which is not applied to imported fruits but does apply to the domestic.

Mr. ILSLEY: That is the second consideration. The difficulty about exempting sugar used by manufacturers of canned goods is that it would undoubtedly lead to other exemptions. It would be impossible—or it has always been so felt—to remove the one cent sugar tax from manufacturers without also removing it for housewives and people generally who use sugar for canning and preserving. I am afraid there would immediately be a great outcry about discrimination if we lifted the tax from the manufacturer and not from the ordinary user, the housewife who is using sugar for canning and preserving. It is true that the imported product has an advantage, provided there is not a corresponding sugar tax in the country from which the product comes. It must not be assumed that the competitors of our canners in other countries are themselves free of tax in their own countries. In fact they are not; there is high taxation in nearly every country in the world to-day. At the worst I would point out that this discrimination, if such it is, merely cuts down somewhat the protection which the fruit canner in Canada enjoys. He does enjoy protection. There are duties I think on practically all canned goods coming into the country. If he were relieved of the sugar tax he would have a little more protection, that is all.

Mr. BARBER: It is not altogether a question of protection; it is a question of opportunity to sell our own products on the home market in competition with the imported article. It has been pointed out, in a brief which I believe has been presented to the minister, that the difficulty might be overcome by way of drawback. I realize that it would be impossible to exempt this particular industry from the one cent tax, but it could be done by drawback, thus giving the Canadian industry an opportunity to compete with the imported product. I know the difficulty this industry has run up against in connection with exports to Great Britain. If the exported fruit is processed with sugar, a sugar tax must be paid when it enters Great Britain, but if it is shipped in sulphur dioxide form there is no tax. The result is that all our products of this kind exported to Great Britain are shipped in the latter form. But fruit coming here in competition with our own Canadian product has a distinct advantage.

Section agreed to.

Section 7 agreed to.

Schedule I agreed to.

On schedule II.

Mr. BENNETT: There are no changes in the schedule, I understand, except those indicated in the legislation which we are passing to-day?

Mr. ILSLEY: That is correct.

Schedule II agreed to.

Mr. ILSLEY: There is an omission in the bill as printed. It is the usual clause with regard to the date of coming into force of the act, and so forth. It was in the resolution, if I remember rightly, but was left out in the printing of the bill.

Mr. BENNETT: That is because the bill contains a consolidation of so many other items, I suppose. It is a reprint of existing legislation.

Mr. ILSLEY: I move that the following be added as section 8:

That this act shall be deemed to have come into force on the seventeenth day of June, 1938, and to have applied to all goods mentioned therein imported or taken out of warehouse for consumption on and after that date and to have applied to goods previously imported for which no entry for consumption was made before that date.

Amendment agreed to.

Bill reported, read the third time and passed.

CRIMINAL CODE

AMENDMENTS WITH RESPECT TO RECKLESS DRIVING, SALTING MINES AND MINE SAMPLES, ETC.

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved the second reading of Bill No. 137, to amend the criminal code.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

On section 1—Feeble minded person.

Mr. LAPOINTE (Quebec East): This is merely to change the word "and" to "or" in the definition of what is a feeble minded person.

Section agreed to.

On section 2—Alien not to have firearms without permit.

Mr. BENNETT: As it stands now our own people require permits, do they not?

Mr. LAPOINTE (Quebec East): Yes.

Mr. BENNETT: And this is merely to clarify the law to make it quite clear that it deals with aliens.

Mr. LAPOINTE (Quebec East): Yes.

Section agreed to.

On section 3—Selling or lending.

Mr. BENNETT: Did I understand the minister to say he was making it an offence also to erase or to remove the serial number from a pistol or revolver?

Mr. LAPOINTE (Quebec East): Yes. That is contained in another section.

Mr. BENNETT: It is important in the light of this section.

Section agreed to.

On section 4—Altering serial number.

Mr. LAPOINTE (Quebec East): This is the section that makes it an offence to erase a number.

Section agreed to.

On section 5—Other permits.

Mr. LAPOINTE (Quebec East): This requires two new forms for the use of a firearm by a minor, in order to make it more restrictive, and so that the supervision may be more effective.

Section agreed to.

On section 6—Registration of revolvers and pistols.

Mr. LAPOINTE (Quebec East): I should like this section to stand. I am afraid that instead of making it more difficult this section will make it easier to evade the law. The drafting is not quite clear, and that is why I want it to stand.

Section stands.

On section 7—Having pistol or revolver while committing offence.

Mr. LAPOINTE (Quebec East): This is to add rifles and shotguns to the other arms that may be concealed upon the person. This is requested by the police.

Mr. BENNETT: It would deal with a sawed-off shotgun.

Mr. LAPOINTE (Quebec East): Yes.

Mr. SLAGHT: Would it not be desirable to add billies and blackjacks and the vicious hand weapons of the thug?

Mr. BENNETT: They are dealt with in another section.

Mr. LAPOINTE (Quebec East): This applies only to firearms; there is another section dealing with those other weapons.

Section agreed to.

On section 8—Search.

Mr. LAPOINTE (Quebec East): This is just the reversal of a number; there is no change.

Section agreed to.

On section 9—Selling pistol or air-gun to minor.

Mr. LAPOINTE (Quebec East): This is to control firearms in the hands of minors under fourteen years of age. Previously it was twelve years. It will be an offence to sell or give any of these things to a boy unless he is fourteen years of age.

Section agreed to.

On section 10—Full term to be served when retaken.

Mr. LAPOINTE (Quebec East): This is only a clarification.

Section agreed to.

On section 11—Restriction on publication of reports of judicial proceedings.

Mr. BENNETT: This is a more difficult matter.

Mr. LAPOINTE (Quebec East): This is a reproduction of the English law with regard to the publication of details and reports of judicial proceedings which may be calculated to injure public morals.

Section agreed to.

On section 12—Common gaming house defined.

Mr. LAPOINTE (Quebec East): There is an amendment to this section, by adding after the word "games" in line 37 the following:

but the provisions of this paragraph shall not apply to any house, room or place while occasionally being used by charitable or religious organizations for playing games therein for which a direct fee is charged to the players, if the proceeds are to be used for the benefit of any charitable or religious object.

Mr. MACKENZIE (Vancouver): I move accordingly.

Mr. BENNETT: That conforms to the provisions of the act in another section.

Mr. LAPOINTE (Quebec East): Yes.

Amendment agreed to.

Section as amended agreed to.

On section 13—Race meetings, pari-mutuel machines.

Mr. BENNETT: Why is the Department of Agriculture made responsible in connection with a matter of this kind? Would it not be better to have the mounted police or some other such body in control?

Mr. LAPOINTE (Quebec East): This amendment was asked for by the Department of Agriculture. I am rather at a loss to understand why the machines should be stopped at a point one-eighth of a mile from the post.

Mr. SLAGHT: It might be better if it was one-eighth of a mile after the finish.

Mr. LAPOINTE (Quebec East): Hon. members of the committee probably know more about racing than I. This amendment was asked for in order to make the section more effective.

Mr. STIRLING: Is there not a connection between this and the permission given for wheels of fortune and so on for use at agricultural fairs? Agricultural fairs are under the supervision of the Department of Agriculture and we permit them to use wheels of fortune.

Mr. POWER: The justification for permitting the use of pari-mutuel machines or any other type of betting at horse races is based upon the assumption that horse racing encourages the breeding of horses in Canada.

Section agreed to.

On section 14—Disorderly conduct.

Mr. LAPOINTE (Quebec East): This amendment is made at the request of the Royal Canadian Mounted Police.

Section agreed to.

On section 15—Liability of driver of car for failure to stop after accident happened.

Mr. LAPOINTE (Quebec East): The penalty for failure to stop after an accident is increased. Formerly the fine was not exceeding $50; now it is not exceeding $500. Formerly the imprisonment was not exceeding thirty days; this has been raised to not exceeding six months. The failure to stop is to be considered as prima facie evidence of intent to do wrong and the burden of proof will be upon the offender. The mere fact that a man causes an accident and goes on without stopping will compel him to give evidence that he is not guilty of the offence.

Section agreed to.

On section 16—Reckless or dangerous driving.

Mr. LAPOINTE (Quebec East): There are two amendments to this section, which I shall ask my colleague to move.

Mr. MACKENZIE (Vancouver): I move:

That section 16 of Bill No. 137 be amended by striking out the word "sixteen" on page 7, line 19, and substituting therefor the word "fifteen."

Amendment agreed to.

Mr. MACKENZIE (Vancouver): I move:

That section 16 of Bill No. 137 be amended by striking out the words "one month" in line 47, page 7, and substituting the words "six months," and striking out the word "fifty" in the same line and substituting therefor the words "five hundred."

Mr. LAPOINTE (Quebec East): This amendment will increase the penalty for driving when a licence has been suspended or against an order prohibiting driving. One province has this provision in its motor legislation, and this amendment is to make our criminal code agree with the law of that province. It will also have the effect of increasing the penalties for driving when there is no right to do so.

Amendment agreed to.

Section as amended agreed to.

On section 17—Plants, etc., growing in garden.

Mr. LAPOINTE (Quebec East): This amendment increases the penalty for stealing any plant, root, fruit or vegetable production growing in any garden, orchard, and so on. There has been some criticism in the newspapers to the effect that this amendment is too severe, but it has been asked for by county councils and agricultural societies. It is intended for the protection of farmers.

Mr. BENNETT: As well as of public parks, pleasure grounds, and places of that kind.

Section agreed to.

On section 18—Cultivated plants, etc., growing elsewhere.

Mr. LAPOINTE (Quebec East): This is the same type of amendment.

Mr. BENNETT: Not quite, although it is the same in principle.

Section agreed to.

On section 19—Theft of automobiles.

Mr. LAPOINTE (Quebec East): This is to make the wording of the section clearer. The theft of an automobile is being made a specific offence instead of saying, "everyone who is found guilty of stealing any automobile or motor car."

Mr. BENNETT: There is really no change in the law.

Mr. LAPOINTE (Quebec East): No.

Section agreed to.

On section 20—Fraudulent use of naturalization certificates.

Mr. LAPOINTE (Quebec East): This amendment makes it an offence for a person to lend his naturalization certificate to an alien to permit him to enter Canada illegally.

Mr. BENNETT: Would it not be well to provide for the cancellation of the certificate? I suppose you could avail yourself of the provisions of the Naturalization Act.

Mr. LAPOINTE (Quebec East): Yes, both Immigration and the Secretary of State have powers.

Mr. BENNETT: Under the Naturalization Act there is power to appoint a commission to deal with it.

Mr. LAPOINTE (Quebec East): Yes.

Section agreed to.

Section 21 agreed to.

On section 22—Holder of lease of gold or silver mine defrauding owner.

Mr. LAPOINTE (Quebec East): An amendment has been asked for by the government of Ontario, to add after the words "gold or silver mining" the words "platinum or other precious metals."

Mr. MACKENZIE (Vancouver): I move, Mr. Chairman, that section 22 be amended as follows:

1. Page 9, lines 35 and 36: Strike out the words "relating to gold or silver mining" and substitute therefor "relating to the mining of gold, silver, platinum or other precious metals";
2. Page 9, line 39: After the word "silver" insert "platinum or other precious metals";
3. Page 9, line 42: Strike out the words "gold or silver" and substitute therefor "gold, silver, platinum or other precious metals";
4. Page 9, line 44: Strike out the words "gold or silver" and substitute therefor "gold, silver, platinum or other precious metals";
5. Page 9, line 47: Strike out the words "gold or silver" and substitute therefor "gold, silver, platinum or other precious metals";
6. Page 10, line 8: Strike out the words "gold or silver" and substitute therefor "gold, silver, platinum or other precious metals";
7. Page 10, line 10: Strike out the words "gold or silver" and substitute therefor "gold, silver, platinum or other precious metals";
8. Page 11, lines 11 and 12: Strike out the words "gold or silver" and substitute therefor "gold, silver, platinum or other precious metals."

Amendment agreed to.

Mr. BENNETT: Is subsection 5 of section 22 clear enough? You place a limitation on proceedings unless or until an order has been passed by the governor in council declaring this section to be in force. Should it not include a provision that this section shall come into force only by proclamation? Otherwise the section will be in force as soon as the act is assented to, and then the provision would be inoperative.

Mr. SLAGHT: Should it not be made effective at once in both respects? The provision is aimed at the practice of high-grading, which is a serious interference with the development of the mining industry. It seems to me we could afford to make it operative at the first moment possible.

Mr. LAPOINTE (Quebec East): There is no change from the old act so far as this subsection is concerned.

Mr. BENNETT: The closing section of the bill says:

> This act, with the exception of sections fifteen, sixteen and forty-five, shall come into force on the first day of August, 1938, and sections fifteen, sixteen and forty-five shall come into force on the passing of this act.

On the first day of August this section will come into force, but we have provided that proceedings shall not be taken until an order in council has been passed declaring this section to be in force. How do you reconcile the two?

Mr. LAPOINTE (Quebec East): There is something in what my right hon. friend says, but the old act is already in force.

Mr. BENNETT: But as the member for Parry Sound (Mr. Slaght) points out, it has not been found ample, and Ontario wants certain changes made. The way it reads has been copied from the wording of the old act as it first appeared on the statute book. It is quite clear that if this measure comes into force on the first day of August, and one undertook a proceeding under section 22, he would be met at once with the fact that no order in council has been passed proclaiming

this section to be in force, although it was in force by reason of having been assented to when the bill received royal assent. I do not think the subsection is properly worded.

Mr. LAPOINTE (Quebec East): I will let subsection 5 stand and look into it.

Section stands.

On section 23—Salting mines.

Mr. LAPOINTE (Quebec East): This is an amendment made at the suggestion of the attorney general of Quebec, making it an offence to salt a mine or a sample.

Mr. BENNETT: It would be very useful in one other province as well.

Section agreed to.

On section 24—Burden of proof.

Mr. BENNETT: This clause reads, "the breaking out of a dwelling-house by night after having entered such dwelling-house." It would be difficult to break out of a house unless it had first been entered.

Mr. LAPOINTE (Quebec East): There might be legal entry.

Mr. BENNETT: It does not say that. It says "breaking out after having entered." It would be difficult to break out without being in, would it not?

Mr. LAPOINTE (Quebec East): Unfortunately it is the language of the past which is still responsible.

Mr. BENNETT: The minister should not be so conservative.

Mr. LAPOINTE (Quebec East): I like tradition.

Mr. SLAGHT: The language is "after having entered." He might have been carried in or have been in there perfectly legally.

Mr. BENNETT: If he breaks out by night he is going to commit a crime. It says "after having entered such dwelling-house." How in the name of heaven could he break out if he had not entered?

Mr. SLAGHT: Suppose he had been carried in?

Mr. BENNETT: He would be in anyway.

Mr. SLAGHT: But he would not have entered.

Mr. BENNETT: He would still be in the house. I think we should not let it go in this way. The present wording does seem almost ridiculous.

[Mr. Bennett.]

Mr. LAPOINTE (Quebec East): We do not need the words "after having entered such dwelling-house."

Mr. BENNETT: The whole section is loosely drawn. Look at it:

The breaking and entering of a dwelling-house by night—

That is clear:

—or the breaking out of a dwelling-house by night after having entered such dwelling-house, either by day or by night.

Mr. LAPOINTE (Quebec East): He may have entered the house illegally during the day or during the night.

Mr. BENNETT: No, this is prima facie evidence of an intent to commit an indictable offence.

Mr. McGEER: The only qualification there might be of that is the one suggested by the hon. member for Parry Sound, namely that a man might not have entered the place voluntarily; he might have been carried in.

Mr. STIRLING: He is doing a very wise thing to break out, then.

Mr. BENNETT: And if he found himself in the wrong place he might want to break out.

Mr. McGEER: It may be clumsy, but it does cover the case mentioned by the hon. member for Parry Sound. Where a man is in a place not as a result of having entered it by his own action, it covers that as well. A man who entered a house perfectly legally, perhaps as a guest, may have decided to conceal himself in the house in the afternoon to break out during the night. The section covers such a case.

Mr. BENNETT: This is either by day or by night.

Mr. McGEER: He could enter legally either by day or by night and break out illegally either by day or by night. This section is not as loosely drawn as it appears to be.

Section agreed to.

Sections 25 and 26 agreed to.

On section 27—Using trade marks of others by trafficking in bottles.

Mr. LAPOINTE (Quebec East): It is to add the words "milk and by-products of milk." Apparently doubt has been expressed as to whether the word "beverages" covers or includes milk.

Section agreed to.

Section 28 agreed to.

On section 29—Offence, penalty. Fraudulently burning any chattel over $25 in value.

Mr. LAPOINTE (Quebec East): All the clauses from 29 to 33 inclusive are suggested or asked for by the fire marshals, both federal and provincial. It is to provide for uniform punishment and to see that the maximum terms are consistent with the punishments usually provided for the offences in question. There is no new crime; it is just that the penalties are made more uniform for the same kind of offence.

Section agreed to.

Sections 30 to 32 inclusive agreed to.

On section 33—Threats to burn.

Mr. DOUGLAS (Weyburn): Does not three years seem a heavy penalty for having threatened to commit a crime? It becomes an indictable offence. After all it is only a threat to commit a crime.

Mr. BENNETT: Yes, but it is a written threat.

Mr. LAPOINTE (Quebec East): It is a mitigation. It was ten years before. It is now three years.

Mr. DOUGLAS (Weyburn): Oh, I see. One should not write letters.

Section agreed to.

Sections 34 and 35 agreed to.

On section 36—Defacing current coin.

Mr. McGEER: There is no gold coin any more. Could not that be struck out?

Section agreed to.

Sections 37 and 38 agreed to.

Mr. LAPOINTE (Quebec East): I shall ask that the bill be amended by adding thereto as clause 38A the following:

38A. Paragraph (a) of section 750 of the said act is repealed and the following substituted therefor:

(a) if a conviction or order is made fourteen or more days before a sittings of the court to which an appeal is given, such appeal shall be made to that sittings, but if the conviction or order is made less than fourteen days before a sitting, the appeal shall be made to the second sittings next after such conviction or order;

Provided that in the province of Nova Scotia the appeal shall be to a sittings of the court in the county where the cause or information or complaint arose, in the one case to the sittings next after, and in the other to the second sittings after the conviction or order.

This is asked for by the attorneys general.

Mr. MACKENZIE (Vancouver): I move accordingly.

Mr. McGEER: What is the reason for making it mandatory? Why is the wording not "may" instead of "shall"?

Mr. SLAGHT: An accused might be in custody. The section as worded would prevent the hearing of the appeal until the second sittings. It seems to me the word should be changed to "may."

Mr. LAPOINTE (Quebec East): This is the explanation which is given. The object of the amendment is to overcome an ambiguity which has arisen owing to a decision of the courts by which it was held that the expression "more than fourteen days" meant at least fifteen days, thus leaving one day upon which an appeal could not be taken. We do not change the law at all so far as the use of the word "may" or "shall" is concerned; we say "fourteen or more days." It is only those words that are being changed.

Mr. SLAGHT: That is true, but as I interpret it, the use of the word "shall" requires that you must wait until the second sitting; whereas, if you substituted the word "may" an alert appellant might have his appeal brought on at an earlier sitting and in that way be released earlier from custody.

Mr. BENNETT: The word always has been "shall." It is purely practice, and the rule has not been changed in any sense.

If a conviction or order is made fourteen or more days before a sittings of the court to which an appeal is given, such appeal shall be made to that sittings.

It is intended that there shall be no delay and that it shall go to the next sittings. "Shall" is the word that has always been used.

Mr. SLAGHT: That is true, but it is in the second clause.

Mr. McGEER: For instance, if a man is convicted fourteen days before the sittings of a county court, which in the large centres sits monthly, he has a right to get his appeal on in fourteen days. But if he happens to be convicted thirteen days before that sitting he must wait thirteen days and one month.

Mr. BENNETT: Certainly.

Mr. McGEER: That is not altogether against the prisoner. But very often in prosecutions—

Mr. BENNETT: It has been the law of this country.

Mr. McGEER: —the appeal is a trial de novo, and it means that the authorities must hold and keep these witnesses available for an extra month. There can be no harm in changing the word from "shall" to "may." If

the crown is embarrassed by the trial of an appeal being heard too quickly, that of course is a matter which can be determined by the appeal court, and if it is necessary to get further time, in the interests either of the prosecution or of the defence, the court has that discretionary power. But here the wording used, which for some reason or other has long been in our statutes, is such that it actually delays the determination of criminal offences not merely one month but even for longer periods. I cannot see that anything is to be gained by continuing the word "shall" or that anything can be lost in the interest of justice by changing it to "may."

Mr. LAPOINTE (Quebec East): I would hesitate to recommend a change that has not been suggested at all.

Mr. McGEER: I will not press it.

Amendment agreed to.

Section as amended agreed to.

On section 39—Summary trial in certain cases.

Mr. LAPOINTE (Quebec East): This merely adds the words "admitted to bail or" in line 29.

Section agreed to.

On section 40—Absolute jurisdiction in certain cases.

Mr. LAPOINTE (Quebec East): This gives stipendiary magistrates in Ontario the same jurisdiction as in other provinces.

Section agreed to.

On section 41—Cities of not less than 25,000 people.

Mr. LAPOINTE (Quebec East): This is consequential upon section 40.

Section agreed to.

On section 42—Otherwise magistrate may proceed as upon a preliminary investigation.

Mr. LAPOINTE (Quebec East): This adds the word "summarily."

Section agreed to.

On section 43—Bail if trial by judge.

Mr. LAPOINTE (Quebec East): This is to make the section conform with the amendment that has been made to 698.

Section agreed to.

On section 44—Bail if trial by jury.

Mr. LAPOINTE (Quebec East): This is the same thing.

Section agreed to.

[Mr. McGeer.]

On section 45—Manslaughter or reckless driving.

Mr. LAPOINTE (Quebec East): This is rather an important change. It is provided that upon a charge of manslaughter arising out of the operation of a motor vehicle, if they are satisfied that the accused is guilty of an offence under subsection 6 of section 285, the jury may find him guilty of that offence and such conviction shall be a bar to further prosecution for any offence arising out of the same facts. This is in consequence of certain judgments in cases of this kind. I have an amendment which has been asked for by the deputy attorney general of Ontario, that section 45 be amended by inserting in line 13, after the word "accused," the words "is not guilty of manslaughter but."

Mr. MACKENZIE (Vancouver): I move accordingly.

Amendment agreed to.

Section as amended agreed to.

On section 46—Certain automatic machines to be deemed means or contrivance for playing game of chance.

Mr. LAPOINTE (Quebec East): I have an amendment, that the section be amended by inserting after the word "merchandise" in line 8 the words "or services"—"for vending merchandise or services," for instance, devices that indicate one's weight. They give some service.

Mr. BENNETT: Postage stamps.

Mr. LAPOINTE (Quebec East): Yes.

Mr. BENNETT: I do not know whether you would call that a service or not.

Mr. MACKENZIE (Vancouver): I move accordingly.

Amendment agreed to.

Section as amended agreed to.

On section 47—Evidence of property in timber, et cetera.

Mr. BENNETT: This is limited in application to one province.

Mr. LAPOINTE (Quebec East): Yes, British Columbia.

Mr. BENNETT: Why could they not provide adequate penalties within their own province for a breach of their own statute? Does it not really come within the decision of the reciprocal insurance case and constitute an invasion of provincial rights by

endeavouring to make a criminal offence out of what is purely a matter of property and civil rights in the province?

Mr. LAPOINTE (Quebec East): This is already in the statute.

Mr. BENNETT: The law has been changed since the statute was passed.

Section agreed to.

On section 48—Right of appeal against sentence.

Mr. LAPOINTE (Quebec East): This is to permit application for leave to appeal against a sentence not only to the judge but to the court itself.

Section agreed to.

On section 49—Accused to remain in custody or on bail where attorney general appeals.

Mr. LAPOINTE (Quebec East): This will meet a situation that has arisen recently that shows the necessity for it.

Section agreed to.

Sections 50 and 51 agreed to.

On section 52—When whipping to take place.

Mr. DOUGLAS (Weyburn): What is the reason for this amendment?

Mr. LAPOINTE (Quebec East): The explanatory note gives essentially the purpose of the change:

The object of this amendment is to insure that the whipping to which the prisoner is sentenced shall be inflicted. In the past some sentences have contained specific times at which the whipping is to take place and it has been found that through illness, the shortening of the term by good behaviour and other causes, it has been impracticable to carry out the sentence in this respect with the result that the prisoner has escaped this part of his punishment. The present subsection reads as follows:

"(3) Whenever practicable, every whipping shall take place not less than ten days before the expiration of any term in imprisonment to which the offender is sentenced for the offence."

Mr. DOUGLAS (Weyburn): This would apply only to a whipping prescribed in the sentence and not to whipping inflicted in the course of service of sentence in the penitentiary.

Mr. LAPOINTE (Quebec East): That is right.

Mr. BENNETT: I think it is doubtful whether the words "notwithstanding anything to the contrary contained in the sentence" should be in the statute. The effect of it is to set at naught the sentence of a trial judge or of a court, which is perhaps undesirable. Might it not be all right merely to say, "as may be determined by the officer in charge of the prison"? The adding of those words, "notwithstanding" so and so, invites attention to the fact that we have vested an official with discretion to set at naught the judgment of a court.

Mr. LAPOINTE (Quebec East): I have no objection to striking out those words. I move that the words "notwithstanding anything to the contrary contained in the sentence" be struck out.

Mr. BENNETT: The proviso covers it anyway.

Amendment agreed to.

Section as amended agreed to.

Sections 53 to 55 inclusive agreed to.

On section 56—Coming into force.

Mr. BENNETT: The word "granted" is used elsewhere with respect to permit; might it not be well to make the wording uniform and say on pages 21 and 22, "permission is hereby granted"?

Mr. LAPOINTE (Quebec East): All right. The two words are used in other forms. Then there is an amendment to strike out the word "August" in section 56 and substitute therefor the word "September."

Mr. MACKENZIE (Vancouver): I move:

That clause 56 of bill 137 be amended by striking out the word "August" in the third line and substituting therefor the word "September."

Amendment agreed to.

Section as amended agreed to.

Mr. GLADSTONE: I should like to revert to page 3 and to inquire of the minister whether any consideration was given in committee to section 124, which does not appear in the draft proposals. If not I should like to bring to the attention of the committee the kind of advertising that is done on many of our news-stands in the way of display of cheap magazines, selling for five, ten and fifteen cents, depicting shooting scenes. Section 124 has to do with gun pointing, I believe. I hold in my hand covers taken from forty or fifty magazines of this type, printed in Canada, showing scenes in colours of one person pointing a gun at another or shooting another. Many people with whom I have discussed the matter are very strongly of the opinion that this seriously tends to educate growing boys to think that there is nothing

wrong about pointing a gun at a person, and as a result we see boys playing at bandit and hold-ups; we see them behind trees pointing toy guns and air guns at one another and even at passers-by.

I would not propose interfering with the contents of these magazines, but I think it is entirely wrong and detrimental to the morals of the boys that they should be permitted as they do to observe and study on magazine counters scenes such as these that are constantly placed before them. These covers could very well carry other pictures in colours to make the magazines attractive, such as pictures of men finely developed physically, beautiful women, floral or pastoral scenes, or scenes showing the resources of our country or our industries. But we should not be constantly placing before our boys scenes tending to educate them to think that there is nothing wrong in one person pointing a gun at another.

Accordingly I should like the minister to accept an amendment to this section to meet this situation. It would be in this form:

Everyone is guilty of an offence and liable on summary conviction to a penalty not exceeding one hundred dollars or to imprisonment for any term not exceeding thirty days, with or without hard labour, who prints, makes or publishes any book or magazine on the cover of which appears any picture or drawing depicting the pointing by one person of an offensive weapon at another person or persons or the shooting by one person of another person or persons with such weapon, if such picture or drawing is intended to or does illustrate or represent a hold-up, robbery, murder or other criminal act or intention.

I have omitted in this proposed amendment one provision that I had earlier under consideration, namely to make it an offence to sell or expose to public view for sale or to distribute or circulate such books or magazines. But it was pointed out that such a provision would make the legislation very difficult of enforcement; consequently I have eliminated it.

Mr. LAPOINTE (Quebec East): I appreciate the motive and purpose of my hon. friend's amendment, but I have been considering it, and I cannot feel that I could accept it. If the picture of a man pointing a gun was inside the cover it would be permitted, and I find it difficult to see that it should be made a crime to put such a picture on the outside of the cover when it is not illegal to put it inside. And then, since it can be put inside, it would not take the boys or other persons who like that sort of thing very long to learn that they could find these pictures by simply opening the book. The law now makes it a crime to point any firearm or air-gun at any person; that is punished by a severe penalty, but I really cannot see my way clear to accept an amendment making it a crime merely to put such a picture on the cover of a book.

The CHAIRMAN: I should like to point out to the hon. member for Wellington South that in my opinion his amendment is out of order under standing order 48. I quote paragraph 399 of Beauchesne, at page 127:

After a decision has been given on an amendment to any part of a question, an earlier part cannot be amended. In like manner when an amendment of any part of a question has been proposed from the chair an earlier part cannot be amended unless the amendment so proposed be withdrawn.

Therefore I would rule the amendment out of order.

Progress reported.

At one o'clock the house took recess.

The house resumed at three o'clock.

The house having reverted to the order for presenting reports by standing and select committees:

REPORTS OF COMMITTEES

Seventh and eighth reports of the standing committee on banking and commerce.—Mr. Moore.

Third and final report of the special committee appointed to inquire into the terms and operations of the Civil Service Superannuation Act.—Mr. McLean (Melfort).

Sixth report of the standing committee on miscellaneous private bills.—Mr. McPhee.

BANK OF CANADA

ACQUISITION BY THE GOVERNMENT OF SHARES NOW IN HANDS OF THE PUBLIC

The house resumed from Monday, June 27, consideration in committee of Bill No. 160, to amend the Bank of Canada Act—Mr. Dunning—Mr. Sanderson in the chair.

Sections 1 and 2 agreed to.

On section 3—Board of directors.

Mr. McGEER: There are one or two matters that arose during the debate last evening to which I should like to refer. The important part of this section is not the mere nationalization of the bank but the policy that will be carried out when the bank is brought under the complete control of the

government. I should like to know from the minister in charge just what changes in policy, if any, are contemplated. In what way will the establishment of complete ownership change the policy of controlling the issue of currency and credit so that the domestic and general needs of the country may be more efficiently served? If there is to be no change in policy, then the real purpose of ownership will not be achieved. After all, this is a fairly expensive experiment that we are carrying on, and I should like to hear from the minister on that point.

Hon. J. L. ILSLEY (Minister of National Revenue, for Mr. Dunning): The purposes for which the bank is set up are set out in the preamble to the act. The policy of the bank will be to carry out the objects set out in the preamble. I do not know that it is possible to be any more definite than that. The bank is now under the control of the government and the action of its board of directors will, of course, reflect the policy of the government from time to time. The hon. member for Vancouver-Burrard (Mr. McGeer) must realize that it is not usual to announce a policy for any substantial period in advance. In fact, quite often in response to questions asked in this house it has been stated that the policy of the government will be made known as circumstances develop. I believe that answer is appropriate here, subject, of course, to the overruling consideration that the purposes of the bank, as set out in the preamble, must at all times be kept in mind.

Mr. McGEER: Our present law permits our banks to create bank deposits for the purpose of increasing currency and credit in circulation on a five per cent reserve basis. Last evening the minister seemed to condone the attitude of the bank that in banking practice that should be raised to ten per cent. If the banks can raise the reserve limit from five to ten per cent, there will be nothing to prevent their raising it to fifty per cent, if they so desire. There is a distinction between English and Canadian banks which was not sufficiently taken into account in the discussion last evening. Apparently we have all the machinery necessary for creating an abundance of credit currency which would be available to the national government for public development, but unfortunately while we have gone unorthodox in the creation of credit, we remain orthodox in the use of credit. In a word, we have created a twentieth century monetary system, but as far as policy is concerned we still remain on a nineteenth century theory basis.

There was another distinction that apparently was not clear to the minister, judging from his remarks last evening. Of the total cash available in Canada to meet public need, till money, out of pocket transactions, international exchange obligations and interbank balances, there is owned outright by the banks $247,000,000 of Bank of Canada bills of issue. We have $102,000,000 of Bank of Canada bills of issue and circulating to the banks in the hands of the public. In addition to that, according to the Bank of Canada report we have $100,000,000 of banking currency which functions for all the purposes of till money and for out of pocket transactions, making a total of $449,000,000. Now to service our bank deposits, $2,800,000,000, even on the 10 per cent reserve basis that the banks of England require, we would still have a surplus of cash circulating in Canada of $161,000,000, or sufficient for an increase of banking deposits in Canada, even on the 10 per cent reserve basis, of $1,600,000,000.

What I am pointing out now is this, that although we have, even on the bank's basis, $1,600,000,000 of unused bank deposits available, supposedly under the control of the country and the government, and we are now going to increase that control by paying a substantial profit to get those shares which were handed out as a concession in 1934 back into public ownership, the question still remains how are we going to get the currency and credit which is available into circulation for the benefit of the people of Canada? And that was the thing that this bank was created to establish.

I should like to make one reference to a statement that was made by the leader of the opposition. He saw fit to point out that bank deposits had to be represented by something, and that they could not increase beyond bank holdings of securities. But since 1934, when this concession was handed over to the private banks, bank deposits have increased by $479,000,000, while the holding of government interest-bearing bonds by the chartered banks has increased by $471,000,000. The point I should like to draw to the attention of the minister and of the government is that in so far as the use of that increase of credit is concerned during the period of four years that the Bank of Canada has been in operation, that increase of credit has apparently been available only for the purchase of government bonds by the chartered banks.

Mr. CAHAN: Was it not available for all purposes, but that was one purpose which was possible under existing economic conditions?

Mr. McGEER: The hon. member for St. Lawrence-St. George states that it was avail-

able for all purposes, and that is very true. But the reason why government control comes into being is that we believed that the banks were exercising a discretion as to whom they would advance money, and control was necessary to make the circulation effective to serve the needs of the country and the needs of progress.

Mr. CAHAN: I do not care to interrupt, but would my hon. friend allow a question?

Mr. McGEER: Certainly.

Mr. CAHAN: Is it not absolutely necessary that directors of the banks should have a discretion as to the persons or companies to whom they grant loans, in view of the fact that it is the directors alone who are responsible to the shareholders for the security of those loans? Can you possibly avoid conceding discretion, unless the government of Canada is going to guarantee repayment to the banks of all loans made, that is, in case you are going to restrict the discretion of the directors in making such loans?

Mr. McGEER: I quite concede that, and that is one reason why I believe that merchant banking should be left exclusively to the merchant bankers, subject only to the control of the Bank of Canada, which would avoid those disastrous inflations which come with commodity and security booms. But that is a very different thing from the thing I am talking about. What I am dealing with is the question of how government in Canada can have freer access, at less cost, to the national currency and credit of the country, which the banks to-day are using to purchase bonds by the manipulation or by the actual use of a bookkeeping system. There is a very great difference between private finance and public finance, and the sooner we come to recognize that one of the great duties of the Bank of Canada is to establish a control of public finance that will completely segregate public finance from private finance, and that the two shall be established as entirely different services in the state, the better.

Mr. CAHAN: I have listened frequently to the hon. member. Can he suggest how the aim which he has expressed can be accomplished more readily than under the present proposed system under which the government shall have complete control over the Bank of Canada and all its transactions?

Mr. McGEER: I am going to suggest that now. What I am going to commend to the government—and I do not expect anything to be done this session—is that in addition to having the machinery which the Bank of Canada now has, an investigation be launched to ascertain whether or not it would be advisable for the Bank of Canada to become the actual bank of the Dominion of Canada, serving it with a deposit and cheque system in exactly the same way that the chartered banks are serving it to-day; and whether, in turn, as is the case in Australia, there should be a bank established in each of the provinces as a branch of the Bank of Canada which would serve provincial and municipal governments in the same way.

Mr. CAHAN: If the Bank of Canada is reorganized on the basis mentioned by the hon. gentleman, does not his proposal mean that those who have political influence will have the advantage of obtaining loans from the Bank of Canada and that those who have not political influence will not have the same facilities?

Mr. McGEER: No, not at all, because what I said was that the Bank of Canada's activities should be confined exclusively to public credit, making no private loans whatever, and serving only the national and provincial and municipal governments.

Mr. CAHAN: I understood the hon. gentleman to say that the Bank of Canada was to make loans which were not restricted to municipal and provincial governments.

Mr. McGEER: No.

Mr. CAHAN: I understood him so.

Mr. McGEER: I thought I made that clear when I suggested that merchant banking and private banking should be completely segregated from public banking and public finance, and that the two should be established as entirely distinct functions in the state.

Mr. CAHAN: I thought public banking was to be confined exclusively to banking for public bodies such as the government of Canada, provincial and municipal governments, and commissions established by them.

Mr. McGEER: Yes, what would be called purely public finance.

Mr. CAHAN: I should like to know just what my hon. friend means.

Mr. McGEER: There is no question about that in my mind. A public body such as a workmen's compensation board, a body administering an unemployment insurance fund, or a host of other activities which involve the carrying of large deposits and large reserve funds, would carry them in the public banking institution.

The other point to which I wished to refer was this. The statement was made last

night that a ten per cent reserve of cash was necessary to prevent the banks from going into bankruptcy from day to day. Nothing could be more out of line with the history of banking in Canada than any such statement as that.

Mr. CAHAN: If the hon. gentleman will allow me, that statement was not made. The statement which was made was that, the bank directors being responsible for loans and for making only such loans as were likely to be repaid because of the financial stability or security of the persons to whom they were made, a provision of even ten per cent was not sufficient for all times and all circumstances. No bank can agree that the mere holding of ten per cent security, as the hon. gentleman states, will be sufficient to protect the bank in times of grave economic and financial stress and strain. The directors must be sure that they have the funds wherewith to meet all demands when made, and for that purpose at certain times it may be necessary to keep, instead of five or ten per cent, twenty-five or thirty or even forty per cent available. It was found in time of crisis in the United States that even forty per cent was not always sufficient to protect the shareholders and depositors of banks.

Mr. McGEER: Quite true. But the point I was dealing with was the point that came up last night, and it is to be found at page 4298 of Hansard, where the Minister of National Revenue said:

> In other words, the banks are maintaining only the reserve ratio that is necessary in the light of experience, namely, approximately ten per cent.

The hon. member (Mr. Cahan) then said:

> Sufficient to keep them from day to day from going into bankruptcy?

Mr. CAHAN: Yes.

Mr. McGEER: That is the point I was dealing with. If the hon. gentleman will remember, when he sat in this house there was a double shuffle of $35,000,000 that went out to the banks in and around 1933. That went out for a definite purpose, to meet the stress and strain which the depression had put upon the banks of Canada, and to put them in a position to meet their obligations among each other as much as anything else. There is the emergency reserve upon which the banks rely in times of emergency. It is a call upon the government to use the nation's money to protect institutions which have got into trouble because they have traded short in money and long in credit. Because that type of thing is done in the name of sound money, it goes on as one of the most iniquitous things that any government has ever condoned. Now we go ahead and say that we are going to reduce the right of the banks of Canada to print money freely. In 1934 this house solemnly amended the Bank Act, to reduce what? The right of the banks of Canada to use a printing press to create money, so that it would come down ten per cent per annum until it was reduced to a twenty-five per cent quota of their paid-up capital.

Mr. CAHAN: Does the hon. member object to that provision?

Mr. McGEER: I am just going to show you the kind of racket that that was when it was put over.

Mr. CAHAN: If the hon. member had been present and had understood the circumstances under which that was done, he would know that it was to meet a special emergency arising out of the bankruptcy of some three or four thousand banks in the United States.

Mr. McGEER: That is, the $35,000,000?

Mr. CAHAN: Yes, and to meet the stress and strain with which we in Canada were faced at the time. To use the expression "racket," and other terms which the hon. gentleman has used, merely implies that he is entirely ignorant of or has not understood the special emergency which was met on that occasion. We protected the commerce and industry of Canada to a large extent, and with better results than commerce and industry were protected in the United States or in Australia or in any other dominion of the commonwealth.

Mr. McGEER: It was a handy use of $35,000,000 of Canada's money to protect the Canadian banks which had been responsible for the development of the conditions in Canada that brought this nation into bankruptcy.

Mr. CAHAN: Well, it is—

Mr. McGEER: I have accepted the hon. gentleman's interruption, and I am going to take a chance to reply, if he will permit me. What I want to point out is this. I have said before that this banking change in 1934 constituted, with all the inequities, the greatest concession that was ever handed out by a Canadian parliament since confederation. My hon. friend asks me whether I object to the banks losing their right to print money freely. No, I do not.

Mr. CAHAN: No, I did not ask the hon. gentleman that. His hearing is defective.

Mr. McGEER: I do not object to that, but there is something about that which I do object to. When I look at the records I find that while parliament has reduced by ten per cent the right of the banks to print money, the Bank of Canada has handed out more money freely to the chartered banks than the ten per cent reduction which parliament has ordered.

Mr. CAHAN: But they bought it and paid for it.

Mr. McGEER: Bought and paid for nothing! My hon. friend speaks about my ignorance. May I suggest that he may not be as well informed about this thing as he thinks he is.

Mr. CAHAN: I was merely suggesting, not that the hon. gentleman is personally ignorant, if he will allow me—

Mr. McGEER: No. I want to close this one point.

Mr. CAHAN: —but that he was ignorant concerning this one transaction and the conditions under which it was carried out.

Mr. McGEER: I will leave it at that. But this is what happened. Under the reduction of the right to print currency the cash holdings of the banks have fallen by $26,000,000, but the increase in free issue of Bank of Canada bills has been $37,000,000.

Mr. CAHAN: That is what it is created for.

Mr. McGEER: To give the banks money for nothing? The hon. gentleman had better ask the leader of the opposition.

Mr. CAHAN: They were willing to pay for Bank of Canada bills, which are legal tender. The banks and others can now buy legal tender from the Bank of Canada.

Mr. McGEER: Yes, but that is not what happened at all. What has happened is this. The Bank of Canada has issued money to the banks for certain securities, but in the meantime it has purchased and acquired millions of dollars' worth of public securities for which it has put money out for nothing. As the Minister of Finance pointed out, no matter from whom the bank buys securities, when it issues legal tender cash that cash is bound to come to the banks. When the Bank of Canada maintains a policy of issuing legal tender cash in exchange for securities, the result is that the banks are supplied with money at less cost than they formerly were put to when they were called upon to print money.

Mr. BENNETT: It is put in the banks by the depositors.

[Mr. Cahan.]

Mr. McGEER: Quite true, but the minute a depositor puts Bank of Canada bills in a bank on deposit, those Bank of Canada bills become the property of the bank.

Mr. CAHAN: Certainly.

Mr. BENNETT: Subject to cheque.

Mr. McGEER: Subject to cheque?

Mr. BENNETT: Yes. I draw a cheque in the Bank of Montreal and they hand me out Bank of Montreal notes.

Mr. McGEER: And what do you do with them? Put them back in the bank.

Mr. BENNETT: I certainly do not.

Mr. McGEER: That is what you do. Or you put them in some other bank. Under that system you have no control whatever over the credit policy of chartered banks. It does not matter what your rediscount rate is, it does not matter what your open market operations are. The only people who can say whether or not credit shall increase are the chartered banks. I believe that the machinery developed in Australia is more effective even than that developed in England. In the old country the government is largely dependent upon the cooperation of the banks as a whole, but in Australia, if I read the reports correctly, practically all the cash issued by the central bank is issued on loan to all the other banks.

Mr. BENNETT: No; they buy it like a commodity.

Mr. McGEER: They buy it under certain definite conditions.

Mr. BENNETT: No condition in the world. They requisition the commonwealth bank for notes and buy them and take them.

Mr. McGEER: And they agree to pay it back.

Mr. BENNETT: No.

Mr. McGEER: They must buy it at a discount.

Mr. BENNETT: If they want £100,000 of bills—suppose the Bank of New South Wales does for example—they go and buy £100,000 from the note issue department of the commonwealth bank and the commonwealth bank can issue £100,000 if there is £100,000 of bonds put up in the note issue department for it.

Mr. McGEER: Yes; but these bonds are paying interest to the central bank.

Mr. BENNETT: But they belong to the commonwealth bank.

Mr. McGEER: Yes. They are paying them back under interest obligation. The difference in our system is that the Bank of Canada issues the money free and our chartered banks have not a single dollar of Bank of Canada money on loan or a single dollar that they have purchased in that way. They have practically their entire holdings through open market operations.

Mr. CAHAN: If the hon. member would sit beside a bank manager for a few days he would learn differently from that. One thing that the bank manager has to do is to see that he has sufficient Bank of Canada legal tender to meet the exigencies of all the demands of depositors, increasing as they do from day to day and in times of crisis increasing from week to week, to an extent which the hon. gentleman does not appreciate; and unless they have the legal tender to meet these demands the banks have to close their doors. If a bank fails on one single occasion it is bankrupt under our law.

Mr. McGEER: What I am pointing out is that in the Bank of Canada report in May, for instance, we find the cash issues given and there is no liability at all against them. The chartered bank cash—that is, owned by the chartered banks in their tills—amounts to 53·4 millions, and deposits in the Bank of Canada amount to 194·1 millions or a total of 247·5 millions. Issued and circulating in the hands of the public is an amount of 102 millions. In the Bank of Canada report there is a statement of the cash.

Mr. CAHAN: Certainly; but must not the bank under this system keep on deposit with the Bank of Canada a sum sufficient to provide itself with legal tender, to an amount sufficient to meet all the demands of its customers and its depositors?

Mr. McGEER: Not at all, because under the Bank of Canada Act any chartered bank needing cash can borrow it from the Bank of Canada on its note and on the securities which it has in its possession. There is no restriction upon the right of a chartered bank under the Bank of Canada Act in borrowing from the bank.

Mr. CAHAN: If it borrows on the security of Dominion of Canada bonds, for instance, the bonds are no longer in the possession of the bank; they are in the possession of the Bank of Canada.

Mr. McGEER: To-day the banks in Canada have 1,155 millions of securities which they own, in the possession of the chartered banks. That is security for the lending of Bank of Canada cash to a bank that needs it.

Mr. CAHAN: Only when the chartered bank delivers up to and deposits with the Bank of Canada the bonds or other securities on which the advance is made by the Bank of Canada.

Mr. McGEER: Why then, with 1,155 millions of securities which are good for the borrowing of Bank of Canada bills in time of emergency is it necessary to carry 194 millions of Bank of Canada bills on deposit with the Bank of Canada? The point is this. Here we have a statement that to meet bank needs it requires 53 millions of Bank of Canada bills to take care of day to day transactions. That is all that the banks are using to support 2,800 millions of deposits. They have, in addition to that amount which they carry in their tills, on deposit, 194 millions.

Mr. CAHAN: Quite so.

Mr. McGEER: And, in addition to that, dominion and provincial securities which are good for borrowings from the Bank of Canada in times of emergency amounting to 1,155 millions. Of course, they will have to give these up to the bank. But what I am pointing out is that this record shows quite clearly the need for this change, because it shows that the government and the Bank of Canada have no control whatever over the power of the banks to increase the volume of circulating credit currency in the service of the nation. I am pointing out that the mere acquisition of this 49 per cent of the stock of the Bank of Canada is not going to improve that situation.

I will not argue the question further, but I wish to quote from an address delivered last night in Halifax, which was broadcast all over Canada and which I do not think either this government or any one else in this house should ignore. I quote:

> The Liberal party cannot lead the people. For reaction leads it.

I suppose this is going to be the policy of the Conservative party to be enunciated at the coming convention.

Mr. CAHAN: I pray God it may not be.

Mr. McGEER: This is not what I am saying, but what Mr. Herridge stated in Halifax last night. He said:

> The Liberal party cannot lead the people. For reaction leads it.
>
> This party was born in the economy of scarcity. There it still abides. The present fact of potential plenty has no place in its philosophy. Though in the beginning, mark you, the Liberal party nailed to its masthead, the doctrine of political and economic freedom. And scarcity, of course, is the denial of all freedom.

Reaction dominates the Liberal party. The Liberal hierarchy, the party's high command, its unawakened followers, are for the old order and against the new.

The Liberal machine is the hired man of the money power. For a time, all that the money power asked of Liberalism was to be left alone. The Liberal party left it alone. But to-day, in government, to do nothing is to do wrong. The fixation of Liberalism has been a firm base for reaction's operations against the people.

The money power is against free trade. The Liberal party is against freedom of trade: except in speeches.

Before the last election, the Liberal leader promised to do battle with the money power. There has been no battle.

The startling thing about this speech is that it is addressed to a Conservative convention in Halifax pleading that the Conservatives line up against the money power and throw the leader of the Liberal government out of office because he has not done battle with that power.

Mr. BENNETT: As promised.

Mr. McGEER: Members on the other side have said that I have strange ideas and have advanced strange doctrines, but I never dreamed that as a Liberal I should ever live to read this great effusion as the expression of Conservatism on the Atlantic shores of Canada. But time goes on. The Conservative party has had its place in the Dominion of Canada and goes down with other institutions that have fallen into the limbo of the things that merely decorate the memories of the past and stand obsolete in the way of progress. But let me say that as the Conservative party goes out there is a danger of the Liberal party becoming and remaining the Conservative party of the past.

Miss MACPHAIL: Becoming! It is.

Mr. McGEER: We have a hope, a great hope, that this reactionary spirit of which even the Conservatives now complain, and which bristles in the banking policy of 1934 will go, not only on this side of the house but on that. This problem of establishing a new order which can finance progress is above party politics. If partyism fails to meet the challenge, which I believe this party is honestly making the effort to meet to-day, as badly as the party opposite failed during the years following the change of monetary policy in 1934, then a new national organization will take hold of the issue. The thing that won the election in Saskatchewan more than anything else was the promise of the Prime Minister to nationalize the Bank of Canada, meaning that he was going to give this dominion a national monetary policy. We believe and hope that during the coming winter, before the next session of parliament, this monetary problem will be grappled with in Canada as it has been in other nations, and that along with a publicly owned institution to make our national monetary policy a public utility service we shall have a developed policy under which the administration will make that public utility service real and effective.

Mr. HANSELL: This discussion arose from the question asked of the acting minister concerning the control of the bank, and as to whether this section actually gave the government control of the Bank of Canada. We listened to the discussion with interest, and perhaps some valuable points were made. In the speeches made by the Minister of Finance (Mr. Dunning) on this measure, particularly at the resolution stage, he declared, more than once, that the purpose of this bill was not to control the policy of the Bank of Canada. I have analysed those speeches carefully, and the minister clearly pointed out that the reason for the bill was to silence political controversy over the constitution of the Bank of Canada. I find that the minister used the terms "political controversy" and "political discussion" fifteen times in the two speeches that he made. In the course of the minister's speech the hon. member for Winnipeg North Centre (Mr. Woodsworth) asked a question as to the political controversy that has taken place in the past few years being the reason for bringing down the bill. I quote from page 4055 of Hansard for June 20 last:

Mr. Woodsworth: I have been listening to what the minister has said, and I am in hearty sympathy with the purpose of the resolution, but I find it difficult to understand what has occurred in the last twelve months that has led this government to make this almost complete change in a policy which was adopted no doubt after careful deliberation. Can the minister give us further information on that point?

Mr. Dunning: I do not think I can go further than I have gone. It was quite evident to the government during the last two years that the constitution of the bank was becoming and would likely continue to be a matter of political controversy.

The hon. member for Vancouver-Burrard (Mr. McGeer) made a remark which was received with some enthusiasm, that the election in Saskatchewan was won largely because the Prime Minister had promised completely to nationalize the Bank of Canada. That may be so. I am not so much concerned about that, but I am concerned about the fact that the bill does seem to be a political move. Personally I feel confident

that this bill does not and is not necessarily designed to give to the government control of policy. If we could be assured that the policy of the bank was going to be changed so that the issue of currency and credit could be made in the interests of domestic commercial and industrial need, we would have more reason for voting for the bill. We are in favour in the bill, because we believe it is a step in the right direction, but if that step is only to put the entire directorate under the government we doubt very much whether it is such a very important step in the right direction.

As to the bill being a political bill, I am not saying this with any malice towards the government, because as the last speaker (Mr. McGeer) has said, the Liberals have a great hope. This group here would rejoice if the great hope that the hon. member had in mind were realized. The Liberal government will always find this group sympathetic to any forward move on behalf of democracy towards controlling the issuance of money in terms of public need. But to go back: it seems to me the bill is somewhat of a political bill. I have it in mind—the hon. member for Acadia (Mr. Quelch) mentioned it the other day—that two years ago the Prime Minister said very distinctly, when the bill for the purchase of fifty-one per cent of the stock of the Bank of Canada was before the house, that that bill was designed to fulfil the promise that he had made prior to the election. Then —I am recalling this as I have a point to make—the Minister of Agriculture (Mr. Gardiner) in Edmonton was reported as saying that the complete control of currency and credit would be in the hands of the government by 1945. When that report came out in the press I asked the Prime Minister on the floor of the house whether we could expect any legislation to be brought down that would in any way readjust the banking system of this country. I thought that a legitimate question to ask after what the Minister of Agriculture had said in Edmonton. I think I can say in all kindness that the Prime Minister's answer to my question was vague. He told us that the legislative program would not be complete until the close of the session. I wonder whether the Prime Minister had in mind then that the government would be bringing down this bill.

Mr. MACKENZIE KING: Yes.

Mr. HANSELL: I am very glad to have the Prime Minister give that definite answer, but it is singular that the public announcement was not made until two or three days before the Saskatchewan election. Then I should like to refer to the speech of the Minister of Finance on the resolution, quoting from page 4055 of Hansard:

> If the central bank of a country is to serve the high purpose for which it is created, it must be manned by men who not only are expert in monetary, economic and financial matters, but also have a sufficient independence of judgment to be able at all times to talk on equal terms to the government of the day with respect to the matters which come under the jurisdiction of the bank in the ordinary course of business.

There may be some value in the government listening not only to those who may be appointed to the directorate but also to members of parliament who come here representing sections of this great democracy that are demanding results along the lines of economic reform. To be honest with the Minister of Finance in connection with the quotation I just read I should say that the minister did go on, at page 4059, to say:

> The general broad policy of the bank of course must be in harmony with the desires of a majority of this parliament.

I am glad that statement was made, because I do feel that the policy of the Bank of Canada should be determined by the desires of the members of this house, who after all represent this great democracy.

Mr. PELLETIER: The remarks of the hon. member for Vancouver-Burrard (Mr. McGeer) a moment ago began with a question addressed to the Minister of National Revenue, who is in charge of this bill. The hon. member wanted to know what the government's policy was going to be, and the minister replied that it was not usual to declare government policy in advance. I believe, however, that we should have a definite statement as to what is meant by government policy. It will be remembered by all hon. members of this house and by the people of this country that the Liberal party intended to take hold of the Bank of Canada and issue currency and credit in terms of public need. We are not asking for a statement of policy, but it does seem to me that we have a right to ask, and that we should insist upon knowing, what is meant by public need. What is meant by issuing credit and currency in terms of public need? If a satisfactory explanation is given in that regard it is not necessary to know what the policy will be.

Mr. MACKENZIE KING: May I say to my hon. friend that "public need" is used as distinguished from "private gain," but public need does not mean private need as my hon. friend and those who sit around him have

frequently interpreted it. It means exactly what it says, in terms of public need as distinct from private gain; it is not synonymous, and could not possibly be, with individual private need.

Mr. PELLETIER: Perhaps the Prime Minister could make it clear by giving us an illustration. I am quite willing to admit that there is and must be a difference between public need and private gain, but just what is the meaning of public need and just how far does it go in the administration of affairs in this country? I do not want to know the difference between public need and private gain; I want to know the meaning of public need.

Mr. MACKENZIE KING: I have tried to enlighten my hon. friend, but if from what I have said he cannot gather what it means I am afraid that no additional words of mine would help him further.

Mr. PELLETIER: Perhaps the Prime Minister would give us an illustration to show what he means.

An hon. MEMBER: There are schools for that purpose.

Mr. PELLETIER: I do not believe that is a proper reply. We were told that currency and credit would be issued in terms of public need. The functions of the bank are alleged to be under the control of the government; but up to the present time, with the conditions that prevail in this country, I have failed to see any such thing as public need being considered. I want to know what is meant by public need, and I believe the people of the country are entitled to have a proper definition of that term.

Mr. CAHAN: Mr. Chairman—

Mr. PELLETIER: I believe the Minister of National Revenue should answer my question.

Mr. ILSLEY: I can only repeat what I said previously, that the policy of the bank is to carry out the objects which are set out in the preamble of the bill. When I said the policy of the government would not be announced until the proper time I had reference to specific steps that might be taken from time to time; I had no reference to the general policy as set out in the preamble. To make it perhaps a little more definite I might repeat what the Minister of Finance said in his speech in this house on March 8 of this year:

> There is little difficulty in defining the general objectives of the central bank and of the government which controls it. These objectives are the maximum possible sustained level of productivity and the minimum possible level of unemployment.

[Mr. Mackenzie King.]

Mr. PELLETIER: I was quite careful not to ask the Minister to define the policy. He did state in the beginning of his remarks that it was not usual for the government to indicate what might be the policy of any arm of government, and it is because of that very reason that I ask for a definition of what public need means; because if we are told what the government means by issuing credit and currency in terms of public need we do not desire to know, nor would it be necessary, what is to be the policy of the government. If we are given a definition of public need by the government it will be clear to all hon. members as to what the policy eventually will be. But I think those words "in terms of public need" demand explanation, and certainly they should be defined.

Mr. ILSLEY: I am within the judgment of the committee as to whether or not I have answered that question: "The maximum possible sustained level of productivity and the minimum possible level of unemployment."

Mr. HANSELL: The term "public need" is not the only expression that has been used by the Prime Minister. He also used the words "domestic need," and if those words mean anything—

Mr. MACKENZIE KING: Where did I use that term?

Mr. HANSELL: The reference is on page 95 of Hansard for this year:

> A central bank is necessary to determine the supply of currency in relation to the domestic, social and industrial requirements of the Canadian people.

Mr. MACKENZIE KING: Yes. The domestic requirements of the Canadian people are something quite other than and distinguished from domestic need.

Mr. HANSELL: I would not ask the question, but I do believe that the domestic need of the people is that men and women who have homes and families should be able to obtain the money necessary in order that they may live.

Mr. MACKENZIE KING: The domestic requirements of Canada are the need of the Canadian people as distinguished from those of other parts of the world.

Mr. QUELCH: Surely the Prime Minister would not suggest that to-day the domestic and social requirements of the Canadian people are being adequately met. Would he suggest that the needs of the unemployed in Vancouver have been adequately met?

Mr. MACKENZIE KING: I have never said they were. The purpose of the bank is to work towards that end. I do not believe it is possible for any need to be adequately met at this or at any time; as one need is met after another, there will always be increase in demand and desire. We shall at least strive toward more adequately meeting the situation.

Mr. PELLETIER: Will the Prime Minister say that the Bank of Canada is going to issue credit and currency in order to create employment? My understanding of public need is that if there are people unemployed in Canada who can be provided with employment, that employment should be created by any means possible. This Bank of Canada is now owned one hundred per cent by the government. Is it to issue large sums of currency in order to create employment? Is it to begin vast works of this kind? Is it to issue credit and currency to pay pensions to the blind? What is to be the purpose of the issue of credit and currency in terms of public need? Is it to supply money to end unemployment? If these requirements are not met, then it is not issuing currency and credit in terms of public need. If the government could give us an answer as to what they intend to do in this connection, there will be no further need to ask these questions.

Mr. BENNETT: I asked a question in connection with the number of directors.

Mr. ILSLEY: The leader of the opposition asked a question as to why eleven had been fixed as the number of directors.

Mr. BENNETT: There are thirteen in all.

Mr. ILSLEY: There is to be a board of thirteen members, eleven of whom are directors, one the governor and one the deputy governor. Then there is an additional member of the board, the deputy minister of finance, or his nominee, who has no voting power. I suppose technically it would be a board of fourteen, thirteen of whom had voting power.

Mr. BENNETT: I would read it the other way. The section reads:

> The bank shall be under the management of a board of directors composed of a governor, a deputy governor and eleven directors appointed in accordance with the provisions of this act.

I wished to know the reason for fixing upon eleven as the number of directors.

Mr. ILSLEY: I shall come to that in a minute. Subsection 2 of section 5 of the act reads:

> In addition to the members of the board as constituted by subsection one of this section, the deputy minister of finance or, in case of his absence or incapacity at any time, such other officer of the Department of Finance as the minister may nominate for the time being, shall be, by virtue of his office or of such nomination, as the case may be, a member of the board, but shall not have the right to vote.

I think that section bears out what I said a moment ago.

Mr. BENNETT: While that subsection provides that the deputy minister shall be a member of the board, this amendment sets out the composition of the board. There is no provision for the deputy minister in this amendment. The two subsections are contradictory. This new subsection states definitely that the board shall be composed of, one, a governor; two, a deputy governor and, three, eleven directors. That act passed in 1934 provided that the deputy minister should be a member of the board and this amendment overlooks that provision, unless he is to be included in the eleven.

Mr. ILSLEY: We are amending subsection 1 of section 5, but we are not changing subsection 2 which provides that the deputy minister shall be a member. He will be a member in addition to those provided for by subsection 1 of section 5.

Mr. BENNETT: The minister is an astute lawyer and he should read this amendment. It reads:

> The bank shall be under the management of a board of directors composed of a governor, a deputy governor and eleven directors appointed in accordance with the provisions of this act.

Those are the governing and dominating words. They state that the board shall consist of thirteen members. Then follows the subsection which states that the deputy minister is to be a member of the board, but he cannot be a member when we set out who is to compose the board and he is not included, unless he is to be one of the eleven directors.

Mr. ILSLEY: That has always been the construction of this section. It is just as it was before, except that now the board is composed of a governor, a deputy governor and eleven members. Subsection 2 has been left alone. The right hon. gentleman asked why the number eleven was chosen. It was desired to make some provision for territorial representation. While it may not be always true that there

will be on the board one director from each of the nine provinces, the fact remains that there are nine provinces. Then it was thought desirable to have two directors who would not be considered as coming from any particular section of Canada. They would be likely resident near Ottawa and it would be possible for them to attend the meetings of the executive committee. At the present time there are eleven directors who are being continued until the expiration of their respective terms of office.

Mr. BENNETT: It is intended to keep them until the expiration of their terms of office?

Mr. ILSLEY: That is right.

Mr. BENNETT: The act contemplates March 1 as being the date on which appointments would be made. I had thought that the government intended to have the new board begin its functions as at March 1, 1939, but I gather from what the minister says that that is not the intention.

Mr. ILSLEY: They do not technically go out of office until the end of their term. They would go out at the end of the February nearest the end of their term of office.

Mr. BENNETT: In view of the fact that the management of the bank is being entrusted to a board I thought that probably the government would have provided that the board should cease to hold office on the last day of February, 1939, and that the government would appoint the new board as of March 1, 1939. That is the language of section 9. I had thought that if you were going to take control, it would be better to do it in that way, that is, have the vacancies occur as of the last day of February next year and then fill them as of the first day of March next year. Apparently the government thinks the other way is best.

Mr. CAHAN: The hon. member for Vancouver-Burrard suggested that the chartered banks held unnecessarily $103,300,000 of Bank of Canada bills. He referred also to the computation, which he had given to the house last evening, that the chartered banks have in Bank of Canada bills a total of $247,500,000. He alleges that only five per cent of cash reserves was required to support the bank deposits at a certain date and he gave us the bank deposits at that date as $2,884,400,000. He computes five per cent of that sum to be $144,200,000, and then makes the fanciful assumption that no more than five per cent will be required for the safety of the bank. Therefore, he alleges that the banks hold in Bank of Canada bills $103,300,000 in excess of reserve requirements. If by reserve requirements the hon. gentleman meant the five per cent which is provided for by the statute, then he is correct. But he cannot possibly assume that that $103,000,000, as shown on a certain date as the statutory reserve of five per cent, will be sufficient to meet all exigencies of all the banks in time of crisis. The hon. member does not appreciate the fact that the economic security of Canada, its commercial and industrial security, depend upon the chartered banks having sufficient reserves available to meet all possible exigencies. No one can suggest that five per cent is sufficient. That is the lower limit. But these banks, in order to create public confidence in their stability, maintain a larger reserve than that, and they are bound to do so, if they wish to maintain the confidence not only of their own shareholders and depositors but of the banking and commercial communities with which they deal throughout the world.

The hon. member made one other statement. He suggested that the Hon. Mr. Herridge in his speech at Halifax was authoritatively pronouncing a policy for the Conservative party of Canada. Evidently he did not read the speech.

Mr. McGEER: Oh yes, he did.

Mr. CAHAN: Apparently he read only the headlines, because in the speech Mr. Herridge said:

> Now it is not intended to replace the Liberal government by a Conservative government. Reaction knows that neither Liberalism nor Conservatism, flying the swastika of the money power, can win again.

It is clearly apparent from that speech that he has in view the establishment of a new national party organization, and it is quite clear from the address of the hon. member for Vancouver-Burrard that Mr. Herridge has already obtained one disciple for his new organization. Astute a man as Mr. Herridge is, having secured the unbounded confidence of the member for Vancouver-Burrard, it is now only necessary for him to secure the confidence of the social credit party, with which he seems to be more clearly allied than with any other party in Canada at the present time; and the social credit party, with Mr. Herridge as leader and the hon. member for Vancouver-Burrard as first lieutenant, have already begun the fight which they intend to carry on at the next federal election. As a matter of fact, I should be only too happy personally if such a fight were inaugurated in Canada. I lived through and took a keen

interest in the old silver money fight during a certain presidential election in the United States, and the answer of the conservative elements in the United States to that propaganda, the conservative elements in both national parties of that day, was such a complete overthrow of the propagandists for free coinage of silver that the propaganda has never been repeated since. Although Mr. Bryan lived for some years thereafter he never again advocated his free silver coinage policy.

Mr. McGEER: But Roosevelt put it into effect.

Mr. CAHAN: I do not think he has quite put it into effect yet.

Mr. McGEER: Oh yes he has, absolutely.

Mr. CAHAN: I do not think so, certainly not in the terms in which it was first announced; and he has not put it into effect in such a way as to satisfy the propaganda which is being carried on by the hon. member and a few others associated with him. If we are to have an electoral test of that kind in Canada, let us have it and have a complete showdown. What I blame this government for is this, that although they had complete control of the Bank of Canada under the statute then existing, as complete control as they will have when this bill passes, yet, in deference to propaganda carried on in Saskatchewan and in some other quarters, they have introduced this bill in order to satisfy a political demand—a demand made by the hon. member for Vancouver-Burrard.

Mr. McGEER: In 1933.

Mr. CAHAN: A demand made subsequently by the social credit party, a demand made by all persons who wish to substitute the printing press and paper tokens for all purposes of mercantile exchange.

Mr. BLACKMORE: Mr. Chairman, I object very strongly to that. The social credit party has never advocated the printing press.

Mr. CAHAN: It is a different name but it means the same thing.

Mr. BLACKMORE: That is not so at all.

Mr. CAHAN: I am willing to debate that matter at any other time, but just now I am attending to the hon. member for Vancouver-Burrard.

Mr. BLACKMORE: The hon. gentleman will get the surprise of his life when he does.

Mr. CAHAN: What I do say is this, that in this bill, with the terms of which I am in accord, except that it is introduced to satisfy a certain political demand, the government are making concessions which will simply encourage those who are demanding this alleged reform to claim still further concessions. The next claim which will be made—it is clear from the speech of the hon. member for Vancouver-Burrard and those of other hon. members—will be the use of the printing press to supply Bank of Canada bills in payment for public services and to supply public needs, and to service and pay off the public debt of Canada. That is the trend of the discussion, and that agitation is encouraged by the concessions which the government are making in introducing this measure. I sincerely hope, however, that the courage of the government will be restored and that they will be stalwart and strong enough to withstand this agitation. I am thoroughly convinced that even if Mr. Herridge and the hon. member for Vancouver-Burrard and the social credit members and others unite with perhaps a few other Liberal members in this house, who are not quite as outspoken as the hon. member for Vancouver-Burrard, and the issue is fairly joined, the people of this country are so sane and so well informed as to the facts that they will resist the demand and defeat it by an overwhelming majority. If that combat is to come, I hope it will come before the years of my long life are altogether closed.

Mr. McGEER: I want to refer to just one point. The hon. gentleman has represented me as saying that I think the banks are wrong in holding $103,000,000, and he says I do not appreciate that that $103,000,000, over and above their actual reserve requirements according to law, is necessary to maintain the stability and security of the banks up to the point where they can command the confidence not only of the people of Canada but of other nations; that I do appreciate that something in excess of legal reserves is a practical necessity; that I do not understand that that margin of security over legal reserves is essential to the general well being of the dominion. Let me point out to him that he is telling only half the story. He has overlooked the fact that, in addition to the $199,000,000 of Bank of Canada bills that the chartered banks have on deposit, they have also the security of the $80,000,000 odd of gold reserves held by the Bank of Canada, as well as the $90,000,000 odd of gold reserves that they are using to support the Bank of Canada bills in issue at the present time. In addition to that $199,000,000 of Bank of Canada bills on deposit with the Bank of Canada by the chartered banks, there is $339,000,000 of avail-

able Bank of Canada bills which can be issued to support the bank, and the gold reserves not in use by the Bank of Canada at the present time.

Mr. CAHAN: Quite so.

Mr. McGEER: To say, as he has said this afternoon, that I do not appreciate the need of that $103,000,000 of excess reserves would be to accuse me of not knowing that the Bank of Canada and not the chartered banks, and the gold reserves of the Bank of Canada and the government's administration of our gold reserve and the issue of our legal tender currency, are the security for our national position in international affairs. That I do appreciate. But that I do not think he understood in the argument he presented to the house this afternoon.

I want to go a little bit further. Let the hon. gentleman be not too sure that the fight of which he spoke will not come. But let him not discount the intelligence of the Canadian people, because they have been bamboozled too long by the kind of arguments which the hon. gentleman has presented to-day, and which tell only a small portion of the truth. There are, thank God, in Canada to-day men who are prepared to go forward, letting the people know the kind of thing that they have suffered under the administration of orthodox finance and under the monopoly which the private money system has wielded. The hon. gentleman sneered at the campaign of William Jennings Bryan and gloated over the fact that the republican party went back in 1896 and continued in power for a great many years—that the sound money men won. But if he will go back and quote from some of the men who saw the trend of affairs, he will have seen sound money and orthodox finance bring the great United States to her knees in bankruptcy and disaster and destitution in the appalling year 1933, when that type of republicanism and that old toryism for which he stands to-day disappeared from the United States, and disappeared forever. It has gone like other things that have failed to survive, because it brought disaster where it promised the blessings of progress. A new day is dawning, and the day will come when every man in Canada will know and understand the practical and understandable theories of the economic bloodstream of our social order, the medium of exchange which men must have in order to live even on the lowest standards of living, a circulation which must be ample and free if they are to enjoy the abundance which science has brought within the reach of humanity.

Do not be alarmed at the future. Other men have been more alarmed than is the hon. member—

Mr. CAHAN: I am not alarmed.

Mr. McGEER: —when they found progress sweeping on. But, I venture to say, even before the hon. gentleman passes on—which I hope will be many, many years hence—he will be standing shoulder to shoulder with us, fighting the battle of humanity, seeing a better day for toryism and for the people of Canada.

Mr. CAHAN: I will reply in only a few words. I have lived through similar agitations in two other countries. I have seen the misery, the wretchedness, the poverty and the suicides, as well as death in other forms, which have been brought about through the adoption of unsound monetary policies. I am not scared by the eloquent suggestions of the hon. gentleman, because I have faith in Canada, faith in the sanity of our people, and I am persuaded that the progress we have made in the past under sound monetary policies is but a promise of the greater prosperity which awaits this country in the future.

Mr. PELLETIER: The signs of the times point indeed to what may happen in this country in the future. We have had evidence, and it grows day by day, that there is a definite movement towards the formation of a union party in Canada. On one side may be aligned the forces of reaction, on the other the forces of progressive thought. Undoubtedly that day is coming, but because up to the present the situation has not been made clear it may serve a good purpose to clarify it on this occasion.

To-day there is no combined or effective opposition to the Liberal party. There are in Canada various schools of progressive thought, but none sufficiently large of itself to offer effective opposition to the present government. But I feel sure that, with the alignment of all progressive thought in Canada in order to accomplish greater abundance in this life for the common people, there will develop a definite forward movement against the forces of reaction. I merely wish to point this out because of the remarks of the hon. member for St. Lawrence-St. George, and to assure him, even though we have not his experience and have not arrived at his age in life, it is a principle of democracy that the will of democracy must eventually prevail. If the people of Canada desire progress, the only way in which they can achieve it is through the language of political action. I have no doubt that the hon. member for

St. Lawrence-St. George well understands what we mean by "the language of political action." When Saskatchewan was "threatened," as they said, by social credit forces, that was the language of political action. The Minister of Finance has definitely stated that he brought in this act for political reasons. Of course they were political reasons. Nevertheless that is how democracy works. It works through the medium of political expression, and we intend to continue to give such expression so that the forces of progress in this country may ever go forward. It does not make any difference to us whether progress comes through the Liberal party or through somebody else. If political action makes for progress, democracy is on the way to winning a battle which it must continue to fight.

Some hon. MEMBERS: Carried.

Mr. PELLETIER: It is not carried. It will not be carried—for a while, I mean, Mr. Chairman. It seems to me that at this point there is something we should make quite clear. Misunderstandings have arisen between two progressive parties concerning this particular legislation. It was advanced in certain parts of Saskatchewan that the social credit members had opposed progressive legislation of the Cooperative Commonwealth Federation party. To-day I refer to that, not by way of criticism but because I believe it is too bad that the forces of progress should be split by such technical details as these. It is too bad that misunderstandings arise from time to time. For that reason the stand we took on that occasion should be made, I believe, quite clear. I well recall the remarks I made in that connection, which are recorded in Hansard of February 26, 1936.

Mr. ILSLEY: On a point of order, I do not wish to limit discussion, but I submit that what the hon. gentleman is about to say will obviously be out of order.

Mr. PELLETIER: I agree that it is out of order; nevertheless—

The CHAIRMAN: The point of order raised by the minister is well taken. This discussion for the last hour and a half or two hours has been out of order, because we are now on a definite clause, the section having to do with the directors of the bank. I will read it in order to refresh the memory of hon. members, because the discussion has strayed very far from it:

> The bank shall be under the management of a board of directors composed of a governor, a deputy governor, and eleven directors appointed in accordance with the provisions of this act. There may also be an assistant deputy governor who shall not as such be a member of the board.

From now on I will confine the discussion, as far as I can as chairman, to the clause at the moment before the committee, and I would ask the hon. gentleman, who has not yet concluded, to observe the ruling.

Mr. PELLETIER: No member of this committee knows better than I do the wisdom that you display, Mr. Chairman, in guiding the deliberations of the committee, and I accept your ruling. I would remark, however, that latitude has been allowed other members on this question. If they should have refrained from discussing the question it might have been good policy to prevent such discussion because it is not right to deprive us of the same latitude. Nevertheless I respect your decision and will confine myself to the clause under discussion.

The board of directors will reflect the policy which may be adopted by the majority of the members of the House of Commons, in other words by the government of the day, and it is therefore important when we are considering their appointment that we should know what the policy will be. I have asked the question time and again and have come to the conclusion that it is impossible for the government to determine what they mean by the issuing of credit and currency in terms of public need. They have refused to tell us whether they will use the Bank of Canada to create money in order to take care of unemployment. They have refused to give us some idea of what is meant by the issuance of credit and currency in terms of public need, and it is for that reason, and because we have waited so long for this legislation, that we are pressing this question now. We had faith in the beginning and we kept quiet concerning the Bank of Canada, but now the appointment of the directors is under consideration I submit the time is opportune for the government to give us a clear-cut definition of the issuance of credit and currency in terms of public need. The government evidently do not intend to answer the question; possibly they themselves do not know what they mean. I will, therefore, drop that question and ask another. Who prints the bills of the Bank of Canada?

Mr. ILSLEY: There are two bank note companies in Ottawa who print these notes. Public tenders are called for and contracts awarded.

Mr. PELLETIER: Are tenders asked for only from these two companies?

Mr. ILSLEY: These are the only two in Canada.

Mr. PELLETIER: Then there is some sort of monopoly. Why is it necessary for the Bank of Canada to have these bills printed by a private institution?

Mr. ILSLEY: The government is not itself in the engraving business and has no facilities for printing notes.

Mr. LANDERYOU: The Liberal party has said that usury once in control will wreck any nation.

Some hon. MEMBERS: Order.

Mr. LANDERYOU: I do not think that is out of order. Usury once in control will wreck any nation. The Minister of Finance says that he is not going to issue money and credit debt-free but will continue to borrow. Can he explain how the Liberal financial policy will lower taxation and debt in Canada?

The CHAIRMAN: The hon. member heard my ruling a few moments ago and I would ask him to confine his remarks to section 3, which has to do with the board of directors.

Mr. LANDERYOU: The directors are more or less experts and they should have some say in matters of policy. It should be the duty of the government in power at least to give them counsel and advice or to lay down a policy that will relieve Canada of the tremendous financial burden from which we are suffering. I should like the minister to mention any plan he has in mind which will reduce taxation having regard to the very considerable increase in this direction during the past year. I would give him even fifty years.

The CHAIRMAN: Shall clause 3 carry?

Mr. LANDERYOU: I should like to have a statement on that question of debt and taxation.

Mr. ILSLEY: The subject of debt and taxation has been discussed many times in this house, and certainly it is not my place as the sponsor of this bill to make a statement on that subject under this section of the bill.

Mr. LANDERYOU: The hon. member for St. Lawrence-St. George (Mr. Cahan) spoke very disparagingly of the efforts of monetary reformers in Canada, and so far as social credit is concerned we have advocated an increase in purchasing power.

The CHAIRMAN: Order. Will the hon. member be good enough to resume his seat. He knows very well that he is out of order and I would ask him to confine his remarks to the clause under discussion. Beauchesne's Parliamentary Rules and Forms lays it down that speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

Mr. LANDERYOU: I was referring to the remarks made by the hon. member on this very section.

Some hon. MEMBERS: Order.

Mr. LANDERYOU: The hon. member for Peace River (Mr. Pelletier) brought to the attention of the minister this question of the issue of money and credit in terms of public need, and the statement was made that the idea was to maintain maximum production and maximum employment. Is it the intention of the government, then—

Some hon. MEMBERS: Order.

The CHAIRMAN: Order. I must ask the hon. member to resume his seat. Is he prepared to conform to the ruling of the chair? If so, he may be permitted to proceed, confining his remarks to the clause under discussion.

Mr. HEAPS: It is very difficult, Mr. Chairman, to limit any speaker in that manner. In connection with this very section the question of the policy of the bank is necessarily under discussion. I do not want to prolong the debate, but in fairness to the hon. member I would point out that we are dealing with the appointment of directors. It is under these directors that the policy—

Some hon. MEMBERS: Order.

Mr. HEAPS: Will hon. members kindly be quiet when I am raising a point of order?

The CHAIRMAN: The hon. member must state his point of order as briefly as possible.

Mr. HEAPS: You cannot tell how brief I have to be; I will determine that. I am stating that under this clause dealing with the appointment of directors any hon. member has a right to speak on the question of the policy that these directors are likely to adopt. The question whether they issue more currency or less, which I do not for the moment, want to discuss, is strictly within this clause and the succeeding one, and in spite of the fact that hon. members are anxious to get

through with this business as quickly as possible, when a member wants to discuss something which is strictly within the clause I do not think he should be told that he is not within his rights in so doing.

Mr. BENNETT: The difficulty arises from the fact that we have all been enjoying very wide latitude in the discussion under the section dealing with the title. Once that was adopted, I think the rule is clear that in committee we must be confined to the clause or section under consideration. The time when the hon. member could have spoken was on section 1, but once that passed he is, in my judgment, bound by the rules to make his observations relevant to the question at issue; that is, the substitution of a new section providing for the appointment by the government of eleven directors, for the section providing for the method heretofore employed.

The CHAIRMAN: In addition to the remarks of the right hon. leader of the opposition (Mr. Bennett), I would read citation 753 under standing order No. 75:

> The second reading of a bill is that stage when it is proper to enter into a discussion and propose a motion relative to the principle of the measure.

Mr. PELLETIER: We have been asking questions, which I agree are rather lengthy; they demand some explanation—

The CHAIRMAN: Order. I have already given my ruling, and the hon. member is out of order when he discusses the matter.

Mr. LANDERYOU: I have no intention of challenging the ruling of the chair. The only reference I wish to make to what has been said by other hon. members is to the statement made by the hon. member for St. Lawrence-St. George (Mr. Cahan), that we are simply out to turn the printing presses loose and flood the country with Bank of Canada bills. In answer to that I say that there is no intention on the part of the social credit group to turn the printing presses loose. All we suggest to the minister is that when there is idle labour and unused material in the country, the government should take steps to have our monetary system reflect our collective ability to produce goods and services, using that idle labour and unused material. Go just that far; issue money to make possible the development of Canada by the use of the idle labour and unused material. Is it the intention of the government so to use the Bank of Canada that the idle labour and unused material can be brought into production?

Mr. PELLETIER: The section provides that there may also be an assistant deputy governor who shall not as such be a member of the board. Why is this necessary?

Mr. ILSLEY: This has been a provision of the act from the beginning. The only members of the board other than the directors are the governor and the deputy governor, and also the Deputy Minister of Finance, who has no vote.

Mr. BENNETT: He is the contact man between the government and the bank.

Mr. PELLETIER: How was the number of directors arrived at? Why are there eleven rather than seven or fifteen?

Mr. ILSLEY: I answered that question rather fully just a few minutes ago in reply to a question by the leader of the opposition. Unless the hon. member insists, I should be sorry to repeat what I said.

Mr. PELLETIER: I have no intention of holding up the committee; I realize we are trying to make progress as fast as possible, and I shall observe the remarks of the minister in answer to the leader of the opposition.

Section agreed to.

Section 4 agreed to.

On section 5—Directors.

Mr. BENNETT: I quite understand that the minister, who is very ably taking the place of the Minister of Finance, would hardly be prepared to make any alteration in the section, but I must point out that to leave this section as it now stands will, I think, be found extremely embarrassing to the government. I believe they will have to amend it next session. The minister will recall that in the section passed in 1936 we provided for the retirement of directors in 1940, 1941, and as late as 1942. It is obvious that as the section now before the committee reads these members of the present board will retire only on the last day of February in their respective years. I should say that the government would find it highly desirable to provide for their retirement at once, or at least at the end of February of next year, and then re-appoint them, if desired, because provision is made here for re-appointment; otherwise I think the government is going to be embarrassed. I say that frankly. We have continued these directors in office until the February preceding the expiration of their term of office. It will be recalled that in the 1936 section—without going into it at length—we provided for two to retire at the annual

meeting in 1940, two in 1941, two in 1942 and so on. Now we repeal the section, and there is no longer any authority for their appointment; that has vanished. There are no annual meetings in the sense heretofore provided; therefore there can be no appointments at the annual meetings. But in the section now under consideration we also say that:

> The minister with the approval of the governor in council shall as of the first day of March in each year appoint for terms of three years each a sufficient number of directors to provide that there shall be eleven directors: provided, however, that every director holding office at the date of the coming into force of this subsection shall continue as a director up to and including the last day of February in the year of the expiration of the term of office for which he was elected or appointed.

This, of course, means that whatever policy the government may desire to embark upon, there is no power to remove the directors unless you come back to parliament. The policy of the government is reflected by the board, and the government should be in a position to put in its board of directors at least by next February. This can be brought about in the manner I have indicated. I am not going to do more than direct attention to the matter, because I realize the position of the minister.

Mr. ILSLEY: There is a majority of government appointed directors on the board at the present time, and as far as I know there has been no criticism of the shareholder appointed directors, who are in the minority. Both are satisfactory.

Mr. BENNETT: But those appointed by the government are appointed with definite limitations, and they will continue in office for a considerable length of time. Whether or not they would reflect the policy of the government with a government owned institution as distinguished from a government controlled institution is a matter which obviously the government is not going to discuss. I am content as long as I have directed attention to the fact that I think the government will want to come back later and change the section.

Section agreed to.

On section 6—Selection of directors.

Mr. BENNETT: In Australia the age limit is seventy years instead of seventy-five with respect to bank directors, and it will be observed that in this legislation the territorial question is not dealt with; this provides only for occupational diversification. In the report made by the royal commission in Australia, after investigation they indicated that had been one of the difficulties, and recommended that there should be both capacity and diversity of occupation, as we have here. At the present moment, under the preceding section the board that came into being reflected in part at least the standpoint of geographical and other considerations that had nothing to do with the essential question of capacity.

Section agreed to.

Sections 7 and 8 agreed to.

On section 9—Exchange of shares.

Mr. BENNETT: In connection with the fixing of the price I mentioned to the minister the other evening that the record indicated that no such price as $59.20 had been paid for board lots in Toronto. I have not the Montreal figures before me; but I suppose that is only a question of computation, and I take it that the officials have satisfied themselves that $59.20 is the average price on the two exchanges during the months in question.

Mr. ILSLEY: The $59.20 represents the average of every single sale made on the Toronto and Montreal exchanges for the period in question. The exact amount is $59.17.

Mr. BENNETT: That covers the months of January, February, March, April and May?

Mr. ILSLEY: Beginning with January 1 and extending to the day the Prime Minister made the announcement that these shares would be taken over.

Mr. HEAPS: The minister mentioned yesterday the method by which this computation was made. Personally I think $59.20 is a little too much to pay for these shares which less than four years ago cost the public approximately $50 per share. To me it seems absurd, to use a very mild term, that we should issue shares at $50 and four years later buy them back at a premium of $9.20.

Mr. ILSLEY: It is not the same public.

Mr. HEAPS: But they are the same shares. I am not worrying about the public; I am worrying about the shares, and I am thinking of the treasury. This little transaction is costing the treasury of this country $920,000, and from a logical, sound, common sense basis I cannot see why we should issue $50 shares in 1934 and then buy them back at $59.20 in 1938. They were a gilt-edged security paying 4½ per cent all the way

through, and they went up in price only because it was practically certain that the interest would be paid during the term of the shares. I think if we bought them back at $50 per share plus accrued interest, that would be a proper price. We are not paying the value of the shares; we are paying the speculative price quoted.

Mr. ILSLEY: No.

Mr. HEAPS: Yes. In my opinion that price represents the speculative value placed upon them. If we had securities yielding five per cent, these shares would not have gone up so much; on the other hand, if government securities yielded only 2½ per cent, these shares would have gone much higher. I do not think the government ought to buy back its own securities at such a high premium as this.

Mr. ILSLEY: I would just ask the hon. member to put this question to himself. If he had taken some of his money or some of his children's money or some of his wife's money and bought some of these shares at $59.17 or $59.20 a few months ago, would he have been prepared to rise in his place and say he had been justly and fairly treated if the government came along and took those shares from him at $50 per share? That is the problem which confronted us; that is the question we had to ask ourselves.

Mr. HEAPS: That is a fair question. It so happens that I have a few of these shares, which cost me more than $59.20 per share. What is the method the government intends to adopt to finance the repurchase of these shares.

Mr. ILSLEY: That is dealt with in subsection 3 of this section, which reads:

> The minister shall as of the date of the coming into force of this subsection reimburse the bank the amount by which payments made by the bank to the holders of class "A" shares, excluding any amount paid by way of dividend, exceed the par value of such shares and such reimbursement shall be effected by surrendering to the bank for cancellation two thousand of the class "B" shares held by the minister having the aggregate par value of one hundred thousand dollars and by paying to the bank out of any unappropriated moneys in the consolidated revenue fund the sum of eight hundred and twenty thousand dollars.

Mr. HEAPS: I am wondering if the Minister of Finance is going on the market to borrow money to finance the purchase of these shares.

Mr. ILSLEY: That amount is payable out of the consolidated revenue fund.

Mr. HEAPS: As far as I can see from the condition of the consolidated revenue fund, it amounts to the same thing. Probably the government will go into the open market and borrow the money in order to purchase these shares. What is the difference between the government having more bonds outstanding to the public and having these shares outstanding? Personally I do not see that there is very much difference.

Mr. ILSLEY: The rate of interest is considerably lower.

Section agreed to.

Sections 10 and 11 agreed to.

On section 12—Bank may buy and sell dominion and provincial securities.

Mr. BENNETT: Will the bonds which we put up with the bank be returned to the treasury now that the bank is publicly owned?

Mr. ILSLEY: No; I do not think there is any intention of having that done.

Mr. BENNETT: I think it should be.

Mr. ILSLEY: Well, the bonds the government delivered to the bank were for value received. The Bank of Canada assumed the liability of the government on $150,000,000 of outstanding dominion notes, and therefore the bonds belong to the bank. I do not see anything in that transaction to effect a release of the government from its obligation to deliver those bonds to the bank.

Mr. BENNETT: Well, I shall merely state the case and leave it at that. 1. The Dominion of Canada delivered to the Bank of Canada bonds amounting to $150,000,000 carrying three per cent interest.

Mr. ILSLEY: The right hon. gentleman may be right. I was thinking of the bonds in respect of the dominion notes alone.

Mr. BENNETT: I am coming to that. 2. The Bank of Canada assumed responsibility for the payment of dominion notes. 3. The bank has now become the property of the people of Canada. 4. I therefore contend that the Bank of Canada should hand back to the people of Canada the bonds thus delivered to it because it no longer has any responsibility, that responsibility having been taken over by the people of Canada.

Mr. ILSLEY: The bank has a separate corporate entity and must be treated as any other corporate entity. It cannot make a great deal of difference in the final result because the amount paid for interest to the bank is paid to a bank owned by the government. Nevertheless, the bank has a separate

corporate existence. It is not a department of government; it is a corporation, a body politic. As I said before, I do not see anything in the circumstances to effect the release of the government's liability.

Section agreed to.

On section 13—Reserves to be maintained by chartered banks.

Mr. BENNETT: Some of our Canadian banks are carrying on operations outside Canada. If they were to become insolvent because of acts committed outside Canada, it would affect Canadians. Therefore, the reserves maintained by the banks in Canada should be for their complete responsibilities, both in and out of the country. That is the position I take with respect to that.

Mr. ILSLEY: I am informed that in respect to the liabilities to pay in other currencies, other reserves are required.

Mr. BENNETT: The countries in which they carry on business require that reserves be maintained. It will be recalled that we passed a statute which permitted some of our banks to issue paper money in the terms of the currencies of the communities in the West Indies in which they were carrying on their business. However, their head offices are in Canada; they are subject to our laws, and there should be no risk of the structure in Canada being impaired by anything that might take place out of the country. I have always contended it is not sufficient that the reserves should be only for the amounts payable in Canada.

Mr. ILSLEY: There is a provision in the Bank Act which provides that Canadian banks which are liable to pay in foreign currencies must maintain separate reserves satisfactory to the Minister of Finance of this country, apart altogether from the laws of the countries in which they do business.

Mr. BENNETT: That provision was in another statute for some time, and then I believe it was included in the Bank Act, although I speak subject to correction. I quite agree as to that, but what we are endeavouring to do is to deal with deposit liabilities payable in Canada itself. The structure here may be affected by untoward circumstances outside the geographical boundaries of this country and over which we could exercise no control except in the manner I have indicated. I simply direct this to the attention of the minister, and I do not intend wasting any time arguing.

Section agreed to.

[Mr. Ilsley.]

On section 14—Rest fund.

Mr. BENNETT: We are paying three per cent to this bank every year as interest on our bonds, and what we get back is that proportion of the money to which we are entitled. Why should we pay interest on bonds that were put up originally for a purpose which is now discharged by the country as a whole? Section 41, which deals with that phase of the matter, reads:

> No statute relating to the insolvency or winding up of any corporation shall apply to the bank and in no case shall the affairs of the bank be wound up unless parliament so provides;

In other words, there is the recognition that this is an arm of government. It is no longer subject to the normal laws governing corporations that do business of this kind. We pay an interest rate of three per cent, which amounts to $4,500,000. We might just as well cut that payment right off.

Mr. ILSLEY: It all comes back to us.

Mr. BENNETT: No, it does not. If it did, I would not be making this argument. It is to that very point that I am directing attention. Surely I could not put it any more clearly than I have in the proposition I put before the committee. We pay $4,500,000 because they are three per cent securities. This bank had a revenue of $4,500,000 because of its having assumed originally responsibility for dominion notes. But that responsibility is now a national one, borne by the people of this country. We have made it perfectly clear that we are not going to have any difficulties of that kind in connection with shareholders or anyone else. Who is responsible? The Dominion of Canada is now responsible. There is no getting away from that; that is the whole argument upon which this bill proceeds. Why should the Dominion of Canada, when its responsibility has been fixed and settled, hand over $4,500,000 per annum, which, when it comes back to us, is diminished, mark you, to the extent of one-half? Look at what we get back. This is what is provided:

> —and after deducting an amount equal to four and one-half per centum of the paid-up capital which may be utilized for the payment of cumulative dividends at a rate of four and one-half per centum per annum, payable half-yearly, the ascertained surplus available from the operations of the bank during each financial year shall be applied by the board as follows:

Then follow particulars as to the rest fund and so on. Paragraph (c) reads:

> If the rest fund is not less than twice the paid-up capital, the whole of such surplus shall be paid to the receiver general and placed to the credit of the consolidated revenue fund.

This is at great variance to what happened in Australia. I must say I find it difficult to accommodate my mind to thinking that the taxpayers of Canada have to pay $4,500,000 annually when the bank now belongs to them and is no longer mixed up with any question of profit or gain, to use the language that has been used in this chamber on more than one occasion. Nor has this bank any concern about the question of dividends. This is a public institution belonging to the people of Canada; it is an arm of government.

Section agreed to.

Sections 15 to 21 inclusive agreed to.

Bill reported, read the third time and passed.

CRIMINAL CODE

AMENDMENTS WITH RESPECT TO RECKLESS DRIVING, SALTING MINES AND MINE SAMPLES, ETC.

The house again in committee on Bill No. 137, to amend the criminal code—Mr. Lapointe (Quebec East)—Mr. Johnston (Lake Centre) in the chair.

On section 6—Registration of revolvers and pistols.

Right Hon. ERNEST LAPOINTE (Minister of Justice): I have an amendment which I shall ask my colleague to move to this section.

Mr. MACKENZIE (Vancouver): Mr. Chairman, I move that clause 6 be struck out and the following be substituted therefor:

6. Section one hundred and twenty-one A of the said act as enacted by section three of chapter forty-seven of the statutes of 1934, is amended by adding thereto as subsection three the following:

(3) In addition to the registration provided for in subsection two of this section there shall be, similarly, a general registration of all revolvers and pistols during the period between the first day of March and the first day of July in 1939, and during the same period every five years thereafter.

Mr. LAPOINTE (Quebec East): Under the law as it is at present every pistol and revolver has to be registered with the police; but it happens, of course, that these weapons often change hands, and so, to keep track of them, provision is being made for a general registration of all these arms every five years.

Mr. BENNETT: The only thought I had this morning was whether a period of five years is not a rather long one in which to have no re-registration for the very reason the minister has just mentioned, namely, the rapidity with which these weapons change hands.

Mr. LAPOINTE (Quebec East): It is the period suggested by the Royal Canadian Mounted Police.

Mr. BENNETT: They would have a better idea than I would.

Amendment agreed to.

Section as amended agreed to.

On section 22—Holder of lease of gold or silver mine defrauding owner.

Mr. LAPOINTE (Quebec East): Subsection 5 stood this morning because of an objection by the right hon. leader of the opposition. Since then I have looked up the Interpretation Act, section 20 of which reads:

Whenever any act or enactment is repealed, and other provisions are substituted by way of amendment, revision or consolidation,

(a) all regulations, orders, ordinances, rules and by-laws made under the repealed act or enactment shall continue good and valid, in so far as they are not inconsistent with the substituted act or enactment, until they are annulled and others made in their stead.

So the order in council would still be in force.

Mr. BENNETT: Yes, that would be unquestionably so. We had the same question up in the Bank of Canada bill to-day.

Mr. LAPOINTE (Quebec East): I think this will be sufficient.

Mr. BENNETT: If the minister thinks it is sufficient, I am content. I only thought it might be made a little clearer.

Section agreed to.

Mr. WOODSWORTH: Before you report the bill, Mr. Chairman, I have had objections raised to the wording of clause 14 dealing with disorderly conduct. It seems that this provision was requested by the Royal Canadian Mounted Police, who claim there has been some difficulty with regard to screaming. The new provision appears to be too broad. It reads:

(f) causes a disturbance in or near any street, road, highway or public place, by screaming, swearing or singing, or by being drunk, or by impeding or incommoding peaceable passengers, or in any other way.

The last phrase is very broad indeed and might prevent peaceful picketing, which has been commonly regarded as quite legal.

Mr. LAPOINTE (Quebec East): I have had some representations made to me with regard to this very matter, and in reply I

have given the assurance and the Department of Justice has also given the opinion that this provision will in no way affect picketing, which is legal. This is merely to cover some illegal way of creating disorder. Picketing is not disorder.

Mr. WOODSWORTH: No; but does not the last phrase, "or in any other way," leave it wide open?

Mr. BENNETT: Only unlawful ways. Those words would not permit a lawful matter to be made unlawful. There is no question about that.

Mr. HEAPS: The whole question resolves itself into what the officer on duty regards as unlawful.

Mr. LAPOINTE (Quebec East): Oh, no; it is the law, and surely if the matter is ever raised, anybody can quote the opinion of the Minister of Justice in charge of this bill and the opinion of the leader of the opposition. What better answer can we give?

Mr. BENNETT: Unfortunately the courts have decided that you cannot read from Hansard in support of your argument; but I have no doubt that the Minister of Justice will give a written opinion to the hon. member for Winnipeg North Centre (Mr. Woodsworth) and I should be glad to associate my name with that of my right hon. friend.

Mr. LAPOINTE (Quebec East): That will be fine. I have written a letter already.

Bill reported, read the third time and passed.

PENITENTIARIES

INCORPORATION OF COMMISSION FOR ADMINISTRATION, CONTROL AND MANAGEMENT—AMENDMENT OF EXISTING ACTS

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to introduce a measure to incorporate a commission with power under the Minister of Justice to administer, control and manage the penitentiaries; to provide for salaries of the commissioners and assistant commissioners and to amend and consolidate the Penitentiaries Act and amending acts and repeal the same.

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I will expedite business by agreeing to your honour leaving the chair without prejudice to the position which I propose to take with respect to this resolution. Perhaps it can be more readily discussed in committee. I must say, however, that I have a very strong opinion against our proceeding with this matter at this time for reasons that I shall presently give.

Motion agreed to, and the house went into committee, Mr. Johnston (Lake Centre) in the chair.

Mr. BENNETT: I am hopeful that the Minister of Justice will not ask us to deal with this matter at this late date in the session.

Here is a measure of first-rate importance. I use the word "first-rate" in the sense in which it was employed by an old parliamentary draftsman, as denoting a measure which profoundly affects the whole country and no one particular section of it.

A royal commission has made a report. That report was not laid on the table of this house until the fourteenth day of June. The evidence upon which the report was made should also be laid on the table, and I suppose that in due course it will be, but it is not yet available.

The report is a highly contentious document. I am receiving letters from many people complaining of the absolute unfairness, and more, the absolute untruthfulness of statements made in that report. In a public newspaper, for instance, Messrs. Morris of Kingston have published a letter in connection with the handling of coal. The coal was unloaded at a dock. They estimated they had unloaded 250 tons, but it was subject to being measured and weighed. It was weighed and it was found that there were only 217 tons. They sent up the balance of the coal, got receipts for it, and were paid for it; yet they were pilloried in that report. I might cite page after page.

I wonder whether the committee is aware of the fact that this is the first time in our history that as a parliament we are invited to remove a man from office upon the report of a commission which gave him practically no opportunity to be heard. I wonder whether hon. members realize just how the evidence was taken, whose evidence it was, and the conditions under which it was given.

I wish to tell the committee something as to the appointment of General Ormond. He was not appointed by the previous government. The civil service commission was asked to appoint someone to be superintendent of penitentiaries. Advertisements were published throughout this country. Among those who applied for the position was General Ormond, who at that time was district officer commanding at Calgary. He is a pronounced Liberal, as are the members of his family.

When the applications were completed, the then Minister of Justice—I recall the fact vividly—was spoken to by the civil service commission, and informed that they had a number of applications. Thereupon the following were appointed to consider them: the late General MacBrien; Mr. O. M. Biggar, K.C.; Mr. Edwards, K.C., Deputy Minister of Justice; representing the Department of Justice; Colonel Kemmis, representing the civil service commission; Mr. Dufresne, director of public safety, Montreal; and Doctor Porteous, head of the medical side of the institution for mental diseases, Verdun. Those gentlemen considered all the applications received by the commission, and upon the strength of the recommendation made by them the commission appointed General Ormond to that office. That is the story of his appointment.

He has been pilloried in the report. I have great confidence in the fairness of mind of the minister in a matter of this kind. I commenced what I have said by remarking that this is non-political. Having established that it is non-political, I then have great confidence in the fair-mindedness of the Minister of Justice. Is it quite right that one who had a distinguished record in the great war, who occupied a position of high importance in the permanent militia of this country and was well spoken of, who in the ordinary course would have gone from the Calgary command to one more important, should now be confronted with such action as is proposed upon the report of a commission which investigated and took evidence in many quarters from convicts and, after all this was done, brought him up, put him under oath and grilled him by examination and cross-examination? Did you ever hear of the governor of an English prison being treated in that way? Is that, Mr. Chairman, your conception of British fair play and justice?

Strange as it may sound, I barely know the gentleman. If I have seen him ten times, that would be the maximum. He came to Calgary when I was away as leader of the opposition; but I am familiar with the circumstances of his appointment, and I verified my recollection as to the board which recommended his appointment to the civil service commission. Should we not do something a little more decent than is now contemplated to a man of this type? Should we, in the closing days of the session, without the evidence having been laid on the table or our having an opportunity to study it, with the house meeting three times a day, with committees in session, with hon. members unable to examine this very important report, undertake to make ourselves parties to the condemnation of this man? Frankly, having endeavoured to think of the matter as fairly as one can think of anything, I cannot bring myself to believe that we are as unfair as that.

There is one other point. This is dealing with the administration of an extremely important branch of the social life of Canada. Penal institutions have existed for many centuries. The manner of their administration has many times been the subject of investigation and criticism. As a consequence, great improvements were wrought by Howard and those associated with him. Our penal institutions are being maintained for two purposes: one, the punishment of the offender; two, to endeavour so to improve his character that he might be a not unuseful member of society when he left prison. There has never been a time that I can remember in my reading when those who were the victims of their own wrong-doing and had been subjected to the results, by sentences of punishment and imprisonment, have not complained of those whom the law placed in authority to enforce the decrees of society. That is the reason why these people have complained of General Ormond. That is the explanation of this tittle-tattle. There is nothing new about it. It is as old as time itself, and I cannot think that we should set at naught the conditions under which this man came into our service without at least obeying the law itself.

I put this to the minister. Ormond is a civil servant, and he is subject to the provisions of the Civil Service Act. If he is incapable, he must have the allegations of his incapacity charged against him, and he must be given the fullest opportunity to make his defence. Did he have that opportunity? And since when, in this country, has it been possible for three men, without responsibility to this parliament, to arrogate to themselves the right to dismiss this man—for that is what it amounts to—without his having those safeguards with which the law surrounds him made effective in his behalf? I put that as number one. I find it very difficult to accommodate my mind to any other thought. How would we like to be placed in that position? Here is a man appointed under the circumstances that I have mentioned, who sought office in the public service, and who was filling a fine position. His credentials are passed upon by a dispassionate, impartial, non-political tribunal. The civil service board makes the appointment, and then I contend he becomes subject to the Civil Service Act, and can be removed from office only in consequence of his having contravened the provisions of that statute. Has he done so?

Who says so? And we, as a parliament, we the members of this house are the people that are concerned. We said to Ormond when he went into that service under the Civil Service Act, "There is what governs you, Mr. Ormond; if you are guilty of political partisanship, you know what happens. If you contravene any of the sections of the act, out you go; but you do not go until you are heard."

I often recall in that regard what was done in the West Indies where a judge sitting on the bench made it impossible for his creditors to recover against him. He was finally dismissed from office, and properly so; but when the case went before the Judicial Committee of the Privy Council, they said, "The conduct of this man is indefensible, but you cannot remove a man who has the queen's commission unless he has had an opportunity to make his defence, even though you know he cannot make a successful defence." That, in my judgment, is the strongest reason why we should not proceed this session.

I go a step further. It will be recalled that the proposed bill provides for the appointment of commissioners to control and manage our penitentiaries. We have never embarked upon such an experiment in Canada. Since pre-confederation days this matter was the responsibility of government, and government accepted the full responsibility. Three men are now to deal with the matter. The experience of history, whatever it may be worth—and I always think it is worth a great deal—is that when you divide responsibility of that kind, which is administrative, among three men on a commission, you lessen efficiency and bring about the very condition which you endeavour to prevent and for which administrative control exists. I ask any member of this committee to think back, consider this matter and say whether he has not found that precisely what I say is true. It is one man's direction that always makes for efficient administration in an administrative body. You appoint three, and you have inevitably a condition that is repugnant to your very notion of effectiveness. Every one knows that. When you are dealing with the civil service commission, of course, you want diversity; when you are dealing with the board of railway commissioners, that is not wholly administrative; but here is an administrative arm of government under the Minister of Justice. The Minister of Justice is going to be the responsible minister who reports to this house, and under him, instead of there being as heretofore one man who looks after matters, controls and directs, there will be three. They meet together and discuss; two think one thing and one thinks another, and you have all the resultant inefficiency that comes from three administrative heads with respect to a matter for which the Minister of Justice is carrying the responsibility.

Then follows that other recommendation which is involved in this, the question of the parole system, which it is proposed shall be administered by these three commissioners. In the first place the Minister of Justice will agree with me that there is at the threshold of the discussion the question of the prerogative. The prerogative is that of the sovereign, and until recent years the instructions that issued to His Excellency the Governor General carried with them the right on his part to exercise the high prerogative of mercy. Originally he did it without reference to his advisers; he had himself to administer that prerogative. Now the instructions of the governor general provide that the prerogative of mercy is exercised on the advice of the government. The Minister of Justice reports to council, and council adopts his recommendation, or otherwise, as the case may be. That is to be swept out. The prerogative of mercy is no longer the prerogative right of the sovereign; it is to be handled by a parole board.

I am not for a moment saying that there may not be merit in that contention, but I am saying that I have not had any opportunity to study it. I have not had the opportunity, which it is so essential that one should have, of studying the matter in order to be able to discuss it intelligently. What is more, I want to see the evidence.

Mr. LAPOINTE (Quebec East): I can assure my right hon. friend that nothing in this bill will change anything in the parole system.

Mr. BENNETT: Then the minister assures me that this recommendation is not to be put into effect?

Mr. LAPOINTE (Quebec East): There are a good many of these recommendations that will have to be weighed and considered.

Mr. BENNETT: I think the one that should be most carefully weighed is the one we are now considering. That disposes of the parole question; for the minister has said that it is not proposed in this measure to adopt the recommendation which gives to the commission the powers of a parole board. We can therefore leave that.

There are a number of other subsidiary questions; but I implore the minister, more

than I ever have with respect to any matter I can remember considering in this house, not to permit us to put ourselves on record, in the closing days of the session—we expect to close in the next three or four days at least—as changing the whole system of the administration of the penitentiaries of this country.

Dismissals are involved. It was a great mistake that one member of the commission should have accepted appointment; for he was the one who appeared as counsel when Inspector Dawson was charged before Judge Daly. He has now slated Dawson and held him up as the embodiment of, shall I say inefficiency. Now he signs that report.

I entreat the minister to think of a man who values highly his reputation, a man who has not communicated with me either directly or indirectly, a man whom I scarcely know, who is opposed to me politically, whose family all his life has been actively associated with the Liberal party, a man who faced death in many forms in the slime and dirt of France and Flanders, who came back and sought honourable employment under the crown, and who was given a position, and believed, as I did, that the Civil Service Act enacted by the parliament of Canada contained the terms and conditions of his employment. Now a body not responsible to us has treated him in a manner, I make bold to say, wholly unwarranted by any evidence that could be properly adduced before a judicial tribunal. I know, from the investigations and inquiries which I set on foot and, from reading some of that evidence, that it would not stand for a moment before a judicial body. It is the evidence of men who have been placed away from society as menaces to society, men who, to use the language of my old preceptor in law, had to be removed from society because they were like mad dogs running wild. These men, not one or two but a long line of them, tell their stories about Ormond, who at last is brought in and made subject to cross-examination by these three commissioners. On the strength of that I am asked to give my assent to a bill which removes him from office and replaces him with a commission. Does any such commission exist in England, Australia, or New Zealand? It may in some American states, but never in British countries as far as I have been able to discover in the limited time I have had at my disposal. The time for consideration is not sufficient; therefore I speak entirely subject to correction.

I have been endeavouring to look into this whole question. I visited prisons in Australia; I visited Borstal institutes in New Zealand, and I have made some study of prison conditions in Great Britain. I visited a penitentiary in Canada, which is more than some can say. I went through the institution at Kingston; I saw the cells. When I read of men daring to sign a report six years after the events in question, and expect me to accept it, placing odium and discredit and disgrace upon men who value their reputations as highly as they, and compare that report with that of men who based their findings upon their knowledge of conditions as they existed at the moment, not six years after, to me it almost seems that we are not in a British country at all. I read the other day a magazine article in connection with what had taken place in Russia and how men are induced to plead guilty there. The story was told at some length by one who had been a prosecutor in Russia. Then I thought of this report, of the long row of convicts marching in, giving evidence against Ormond—

Miss MACPHAIL: Are they in this direction? My right hon. friend always looks this way for the convicts.

Mr. BENNETT: I am sorry if the hon. member's conscience bothers her. There they are, a long line of them coming into a room. How long had they been at Kingston? What took place there? Have hon. members heard? Has the minister heard? Has he investigated? Does he realize what took place? Who were there? There is the long line; they march in just as they did in Russia; they tell their story and march out. Where was Ormond? He was doing his job here in his office. And that is Canada! That is British justice! That is the sort of thing I am asked in the closing days of a session to agree to.

I entreat the minister to let this matter stand until another session, in order that we may make ourselves familiar with this report, understand it in detail. I was going to ask him if he would lay on the table the evidence upon which this commission acted—I know he will—to enable us to see to what extent the findings are warranted. Some of them the minister says he does not propose to act upon. Of course he does not; why should he? Would any reputable minister act upon some of them? All I can do is entreat that in the exercise of his great power at this moment he will see to it that an opportunity is given to every hon. member of the House of Commons and the Senate of Canada to consider not only the report in detail but the implications of it, the evidence upon which it is founded, and to determine for himself and herself whether or not there is

justification for such a radical change in the whole administration of our penal institutions as this bill involves.

I said I visited the penitentiary at Kingston. I have seen others, but I visited the Kingston penitentiary without notice. I saw the kind of food they were serving. I went right in; the warden was not even there; I went through the institution, saw the cells, saw these so-called places of punishment, saw the paddles that they used in connection with punishment, and I say that without question, the penitentiaries of this country, which were administered for nearly nine years, from 1921 to 1930, by the present Minister of Justice—I forget whether he was Minister of Justice all that time—

Mr. LAPOINTE (Quebec East): From 1923 to 1930.

Mr. BENNETT: —and administered by another from 1930 to 1935, and then by the present minister from 1935 to 1938, are administered as well, if not better than, any other penitentiaries in the British Empire. They do not in any sense warrant what has been said against them in that report.

Finally I say this. How many members of this committee, on both sides of the house, have had an opportunity to study the report of the commission? I know some who have read until late at night; but they have had committees in the morning, the house in the afternoon and again until eleven o'clock in the evening, correspondence on Saturdays and so on. How many have read that report? How many have given it that consideration upon which they could find a fellow citizen guilty; for that is what it amounts to? We are asked to record a verdict of guilty against these men, and not only to record it but to make it effective. That is why I venture to ask the right hon. Minister of Justice, in the exercise of his great power and authority in the position which he occupies, to remember that within the next few months a commission could not effect any great changes; that the penal system of this country, which has been administered as well as that of any other country in the world during the last several years, is not going to suffer by being administered in the same way for the next few months, and that between now and the time parliament meets again the fullest opportunity will be afforded to enable us to consider not only the radical changes involved but everything concerning the effective, efficient and useful administration—and I use the word "useful" as affecting the nation as a whole—of the penal system of Canada.

[Mr. Bennett.]

Miss MACPHAIL: I have often said to many people that I think the right hon. leader of the opposition is the best informed man in the House of Commons on the greatest variety of subjects—I even went so far as to say on all subjects—but now I am afraid I must make one exception, and that is in regard to the penitentiaries of Canada. I am sure anyone who has made anything like a detailed study of the penitentiaries in different countries would not say that Canada has had as fine an administrative system as any other country in the world. That is going a very long way from the truth.

I do not want to make a lengthy speech at this time, but I do want to say that the one commissioner to whom the right hon. gentleman referred as having appeared before the Daly inquiry presumably would be Mr. McRuer, who was counsel at that inquiry. May I say that Mr. McRuer's services at that time were made available as a result of his interest in the subject. He never received a cent from anyone for what he did then. The penitentiary files that Mr. McRuer and I went over together at that time—and the right hon. leader of the opposition might be interested to know that they contain a detailed account about myself; for with his pointing to the convicts in this direction—

Mr. BENNETT: No; I was pointing to the door.

Miss MACPHAIL: If they have not my finger-prints and photograph, at least they have a detailed story about me in the penitentiary files of this country, together with all the editorials against me but none in favour of me. It was the things which Mr. McRuer and I saw in those files, and the things we heard before that Daly commission, that convinced him that there was something very wrong with our whole system; that it was filled with intrigue and vindictiveness, and that something ought to be done about it. Since he is not here to speak for himself, as he could so well, I want to make this statement. Mr. McRuer, as the right hon. leader of the opposition knows, is a great counsel. He need not have accepted appointment as a member of the commission to which he was later appointed, and certainly he did not undertake that work with any thought of gain for himself. He took it because he was convinced, through the Daly inquiry, of the need for a thorough and wholesale house-cleaning.

I do not want to talk about General Ormond; but anyone who read the rules and regulations, and the interpretations of those rules and regulations, issued by General Ormond himself, would know, without having been in a penitentiary at all, if he was a sensible human being—as I am sure all members of parliament are—before this commission was ever appointed that this man was not a person who should be in charge of the penitentiaries of Canada. Many a time he boasted to minor officials that there were four or five interpretations of one rule or regulation. That alone would condemn him in the mind of any right thinking person. The prisoner was always wrong; he could not possibly be right, because if he appeared likely to succeed under one interpretation they could give another interpretation of the same rule, under which the prisoner would be condemned.

It is true that the commission has taken two years to do its work, which is a long time. It was slow in getting started. Calamity befell one or two people appointed to it at first. It did take a long time to get started, and it did take a long time to make this study, but I do not think anyone who has read even a part of the report could fail to agree that it made a careful study. The commission did investigate the Borstal system in England. General Ormond came back and told us he had inaugurated a Borstal system in Canada. Anyone even moderately well informed on penitentiaries knew then that he had not done any such thing. It is a pity that any one person has to be condemned when he is not here to defend himself, but I am not particularly concerned about any one person in this affair. What is going to happen if we do as the right hon. leader of the opposition wishes, and take no action? We shall not only leave in office a superintendent who has been condemned, but also leave senior officers here and there who have been condemned as well. We shall then have a penal system under which the prisoners will have no confidence in their superiors or in the system itself. If we go home without doing anything, I think I know enough about penitentiaries to say that we may have a great deal of disquiet and a repetition of the riots and near riots which have occurred so often during the regime of General Ormond. We cannot leave the report as it is. Something must be done in one way or another.

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

CENTRAL FINANCE CORPORATION

The house in committee on Bill No. 8, respecting Central Finance Corporation and to change its name to Household Finance Corporation of Canada—Mr. Macdonald (Brantford City)—Mr. Sanderson in the chair.

On section 1—Change of name.

Mr. THORSON: Mr. Chairman, the subject of this bill, and its bedfellow, Bill No. 7, was remitted to the committee on banking and commerce for study. This matter was studied during this session by that committee, as it was studied last session. After hearing witnesses and giving consideration to the reference to it, the committee presented a report to the house. That report was far from being unanimous; indeed there was sharp controversy in the committee with regard to the principles involved in the report. While the votes will show that the report of the committee was carried with only a small quorum present, there are some interesting facts to be disclosed from a study of the votes taken in the committee. I think it will be found that if all those who were opposed to the principles of the report had been in committee at the same time, the vote might have been reversed. There was a sharp division of opinion with regard to the whole subject.

The report of the committee on banking and commerce respecting small loan companies carried with it a draft bill which is described as "An Act respecting Interest on Small Loans." This bill consists of a preamble, a number of definitions and two parts. Part II is said to apply to small loan companies incorporated by special acts of the parliament of Canada. In other words, this part is applicable only to those incorporations that are dominion in character. Part I is applicable to all money-lenders, as defined in the bill. Some important provisions are contained in section 2, which has to do with definitions, and also in section 3. I should like to direct attention to the definition of "cost," which is as follows:

(a) "Cost" of a loan means the whole of the cost of the loan to the borrower including interest or discount and expenses and charges for commission, brokerage, chattel mortgage and recording fees, inquiries, defaults, renewals, fines, penalties, or other similar costs, whether paid to or charged by the lender or paid to or charged by any other person, and whether

fixed and determined by the loan contract itself or in whole or in part by any other collateral contract or document by which the charges if any, imposed under the loan, contract or the terms of the repayment of the loan are effectively varied.

Therefore, "cost" is said to include two things which, in my opinion, ought to be differentiated. "Cost" is said to include, first, interest or discount and, second, the expenses and charges for commissions, brokerage, chattel mortgage and recording fees and the like. Roughly speaking, we can break up the definition of "cost" into two divisions, that portion which is purely interest and that portion which is not interest. For the purposes of this discussion we can describe that portion which is not interest as charges.

I am opposed to the principle of this bill for a number of reasons. Section 13 of the draft bill provides:

The Money-Lenders Act, chapter 135 of the Revised Statutes of Canada, 1927, is repealed.

My reasons for opposing the principles involved in the draft bill and in the bill now before the committee are these. The draft bill and the bill before the committee fix an interest rate of two per cent per month. It may be said that my statement in that respect is not correct, in that it is the cost of the loan that is fixed at two per cent per month. But I would point this out to hon. members of the committee. It would be open to money-lenders under this legislation to fix a rate of two per cent per month and call it all interest, and in that way this draft bill and the bill now before the committee authorize an interest rate of two per cent per month, which works out at the rate of approximately 26½ per cent per annum. Now let us see the situation in which this parliament would be placed if we passed this bill or the draft bill recommended by the committee. At the present time we have,—I think I am correct in stating,—three general statutes that deal with the subject of interest. We have the Interest Act, which does not specify any rate of interest. It provides in its essence that in a written document the rate of interest shall be stated, and that if the rate of interest is not stated then the maximum which may be collected in interest shall be the legal rate of 5 per cent per annum. The second statute that we have dealing with interest and the interest rate is the Bank Act, in which a maximum of 7 per cent per annum is provided for. Then we have a third statute, the Money-Lenders Act, which provides for a maximum rate of interest of 12 per cent per annum for an extremely limited class of transactions.

[Mr. Thorson.]

The general bill and the private bill that is now before the committee propose that this maximum rate of 12 per cent per annum shall be increased to a maximum rate of two per cent per month, or an annual maximum rate of 26½ per cent. Now, Mr. Chairman, when we are seeking in every possible manner to bring down the rate of interest—when we are seeking that by refunding our national debt as widely as we can at a lower rate of interest; when we are making provision for loans to municipalities under certain circumstances at a very low rate of interest; when we are making provision for assisting in the construction of houses at a very low rate of interest—there are many of us who feel that it would be psychologically wrong on the part of this parliament to raise the maximum rate that we have now of 12 per cent per annum to 26½ per cent per annum.

It may well be argued that it is desirable to exercise certain controls over these money-lending companies, and, of course, it is desirable that we should exercise some control over them. With that object in view I suggested an amendment when the motion to adopt the preamble of the report was made. My amendment was as follows:

That that portion of the "cost" of a loan, as defined in section (2) paragraph (a) of the draft bill, which is interest, be fixed at a rate not exceeding 12 per centum per annum and that the right of any provincial legislature to reduce the remainder of the cost be preserved.

I proposed that amendment to the motion to adopt the preamble of the report for the following reasons. I thought it desirable that we should not exceed the maximum rate of interest that is now provided by the Money-Lenders Act. I thought it desirable also that we should seek to impose a limit on the total cost of a loan, but that we should leave the provinces free to deal with that portion of the cost of the loan which is not interest, in such a way as to reduce that portion of the cost. In other words, the suggestion which I made to the committee, and which a number of other members made, was this. We likened the proposed bill to a dwelling consisting of two storeys. The first storey was the interest storey of the dwelling. The second storey would be the charges storey of the dwelling. In other words, we proposed to erect a ceiling beyond which the loan companies would not be permitted to go in charging for the cost of the loan; but it was my view that we should not as a dominion parliament occupy the whole of the second storey, but that provincial jurisdiction to bring down the ceiling should be maintained

That landed us in a very long and somewhat involved argument as to the jurisdiction of this parliament to deal with the whole matter.

We had the opinion of a representative of the Department of Justice, Mr. Varcoe; we had also before us throughout the whole of our deliberations Mr. Finlayson, superintendent of insurance. While I am on the subject, I am sure I state the views of every member of the committee on banking and commerce when I say that we were greatly indebted to these two officers for the assistance they gave to us. Indeed, Mr. Chairman, I think we are exceedingly fortunate in this country in having the type of public servant that we have. I do not think we sufficiently recognize their value and their devotion to their various departments and their duties. Mr. Varcoe, representing the Department of Justice, took the position that it was quite within the jurisdiction of the dominion parliament to pass the draft bill which we were then considering. He pointed out that the dominion had exclusive jurisdiction to deal with the subject of interest, and that our jurisdiction in respect of that matter could not be challenged. He also expressed the view that we had jurisdiction to pass this measure on the ground that the dominion had exclusive jurisdiction over the subject of criminal law; that the prohibition or suppression of usury was within the ambit of criminal law, and that our jurisdiction in respect of the matter from the point of view of enacting sound, valid criminal law was unquestionable. He also suggested that we had jurisdiction to deal with this subject on the ground that under section 91 of the British North America Act the dominion parliament has jurisdiction over trade and commerce. There was some controversy as to whether this was a sound ground on which to defend the dominion jurisdiction with respect to the matter.

So far there was not much dispute in the committee on the field of jurisdiction. But when we began to consider the definition section which I read at the opening of my remarks, namely the definition of cost, as it appears in the draft bill, there was great controversy. Representatives of a number of the provinces took the view that the dominion had no jurisdiction to deal with that portion of the cost of a loan which is not interest; that the dominion should confine itself to dealing with interest, and that the provinces should deal with that other portion of the cost of a loan which is not interest. On this subject Mr. Varcoe took the view, and a great many of us agreed with him, that the dominion did have jurisdiction to deal with the subject of costs and charges where they are ancillary or necessarily incidental to the subject of interest, in considering what the total cost of a loan should be. I agreed that we did have jurisdiction, and I pointed out that in a number of cases the dominion parliament has jurisdiction to invade what would otherwise be the provincial field of jurisdiction, when that invasion is in respect of matters that are ancillary or necessarily incidental to some subject which clearly comes within dominion jurisdiction. The purpose of my amendment, however, was that we should not exercise this jurisdiction to invade the provincial field; that we should be careful about invasions of the provincial field of jurisdiction. The attorney general of Ontario took exception to our intended invasion. Representatives from the province of Quebec took a similar objection; and the proposed measure was offensive to a number of other provinces. It was with that in mind that I proposed the amendment which I have just set forth.

We had a twofold objection to the measure. In the first place many of us felt that this parliament should not stamp its approval of an interest rate of 26½ per cent per annum on this bill. We felt that this was wrong, that it was contrary to the whole trend of legislation. Then we felt that we ought not to invade in an arbitrary manner the provincial field of jurisdiction. We therefore devised the amendment which I read a few moments ago, that we should not go any further in respect of our jurisdiction over interest, purely as such, than we have gone already in the Money-Lenders Act, and that consequently we should fix that portion of the cost of a loan which is purely interest at a maximum of 12 per cent per annum. We also felt that it was desirable to limit the total cost of the loan, which we did in this bill by fixing the total cost at two per cent per month. But we felt that we ought not to invade the provincial field of jurisdiction exclusively in such a way as to bar the provinces from legislating on the subject of charges. If the amendment which I suggested had carried, we would have accomplished these two purposes. We would have fixed a limit to the total cost of the loan to the borrower, but we would not have given the stamp of approval to an interest rate of 26½ per cent.

Objection was taken to the amendment on the ground that it was not within the jurisdiction of this parliament, but I must confess that I could not understand the grounds of this objection. Unquestionably this parliament has jurisdiction to deal with the subject of interest. There is no dispute on that

question. If we have jurisdiction to deal with other subjects connected with the cost of a loan, such as recording fees, investigation charges and the like, then our jurisdiction to deal with such matters is only on the ground that these matters are ancillary or incidental to the subject of interest. If we have that jurisdiction, then I can see no reason why we should not exercise our jurisdiction with regard to the subject matter of interest and leave the maximum interest rate exactly where it is now in the Money-Lenders Act. Under our jurisdiction over charges as being ancillary or necessarily incidental to interest we could fix a limit to the total cost of a loan. But in exercising our jurisdiction in that respect we need not do so to the exclusion of the provinces. We could leave the provinces perfectly free to deal in any way with the subject of charges on those loans, other than interest, so that the total of the charges could be brought down below the maximum rate of two per cent per month. That would have brought about the object which I think everyone is desirous of accomplishing, without giving our seal of approval to a maximum interest rate of 26½ per cent per annum.

My point is this, that if we have jurisdiction to deal with the subject of charges at all, as being part of the cost of a loan, we have jurisdiction to deal with the subject matter of charges; and we can deal with the subject matter of charges in any way we like. We do not have to deal with the subject matter of charges along with interest, but we may deal with interest separately and with charges separately.

The provinces of Ontario and Quebec raised objection to our proposed action. Why should we arbitrarily assert a jurisdiction in respect of these matters when these two great provinces object to our exercising that jurisdiction? Furthermore, in the province of Manitoba we have an act providing for the regulation under certain circumstances of money-lending transactions. If the proposed general bill were passed or if this private bill were passed, then it would not be competent for our courts in Manitoba for example to enforce the provincial act, because the dominion would have exercised its jurisdiction to invade what would otherwise be the provincial field of jurisdiction, and its legislation in the matter would override the provincial legislation. That was the controversy which took place in the committee on the question of jurisdiction.

As I pointed out a moment ago, the proposed draft bill is in two parts. Part I might be declared ultra vires by the courts on the ground that the dominion does not possess the jurisdiction which a number of us thought it did. It is possible that the representative of the Department of Justice and the other lawyers who argued in support of the dominion jurisdiction are wrong and that the court would declare that part I of the proposed general bill was ultra vires. For that reason part II would have to be considered. Part II, it is true, applies only to dominion companies. Whatever doubt there may be as to the validity of part I and the jurisdiction of parliament to pass part I, there can be no doubt whatsoever as to the jurisdiction of this parliament to pass part II, because this parliament has complete power to incorporate companies with objects that are not provincial. The power of incorporation is dealt with in the British North America Act in section 92. There the provincial power of incorporation is described, and my recollection of that provincial power is to this effect, that the province may incorporate companies for purposes that are provincial. It therefore follows, as a natural consequence, that the power to incorporate companies for purposes which are not provincial must, of necessity, reside with the dominion parliament. Therefore it is quite within our jurisdiction to impose any restrictions we like upon dominion companies. We can vest them with any power we see fit to give them, and can subject them to any limitations that we consider desirable; and if any criticism could be made of the amendment which I proposed in committee in respect of part I of the bill, no similar criticism can be made with respect to part II.

I moved also with regard to part II of the bill that this part, dealing exclusively, it is true, with dominion companies, should be subject to the same principle that I enunciated with regard to the bill generally, namely, that that portion of the cost of the loan which is interest should be fixed at the maximum limit of 12 per cent per annum, the maximum now fixed by the Money-Lenders' Act, and that in respect of that portion of the cost of a loan which is not interest should be dealt with in such a manner as to impose a limit upon the total cost of a loan, but that we should leave the provinces free to reduce that portion of the cost.

I suggest that the principle enunciated in the amendment that I proposed would serve all the purposes which are desired. The amendment, if adopted, would provide for that regulation which the majority of the members of the committee thought was desirable. It would not sanction an interest rate higher than 12 per cent per annum, the maximum interest rate now permitted by the Money-Lenders' Act. In the third place it would not bar the province from the right of

reducing that portion of the cost of the loan which is other than interest. What right have we to say to any province; "Since we have invaded your field of jurisdiction you may not now deal with any portion of the cost of the loan? It is true that before we passed this measure you had jurisdiction to deal with that portion which is other than interest, but we have now, by invading your field of jurisdiction, taken away from you the right to deal with charges."

Mr. DUFFUS: What does the 12 per cent cover?

Mr. THORSON: The Money-Lenders Act at present fixes a maximum rate of 12 per cent per annum for those engaged in the business of money-lending.

The CHAIRMAN: I am sorry to interrupt the hon. member, but I must tell him his time has expired.

Mr. MALLETTE: I move that this committee now rise and report progress.

Mr. VIEN: No. I am sorry to say—

The CHAIRMAN: Order. The motion is not debatable.

Mr. VIEN: I think my hon. friend will correct his motion, simply to report progress, but not that the committee rise.

Mr. MALLETTE: I have no objection to that change.

Progress reported.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 147, for the relief of Frank Roy Hedges.—Mr. Emmerson.

Bill No. 148, for the relief of Jessie Fields Chambers Henry.—Mr. Emmerson.

Bill No. 149, for the relief of Marguerite Oldham Jamieson Macdonald.—Mr. Emmerson.

Bill No. 150, for the relief of Ida Hillman Livermore Woodall.—Mr. Emmerson.

Bill No. 151, for the relief of Gabrielle Rachel Cécile Pélissier de Kermeno de Gouzillon.—Mr. Emmerson.

Bill No. 152, for the relief of Millicent Barbeau Edmondson.—Mr. Emmerson.

Bill No. 153, for the relief of Theodore Charles Grothé.—Mr. Donnelly.

Bill No. 155, for the relief of Stella Maud Lash Dawes.—Mr. Lawson.

Bill No. 156, for the relief of Elizabeth Dubnitsky, otherwise known as Elizabeth Dubney.—Mr. Lennard.

Bill No. 157, for the relief of Harry Roth. —Mr. Jacobs.

Bill No. 161, for the relief of Marjorie Ruth Nicholson Lowe.—Mr. Walsh.

Bill No. 162, for the relief of Anna Vereszczak Finchuk.—Mr. Jacobs.

Bill No. 165, for the relief of Aldege Nault —Mr. Jacobs.

Bill No. 166, for the relief of Muriel Gladys Jones Roberts.—Mr. Jacobs.

Bill No. 167, for the relief of Virginia Amelia Loomis Wadsworth.—Mr. Walsh.

Bill No. 168, for the relief of Jennie Erdrich Ettenberg.—Mr. Jacobs.

Bill No. 169, for the relief of Thomas McDade.—Mr. Plaxton.

Bill No. 170, for the relief of Isabel Bovill Clarke.—Mr. Jacobs.

Bill No. 171, for the relief of Bessie Goldberg Katz.—Mr. Factor.

Motion for third readings agreed to on division.

LORD'S DAY ACT AMENDMENT

CONSIDERATION OF SENATE AMENDMENTS

On the order:

Consideration of a message from the senate insisting upon its amendment to Bill No. 13, to amend the Lord's Day Act.—Mr. Brunelle.

Mr. H. E. BRUNELLE (Champlain): The bill relating to the Lord's Day Act, which passed this house a short time ago, was not recognizable upon its return from its journey to the senate; in fact there is nothing left of its original form or appearance except the number. It still bears number 13. I am not superstitious, but I am afraid my bill has been in bad company. I always thought an amendment meant the adding to or taking away from an original proposition of some sort. The senate has not amended my bill; it has simply substituted its own bill. To qualify properly the amendment of the senate, I wish to use the words of Senator Murdock:

> —I regard the amendment as merely a wooden gun with which to do some hunting. I think it is absolutely useless for the purpose of accomplishing what all honourable members of the committee desire, that is, to prevent unnecessary work on Sunday, which has prevailed in certain parts of the country.

I do not wish to be a party to such legislation. I refuse the amendment of the senate. It will serve no useful purpose. After all, if corporations, through their directors, violate the law, they should be punished; if they do not, I wonder why the senate is worrying so much about the possibility of gaol sentences.

Before resuming my seat I think it is my duty to thank this house for the support it gave my bill amending the Lord's Day Act.

PENITENTIARIES

INCORPORATION OF COMMISSION FOR ADMINISTRATION CONTROL AND MANAGEMENT—AMENDMENT OF EXISTING ACTS

The house resumed consideration in committee of the following resolution—Mr. Lapointe (Quebec East)—Mr. Johnston (Lake Centre) in the chair:

That it is expedient to introduce a measure to incorporate a commission with power under the Minister of Justice to administer, control and manage the penitentiaries; to provide for salaries of the commissioners and assistant commissioners and to amend and consolidate the Penitentiaries Act and amending acts and repeal the same.

Miss MACPHAIL: When the committee rose at six o'clock, Mr. Chairman, I was pointing out the necessity for the bill which the Minister of Justice proposes to introduce, providing for the appointment at a very early date of a governing commission for the penitentiaries, to consist, I believe, of three members. I was saying that it would be inviting trouble if we did not take action on the report of the royal commission. Even our fellow human beings in the penitentiaries know something of what is going on, and I think they would take such a step to mean that the report was not to be taken seriously. I am sure the government does intend to take it seriously, so I am most anxious that the minister should be allowed to proceed at once to introduce the bill.

The speaker who preceded me spoke of the need of having only one person rather than a commission in charge of prisons. The royal commission to investigate the penal system of Canada dealt with that very point at page 342 of their report, where they said:

In our present system the problem of penal administration is too large in scope and too serious in results to be left in the hands of one man. It is noteworthy, as a matter of record, that Canada is practically the only country where the penal system is not administered by some kind of commission or board.

So, when we appoint a commission of three to take care of our penitentiaries, we are following what has been done in other countries rather than breaking new ground. The important thing, of course, is the personnel of the commission. I feel quite sure that the Minister of Justice, who was instrumental in having the royal commission appointed, will take very great care in choosing the personnel of the governing commission. They should have a vision of what can be done.

[Mr. Mallette.]

I want to say here that I do not think all the prisoners in our penal institutions can be made good citizens. I was delighted to see it stated in the report, which we shall have an opportunity to read more leisurely later on, that the commissioners realize that there are in our prisons incorrigible and intractable men whom it will never be safe to let out into society. They suggest that such men should never be allowed to mingle with their fellows. However, there are in our penitentiaries large numbers of prisoners who can be made responsible and respectable citizens. The commissioners to be appointed should be men of vision. They should be men who have a respect for human nature, even though it has gone astray. They should be men of character, and they should possess the training and culture necessary for such a job. The Minister of Justice (Mr. Lapointe) is in the enviable position of being able to place in the hands of this commission the best text-book on penal matters, the report of the royal commission, that we have ever had in Canada. The report does not suggest that all the changes should be made hurriedly. In one place it states that the commissioners believe it will take at least five years to make all the suggested changes in the personnel of the penitentiaries which they consider are essential; and as a start, I do not think we can stress too much the importance of the personnel of the commission to be appointed.

Canadian penitentiaries are in great need of reform. In the report figures are quoted which must be familiar to all members of the house. It is stated that in the last eleven years there have been twenty disturbances in Canadian penal institutions, sixteen of these disturbances having taken place during the regime of the present superintendent, General Ormond. The report contains some interesting information in connection with recidivism. In 1935 there were per 100,000 of population, sixty recidivists having three or more convictions, and twenty-nine having two convictions. That rate is much higher than it has been in former years.

In the first pages of their report the commissioners point out that there are three great principles to be considered in penology. First, there is the prevention of crime through proper youth training and the providing of opportunities for youth. Second, there is the treatment of prisoners so that they will be fit to return to society. If it is found that they are not fit to be returned to society, then they should be kept in a special prison by themselves. Third, there is the rehabili-

tion of the released prisoner. I do not want to take up too much time at this late period in the session, and there is no necessity to go into the many recommendations made by the commission. Some of these are extremely important. They believe in the Borstal system for the young offender. They believe in the classification of prisoners. They believe in the training of the officers who are to handle prisoners. They suggest that a training school should be set up and only officers who pass through that school should be put in charge of prisoners.

The royal commission was headed by Mr. Justice Joseph Archambault, the other members being Mr. R. W. Craig, K.C., at one time attorney general of Manitoba, and Mr. J. C. McRuer, K.C., of Toronto. That commission did a splendid work. I think Mr. Justice Joseph Archambault should be congratulated by every Canadian citizen upon the excellent work he did. He carried on his duties under a disadvantage. He suffered two serious injuries just before he commenced his work, and although his health was not too good during the time of the sittings of the commission, he performed his work in a most splendid way. I do not think anyone could appear before that commission without realizing the earnestness of Mr. Justice Joseph Archambault and the other two commissioners, They were not out gunning for anybody; they were out to find out all they could about the penitentiaries of Canada. Everyone had a chance to appear before them. The commission visited 113 institutions in nine countries and spent 108 days in seven Canadian penitentiaries taking the evidence of 1,084 inmates and 200 officers. Letters, briefs and manuscripts were received from 1,200 citizens, and in addition private and public hearings were held throughout Canada. Anyone who wanted to say anything about the penitentiaries of Canada had ample opportunity to do so.

Mr. BENNETT: Whether they knew anything about them or not.

Miss MACPHAIL: The right hon. leader of the opposition prides himself upon having seen a great deal when he went through the penitentiary at Kingston. He mentioned the food, but let me tell him that the grapevine system in our penitentiaries is so excellent that he would not be in Kingston two minutes before the kitchen would know it. I daresay the food they had that day was much better than anything they had had since the previous Christmas.

Mr. BARBER: The inmates are probably better looked after than are the boys who are roaming our streets to-day.

Miss MACPHAIL: I think that is true. I believe the inmates of our prisons are better looked after than those who have no employment or who are on relief. That is a splendid way to create crime. Some of these people have had to resort to crime in order to get food and shelter. I do not intend to say any more except to stress my appreciation of the action of the government and the attitude of the Minister of Justice. The minister does not take any criticism of the penal system to be a personal affront. He takes it for what it is, a criticism of the system, and sets out to remedy an institution which he believes is outmoded, which stresses the punitive rather than the reformative side. The government are to be congratulated upon the appointment of such a splendid commission and in having this report ready at least by the end of the session. They are about to introduce a bill to provide for a prison board of three. I do not expect that all the recommendations made in this report will be put into effect immediately—it may be that some of them will never be put into effect—but I think it provides a blueprint which the commission of three to be appointed can follow in building up a system which, I am sure, will be much better than the one we have.

Mr. MITCHELL: Mr. Chairman, I do not claim to know very much about penitentiaries because I have never been a prisoner and have never made a special study of penology. However, as a member of this house and as a citizen of Canada I recognize the difficulty of the task that confronts the Minister of Justice (Mr. Lapointe) and the government. I realize the extent of the work accomplished by this commission. They had to decide either to whitewash one of our institutions or else be as thorough as it was possible to be and let the chips fall where they may. I think the commission should be congratulated upon their thoroughness. The fact that they spent 108 days in Canadian penal institutions is an indication of the manner in which they went at their task. The editorials in one newspaper published in this city have been quite critical of the report, and other newspapers, although not very many, have adopted the same attitude, so I was not surprised to hear the right hon. leader of the opposition (Mr. Bennett) say what he did this afternoon.

When I heard the leader of the opposition speak this afternoon of the prisons, the cells and the food, the paddles and so on, it made

me think of the emphasis that we place on that man-made institution which we call the law. It is an inanimate creature; but we emphasize it and miss the most important essential, the human values involved. I understand that the commission not only saw the prisons, the food and the cells, but that they spent time with the prisoners and saw discipline being administered to them. They recognized the human values that are involved in penology in this country as in any other.

We are too prone to emphasize the fact that these men are outcasts from society. That may be very true; but I happen to have in this country a very dear friend—and this is why I wanted to speak to-night very briefly —who through a mistake he made earlier in his life received a sentence of three years in one of our penitentiaries. He is now a respectable citizen and holds an excellent position, and from him I have learned a good deal of the truth of the material that is contained in the report of the Archambault commission. I wish to commend the idea of appointing a commission of three men to replace the present superintendency of the penitentiaries by one man. The responsibility is too great for any one man. Even a three-man commission may not be adequate to solve the root problems of human relationships that are there, but its appointment is a step in the direction which must be taken of removing the whole responsibility from one man. Suppose we conducted our penitentiaries from this angle: Is every lawbreaker in this country in gaol, or are the inmates criminals just because they happened to be caught? I sometimes think of reasons for gratitude that circumstances have been just a little different in my case from what they have been with some men that I know. It is very easy for any of us here to think of criminals as outcasts, that they have offended against society and so on, but we are not excused from giving them every care. I think the minister and the government and the commission are to be commended, and I congratulate the government upon the steps they are taking to implement the recommendations of the commission so far as they are able to implement them at this time.

Mr. BARBER: Mr. Chairman, I have one protest to lodge, not in regard to the report of the commission itself, but in regard to implementing the report in legislation at this stage of the session. It has been impossible for members of the house, attending its daily sittings and committee work, to give to the report, which was received only a few days ago, the consideration it deserves, and I think the minister would be well advised to accept the suggestion which the leader of the opposition made this afternoon and postpone this legislation until next session. During the recess we would have an opportunity of studying the report, and then when we come back here we would be in a position to deal with the matter as it should be dealt with.

I notice that the press throughout the country takes a similar view. The Kingston Whig-Standard, for example, says, in part:

We have no idea what the government at Ottawa is going to do with the Archambault report. We hope they give it very serious consideration before they start putting its suggestions into effect. Many of the recommendations are doubtless of value, but many others should be carefully investigated before they are adopted. We hope that the evidence of 1,840 convicts will not weigh too heavily with Right Hon. Mackenzie King. And again we doubt very much whether honest and conscientious prison officials should be dismissed without being given a chance to reply to charges made against them.

And from the Brantford Expositor:

There is one phase of the royal commission's report on penitentiaries that Canadians will follow with considerable interest, and that is the recommendation for more lenient discipline on the part of the authorities. There is no desire to see the inmates of these institutions treated harshly or vindictively, but if it is to be a case as to whether officials or the prisoners are going to run the penitentiaries there should be only one answer.

The class of men who fill the penitentiaries to a very great extent are sent there for grievous crimes against society, and many of them are hardened criminals who have been convicted many times. It is not to be supposed that these men are to be treated like guests at some palatial hotel. They should be given every opportunity to increase their education if they so desire and to become proficient in some of the technical crafts. They are entitled to kindly and humane treatment, together with facilities for recreation, but their term of imprisonment would be worthless if it did not impress upon them the absolute necessity of obedience to properly constituted authority. They go there as enemies of society and they should be taught that the rule of individual force cannot supplant the laws of the state . . .

In view of all that has happened the Hon. Ernest Lapointe, Minister of Justice, who is responsible for the administration of the penitentiaries throughout the dominion, will do well not to be too strongly influenced by the element that is at all times so clamorously urging the "coddling" of prisoners.

I do not intend to discuss the legislation, but I wish to urge upon the minister once more its importance. There is no doubt that he realizes it, and that those of us who represent people in all the different sections of Canada should at least have an opportunity to study the report further before being called upon to deal with it in legislation. What

difference would postponing the legislation for a few months make? We have carried on with the present administration of the penitentiaries under the present Minister of Justice for three years and have heard no complaint, and therefore I think there would be no great hardship in continuing with the present administration for a few months longer until legislation can be brought down in proper shape at the next session of parliament.

Mr. GAUTHIER (Translation): I merely wish to ask a question of the right hon. Minister of Justice (Mr. Lapointe). Is it the government's intention to appoint a physician to the commission the institution of which is recommended in the royal commission's report? In my opinion, one of the members of this commission should be a physician specially versed in criminology.

I think the Minister will agree with me that penitentiary administration is not simply a question of economy and discipline, but that the mental condition of the inmates must also be considered. The appointment to this commission of a physician who would make a special study of the general health and mentality of the prisoners seems to me indispensable. Many crimes can be attributed to mental derangement. A physician versed in criminology could render useful service in penitentiary administration, not only as regards the physical health of the inmates but also their moral rehabilitation, so that at the expiration of their sentence they may return to normal life and contribute to the development of the country.

Mr. LACOMBE (Translation): Mr. Chairman, I do not intend to speak at any great length. In view of the fact, however, that St. Vincent de Paul penitentiary is situated in my constituency, I deem it my duty to offer a few observations.

On April 15th, 1936, Lieut. Col. Piuze, a former warden of St. Vincent de Paul penitentiary, forwarded to the Superintendent of Penitentiaries at Ottawa a report on penitentiary administration, on the training of youthful prisoners and on the International Prison Congress. This report contains highly interesting suggestions and recommendations. May I refer hon. members to the ex-warden's findings on pages 22 and 23 and to his recommendations on pages 65, 66, 67, 68 and 69, which I shall quote, in order that they may appear in Hansard. On pages 22 and 23 of his report, Lieut. Col. Piuze states the following findings:

(Text) In the four countries I visited, I would have been anxious to take advantage of numerous offers I received to make a study of other institutions specially destined to the confinement and reformation of young delinquents. It would have afforded me the opportunity to substantially increase the knowledge I have gained and would have permitted me to submit a much more thorough report. Unfortunately the limited time at my disposal prevented me from so doing.

In my humble opinion the Borstal system with certain modifications is the most adaptable for this country. However, it would not be possible for the time being at least to introduce it outright in view of the territorial conditions and also in consideration of the lack of adequate accommodation.

For the present I think that the best solution would be to hasten the construction of Laval buildings at St. Vincent de Paul, Quebec, and of Collins Bay, at Kingston, Ontario, where young delinquents could be accommodated. Laval buildings could take care of the youths of the province of Quebec and of the maritimes; Collins Bay could accommodate those of Ontario and of the western provinces.

To obtain satisfactory results, it is of the utmost importance that the lads be entirely separated from older prisoners, and that there be no contact whatsoever with the latter. Until such a time as the two institutions already mentioned are ready for occupation, a certain segregation could be made in our penitentiaries, but only as a temporary measure. Even then, there will always be the "atmosphere" and possibility of contact with others.

It is my opinion that the only thing that could be done, until an appropriate accommodation is available, would be to assemble those young delinquents in separate cell blocks, giving them physical training, outdoor work, school work, and lectures. Later on when new quarters are ready, a more appropriate program of training could be devised.

I am not in favour of dormitories for young convicts, as they exist in the majority of Borstal institutions. Individual cubicles are much more recommendable.

I would not, either, recommend too many recreations, and a well balanced discipline should be maintained. I do not feel inclined to recommend, either, that young convicts be granted more privileges than are afforded honest average youths outside.

As previously stated, the principle of the English Borstal system is very good, but I could not recommend all that is being done in England. Besides, local conditions are not the same, and the class of young delinquents here is also quite different from the type of lads in England, where they have to deal with English boys only, whereas in Canada, we have to take care of a much more cosmopolitan population.

Also it would not be possible, for some time at least, to classify these lads the way it is done in England, and this, owing to our wide territories and the relatively small distribution by provinces. Most of the English system could be introduced in this country when proper accommodation is available, and this system could be arranged so as to meet with our requirements.

(Signed) P. A. Piuze,
Warden.

(Translation) As to his recommendations, Mr. Chairman, they are to be found on pages 65, 66, 67, 68 and 69. They are as follows:

Conclusions

(Text) The study tour of the different penal institutions visited has been most instructive and interesting to me, and I am most grateful to the authorities for having afforded me the opportunity of acquiring such an experience.

Observations

The few observations I intend to make, as a result of this study tour, will mostly apply to penitentiaries or convict prisons, this subject being more familiar to me.

The problems that penal administrators in Europe are confronted with are substantially different from ours. They are benefiting by a much longer and wider experience; territorial conditions are quite different.

Miss MACPHAIL: From what document is the hon. member quoting?

Mr. LACOMBE: From the report of the former warden of St. Vincent de Paul penitentiary.

They are dealing with their own countrymen; and finally, the class of criminals is not at all the same.

In the old country, and specially in England, prisoners, generally speaking, are well classified, and there are separate institutions for each class of offenders. For instance, there are distinct institutions for the young and first offenders; for recidivists and hardened criminals. Also, in view of the proximity of the various institutions, transfers, when necessary, can easily be effected without incurring much expense.

Comparisons

Shops. In our Canadian penitentiaries, favourable comparison can be made with European institutions, with regard to industries and teaching of trades. Our different workshops are much more modernly equipped, and a convict who is willing to learn a trade has full opportunity to do it.

Library. Our school and library departments are well organized, and full facilities are given to convicts to gain an elementary instruction, if illiterates, and to improve their degree of instruction, if the latter has been restricted to the elements of reading and writing.

Discipline. Although working under more difficult conditions, our discipline is good and well observed.

Construction. New construction is done by convict labour, while in European countries, such construction is mostly done by public works departments.

Humanization. As far as humanization is concerned, we compare favourably with other countries.

Diet. The feeding of convicts in our penal institutions is much superior; as a matter of fact, we are perhaps doing too much in that respect. We lack uniformity in our different penitentiaries; in each country in Europe, a diet is established and applied to all institutions, without exception.

Privileges. In certain countries, privileges are very limited, and in this regard, it is considered that the English system is the most adequate. Prisoners are graded, and privileges may be enjoyed when stages have been reached. In other words, to receive privileges, prisoners must earn them by their good conduct, industry and dispositions. Having in view the procedure adopted and followed in European countries, it would appear that, in this country, privileges are allowed too soon after admission, and may not, therefore, be appreciated at their just value. It would seem more appropriate if authorized privileges were given when convicts have reached certain stages, and it is recommended that, during the probation at least—that is to say, during the first six months of incarceration—no privileges whatsoever, with the exception of library books, should be granted to convicts.

Classification. With our present system, young and first offenders, recidivists and hardened criminals all receive the same treatment, upon admission in our penitentiaries. It is of the utmost importance that classification of convicts be commenced as soon as possible, when proper accommodation is made available.

Recidivists. With our present penal system, recidivists and hardened criminals seem to scoff at our penitentiaries. Penitentiary life to them is such that, as soon as liberated, they resume their criminal activities. If they can manage to foil justice, well and good; but if caught again, they return with a feeling of relief, if one considers that, in one institution at least, approximately one-half of the population is made up of this class of criminals.

Cells. Our cellular system, with barrier doors, is most unsatisfactory, in many respects. It renders supervision very difficult, and ill-disposed convicts are at liberty to exercise their pernicious influence over others during talking periods.

Conversations. Conversations carried on in cells, during authorized hours, are far from being edifying. Their main subjects are immoralities, besides convicts boasting of their criminal exploits and criticizing the rules and regulations and the authorities. Well-disposed convicts must necessarily stand such conversations, which are permitted when the prison is closed, and when only a limited number of officers are on duty. At such times, proper control and supervision are well nigh impossible, and naturally, full advantage of the situation is taken by ill-intentioned convicts. One cannot imagine all the harm these badly-disposed convicts exercise over others who, in too many cases, leave the institution, on liberation, worse off morally than at the time they came in. In European institutions, conversations between convicts are tolerated during working periods only, it being the view that such conversations should not be more and need not be less than the conversations which take place amongst work people in properly managed workshops, that is to say, such remarks as the work required may cause, but there is no idle talking on general subjects.

Recommendations.

Classification. As far as St. Vincent de Paul penitentiary is concerned, classification of various classes of convicts could be started, as soon as the construction of Laval buildings is sufficiently advanced to allow occupancy. In this connection it is strongly recommended that the necessary buildings be constructed as soon

as possible, subject to be completed. The question of adequate and additional accommodation for the exceptionally large population of this institution has been a long-felt need, and presently St. Vincent de Paul penitentiary is overcrowded, particularly the work shops, where twice as many convicts are put to work as should normally be employed in those departments.

The following scheme which might also be applicable to other institutions in this country is recommended:—

That St. Vincent de Paul penitentiary be used exclusively for recidivists and hardened criminals. The following shops could be reserved for this class of convicts; stonecutting, stonecrushing, machine and blacksmithing and other works in connection with the administration of the institution;

That Laval buildings be made two distinct prisons, divided by a central wall;

That one part of these buildings be reserved for first offenders who would be taught the following trades: tailoring, shoemaking, bookbinding, laundering, farming, electricity and motor mechanics;

That the other half of the buildings be used for young convicts between sixteen and twenty-one years of age, who would be physically trained, provided with outdoor work (gardening and construction) and education, (school attendance and lectures).

This classification, under one direction, would be something similar to what the writer has witnessed in Les Prisons de Fresnes, in France, and which, in his opinion, would meet the situation very well. Each of these establishments would be subjected to a distinct regime; in each, young and first offenders, recidivists and hardened criminals, would be graded according to their crime, sentence, antecedents, capacity and merits, and would be entitled to appropriate privileges.

This system would assure constructive reformation work, and would protect the young and first offenders from contact with, and the bad influence of, recidivists and hardened criminals.

Special treatment for recidivists and hardened criminals would no doubt result in a sensible reduction in our penitentiaries of this class of convicts. At present, their percentage is out of all normal proportions, when compared with similar types, in European countries.

Cells. In the old country, all penal institutions have the "closed door" cell system, with cells on each side and a wide corridor in the centre, lighted by means of skylights in roofs.

It is strongly recommended that all cell blocks at Laval buildings, and other similar new construction, be made on the "closed door" principle. It would not be possible, for the present at least, and in view of the expense it would incur, to remodel our existing cell blocks as suggested above; but to remedy the situation, it is recommended that all wings be closed by means of concrete walls, instead of barriers, and that the floors of each range be extended to the wall, thus segregating each wing, and even each range. This could be done at comparatively low cost.

Silence rule. It is recommended that silence rules be restored in cell blocks, and this, in the best interests of administration, discipline and security.

Punishment cells. Our system of prisons of isolation, (punishment cells) could be very much improved upon, and we could advantageously adopt the same system as used, for instance, in English prisons, which is far superior to ours, and in the writer's opinion, the only adequate one.

Agitators and badly disposed convicts. It is a well known fact that certain convicts, with very bad character and dispositions, and known as trouble makers, are the leaders in riots and disturbances, and also that, in the majority of cases, are responsible, directly or indirectly, for damages caused to government property.

It is suggested that such class of convicts, from all penitentiaries, be congregated in a separate institution, where they would be subjected to special discipline and treatment; if eliminated from other institutions, they would not have the opportunity to exercise their pernicious influence over other convicts.

Superior officers. Wardens and deputy wardens are entitled to twenty-one days annual leave, and in that respect, do not receive any more consideration than a prison guard, notwithstanding their numerous and heavy responsibilities and standing. It is pointed out that, in England for instance, governors and deputy governors are entitled to six weeks annual leave, while the other members of the staffs receive three weeks of such leave.

It has been noticed, in the various institutions visited, that a difference exists in uniforms for officers of higher grades, distinguishing superior officers from other ranks. A similar distinction, in the Canadian institutions, is recommended for consideration.

Officers' quarters. In countries visited, all permanent officers are given free quarters. If this privilege could be afforded our penitentiary officers, the service would certainly benefit by it, in that sense that all the members of the personnel would reside at proximity of the institution, thus assuring better security, and furthermore, this would be an additional inducement for officers to hold on to their positions, and no doubt would result in better service and more devotion to duty. With such additional consideration, officers would certainly better appreciate their positions.

Training schools. It is recommended that a training school be established for penitentiary officers, as it exists in European countries.

The service generally would certainly benefit greatly by such an innovation, and candidates, when called for duty, would have received both theoretical and practical training.

Such a school could be established in one of our penitentiaries, and its functioning would entail very little expense.

The above suggestions and recommendations are respectfully submitted, having in view the betterment of the service, and the reforms suggested are considered to be in the best interest of the administration and management of penal institutions, and the treatment of convicts as a whole.

That is signed by E. A. Piuze, the then warden.

(Translation) In conclusion, I wish to quote the 12th recommendation on page 355 of the

report of the Royal Commission on the Penal System of Canada, thus:

> The pay of officers should be brought up to a reasonable standard, having regard to the type of service performed.

I also wish to take this opportunity to ask, not only that penitentiary guards and officers be paid a reasonable salary, but that they be paid fortnightly, as are other civil employees of Canada, instead of monthly.

The Minister of Justice will perhaps tell me that such a measure would require an army of accountants. Then, I would say to the minister: Open the doors wide particularly in my district, to the graduates of the School of Higher Commercial Studies. If seven or eight additional accountants are employed, that would be just another way to relieve unemployment. We have really sad cases in St. Vincent de Paul where fathers of twelve, or thirteen children must wait for their salary till the end of the month in order to pay their grocery and other bills. I ask the minister to grant this very humane request. On the other hand, in the public interest and in the interest of our penal institutions, I think that military discipline on Sundays should be abolished in all our penitentiaries.

Mr. Chairman, the royal commission has severely criticized the former warden of St. Vincent de Paul penitentiary for having instituted military discipline in the penitentiary in my constituency. That is the reason why I ask the Minister of Justice to abolish, not only in that penitentiary, but in all other such institutions of Canada, Sunday discipline which is absolutely unnecessary, may I add, because there is ample time, on week days, to give the inmates all the physical exercise they require.

Before I resume my seat, I want to say that the recommendations and findings of Lieut. Col. P. A. Piuze are generally in accord with those of the royal commission on the penal system of Canada, except as to the establishment of the Borstal system in this country. In fact, according to Lieut. Col. P. A. Piuze, that system cannot be fully applied in Canada. In view of his plausible arguments, I think his opinion should prevail.

As a matter of fact, Lieut. Col. Piuze has been warden of St. Vincent de Paul penitentiary for six years, and I wish to tell this house that he has adequately filled that position and that he possesses unequalled experience. Recognized authorities of this country have told me personally that he could not be easily replaced. I do not wish, Mr. Chairman, to make a case for Lieut Col. Piuze tonight. However, I am free to state to this house that Lieut. Col. Piuze, in his report, has submitted to the Canadian government recommendations and suggestions of a highly practical nature, which would be very easy to apply, and I have no comparison to make with the report of the royal commission on penitentiaries.

Mr. WOODSWORTH: At this very late date in the session, Mr. Chairman, it is not my purpose to discuss the question of penal reform or to go in any detail into the report upon which this resolution is founded, but I should like to endorse the general position taken by the hon. member for Grey-Bruce (Miss Macphail) with regard to this question and to express my appreciation of the fact that although it is so late in the session the government apparently has considered it possible to bring forward legislation of this kind. The hon. member for Fraser Valley (Mr. Barber) quoted an editorial opposed to action along this line. I hold in my hand a whole sheaf of editorials from the leading newspapers of this country, all of them favourable to action along the line proposed.

I should like to protest against the position taken by the leader of the opposition (Mr. Bennett), first of all in regard to his attitude toward the prisoners. He asserted that they were the victims of their own wrong-doing. That is only partly true. I think it may be said that the larger number were the victims of the neglect of society. I do not want to go into that question at any length, but I think it is conceded that a very large number of our criminals would have gone straight if they had had half a chance. I remember when I was only a youth reading Jean Valjean, that immortal work of Victor Hugo, which no doubt many other hon. members also read. You will remember the way in which that great French writer interested us in the criminal, and I have never gotten away from his presentation of a man who, according to the category of the right hon. leader of the opposition, I suppose would be classed as a mad dog running wild. I object to that way of viewing the criminal. There may be some criminals who are mad dogs running wild, who have to be dealt with more or less, as we might deal with a dangerous animal, but the majority are not of that class.

Then I think of some who, in spite of the bad treatment we have given them, have reformed. I think of one man in my own city of Winnipeg whose family I know very well. He robbed a post office when he was a boy, was imprisoned and later released. To-day he occupies one of the most important

positions in that city, and I suppose only a few old-timers remember that he once served a penitentiary sentence. I feel indignant when I think of him being classed as a mad dog running wild.

I do not think the leader of the opposition was quite fair to the commission when he spoke of them as listening to the tittle-tattle of convicts. If they were to get information, why should they not listen to the men who were incarcerated in the penitentiaries, even though they were branded as convicts? I should think it probable they could get a great deal more information from listening to those who were enduring the abuses than by listening to the officials who may be seeking to paint as rosy a picture as possible. However, I shall not go into this phase of the question to-night.

I want to protest against any further delay in dealing with this matter. Some of the older members of the house will recall that four years ago, on June 30, we considered this question of penitentiaries. This matter had been put off and off until what was hoped would be the last day of the session. The hon. member for Grey-Bruce made a strong appeal to the then Minister of Justice, Mr. Guthrie, to take action. The minister replied that it was too late in the session; that the Governor General was then on his way to prorogue parliament, it being then within a few minutes of twelve o'clock on Saturday night. We could not sit on Sunday, and Monday was a holiday. I do not know whether I should boast of it, but on that occasion I said that the estimate under discussion would not pass. I succeeded in holding up the house, and hon. members had to remain here on Sunday and Monday and sit again on Tuesday, when we considered this matter of penitentiary reform. I should like to quote one paragraph of what I said at that time:

> I would point out that the prisoners are the most defenceless class in the community. They have been deprived of the ordinary rights of citizenship. They have no means of making their grievances known to this house. They have been deprived of the rights of normal ordinary human beings.
>
> But on the other hand I am coming to believe that we must discount to a considerable extent the official statements, the official denials, because it seems to have been the policy more or less to whitewash under-officials.
>
> Furthermore, we urge that the time has come when there should be general consideration of the whole question of prison administration and the treatment of criminals.

I then urged the setting up of a commission. That was on June 30, 1934. That commission was set up, and I regret as much as anyone that its report has been presented so late in the session. However, we are glad finally to get this report. It is four years since these evils were definitely brought to the attention of the house. It will be remembered that at that time riots had occurred in Kingston penitentiary, and there had been shooting into the cell of one of the prisoners. It was an outrageous situation. We have the report of this commission, and now the leader of the opposition tells us that we ought to postpone action until we have had time to study the report. I am sorry the right hon. gentleman is not in the chamber, but I am sure that he must have given a considerable amount of study to penitentiary reform. Even the man on the street knows that reforms such as proposed are long overdue.

I submit that parliament should not prorogue without passing the remedial legislation to be based upon this resolution. Without disparaging the Conservative convention which is to take place next week, may I say I am not so sure but that this matter which is so vital to the thousands of people in our penitentiaries is not of as great importance. In any case it ought to be dealt with at this session.

I shall not go into the question raised by the leader of the opposition as to whether this is the best manner of dealing with General Ormond. The authorities can deal with him as they please, but what we do need is legislation. The gentlemen who composed this commission spent a long time in the most painstaking investigation. They travelled across Canada, in the United States and abroad in order to study the situation from all angles. I think they were in a better position to make recommendations than even hon. members who may have casually read this report and who might possibly be inclined to consider it in some of its political aspects. I urge the Minister of Justice (Mr. Lapointe) to let nothing stand in the way of bringing about these reforms without any further delay.

Mr. STIRLING: Mr. Chairman, I find myself just as displeased with the action of the government as my hon. friend is pleased. They have brought down this report very late in the session and have expected us to deal with it. It is almost two and a half years ago that the government appointed this royal commission to examine into this matter and report. Three months ago the report came into the hands of the minister, and fourteen days ago it was laid on the table of the house. Hon. members have had thirteen days in which to endeavour to inform themselves of the contents of the 400 pages comprising this report. After sitting here for five months I believe that the mind of the ordinary member is somewhat weary. He sits on com-

mittees; he sits in the house; he deals with his correspondence and carries on the other work of a member. I, for one, have not had time more than to glance cursorily through this most important report. I do not think it is reasonable to expect us to deal with this matter at this late stage of the session.

I cannot go into the principle of the bill, because the only vision we have had of it is what is contained in the resolution. It does not seem to me to be fair to a civil servant of Canada to accept the recommendation of a commission in this regard, as apparently the government has done. The commission state that they were dissatisfied with their examination of the superintendent, and they recommend his dismissal. This afternoon my right hon. leader (Mr. Bennett) pointed out how the superintendent was appointed. Many people may have thought that the superintendent was appointed on the recommendation of the previous administration and, that, therefore, there may have been some partisan politics mixed up with the appointment. However, I believe that belief will be dispelled when attention is drawn to the important positions held by the six members of the committee appointed by the civil service commission to choose the superintendent.

We have not had time to give due consideration to a report on so important a matter. To dismiss a civil servant in this cursory way is not good for the civil service, and consequently is not good for Canada. It matters not to me whether he be a civil servant in the higher or lower ranks of the civil service; the fact of the matter is that the investigation carried on by the commission has not been of such a nature as to warrant the recommendation made. It is noticeable, for instance, in the pages which deal briefly with the recommendations, that in this country, of course, every penal institution was visited, and at those institutions nine convicts were heard for every one official. The commission paid a visit to the United States and there examined the penal institutions and listened to the views expressed by the officials. The commission also visited the United Kingdom where they did likewise. But we are not aware that on their travels abroad the commissioners listened to any views of the convicts in those institutions. It appears to me from the cursory study that I have been able to make of this report that the commission has given an overweight of interest to the evidence of convicts in the Canadian penal institutions, and perhaps not sufficient weight to some of the other evidence.

I am not acquainted with the superintendent of penitentiaries. So far as I am aware, the only time I ever saw him was when he sat before the Minister of Justice in the late administration when he was dealing with the estimates of that department, but I know his record. I know that he was a district officer commanding in the west. I know that if he had not moved over to this civil service job, other rungs of the ladder in the service would have been open to him, but it is hardly likely that those rungs will still be open to the superintendent if he leaves the civil service with such a smirch on his name. I earnestly appeal to the minister that at this late stage of the session it might be well to wait just that number of months longer which would enable us to give further consideration to this weighty report.

Mr. LAPOINTE (Quebec East): Mr. Chairman, I do not minimize, the committee may be sure, the great importance of this resolution and the legislation which will follow it. As the hon. member for Winnipeg North Centre (Mr. Woodsworth) said, this question is one which has been before the country for many years. Rightly or wrongly there has been a feeling that all was not perhaps as well as it should be in the penal institutions of Canada, and I well remember well-meaning citizens imploring us to carry on an investigation. I was on the other side of the house at the time when that great social worker, my own fellow citizen and townsman, Archdeacon Scott, the padre, came to see me and besought me to plead with the then government for an investigation into the penitentiaries. A large body of public opinion was certainly aroused at the time, and when the campaign of 1935 took place the present leader of the government made a promise that there would be an investigation by royal commission into the administration of the penitentiaries.

We came into office in October, 1935, and the royal commission was appointed in February, 1936. The resolution before us is the result of the report of that commission. Whatever may be our opinion as to its findings and recommendations, I think everyone will agree that its report is a considerable and well-prepared work and that the commissioners have devoted their energies and abilities to doing the work as completely and even as perfectly as it could be done. This does not mean, of course, that we are to agree with everything they may suggest or recommend. I personally agree with a great many of the things they recommend. With some of them I do not agree, and as to many others I have doubts whether they should be carried into practice. But as far as one of the recommendations is concerned, and it is their main recommendation, the one which is embodied in

this resolution and in the bill to follow, namely, the appointment of a commission or a prison board to replace the present administration, with that recommendation I am in agreement.

Most of the other suggestions and recommendations—and there is a multitude of them —will have to wait. Most of them can be carried out by regulations after the commission, the prison board, to be appointed will have satisfied themselves that they should be carried out; but the most important of them will have to be the subject of legislation, and parliament of course will have ample time to study the report and consider the advisability of making those changes. The commissioners in their report suggest that it is a work of five years to put into effect all the recommendations which they make, but this bill, I repeat, is merely for the purpose of creating a prison board.

I fully sympathize with the view expressed by my right hon. friend the leader of the opposition (Mr. Bennett), by my hon. friend the member for Fraser Valley (Mr. Barber), and by my hon. friend the member for Yale (Mr. Stirling), that the members of the house have not had sufficient time to read and consider this voluminous report; and if this legislation would have the effect of carrying out all the recommendations of the commission, I would certainly feel that their contention was even stronger than it is. But so far as merely creating a prison board is concerned, changing the present system in that respect, I do not see that it is so essential or necessary to have read all the arguments in favour of the numerous changes which are suggested. There may be some who think, as my right hon. friend does, that we should wait, but I am quite sure that there are a good many more who would strongly criticize the government for not doing anything this session after this report has been tabled.

I do not agree with the basis on which my right hon. friend lays his strongest objection. He says that we are asking the committee to render a verdict against General Ormond. We are doing nothing of the kind. It is not the person of the superintendent; it is the system against which a verdict is rendered. If there is a verdict it is a verdict against a system; it is a question not of changing a man and putting another man in his place, but of changing the system. My hon. friends who spoke of the dismissal of General Ormond did not state the position correctly. There is no question of dismissing the superintendent by the creation of a commission.

Mr. STIRLING: That is the recommendation.

Mr. LAPOINTE (Quebec East): True, his office would disappear. As this happens quite frequently in the civil service, he would be eligible for retirement allowance if he is entitled to any. The question of dismissing General Ormond has not been considered at all. Surely, if the policy of having a prison board in charge of the administration of the penitentiaries of Canada is the right policy, no single man should be an obstacle to putting that policy into effect. I repeat, the fact of giving effect to the recommendation of creating a prison board does not mean that anything is done against the superintendent who is in charge at the present time.

Of course I would be following the line of least resistance if I were to accept the view that it would be better to wait a few months. This will be a very difficult task. The appointment of the three men who will serve on this prison board will be a task of great magnitude. Some seem to believe that we should find supermen for that work. Unfortunately they do not exist any more in Canada and the other countries of the world. We have to find the best men possible. I am free to admit that at the present time I do not know what men will be appointed on that board. I have already received many requests, and I am afraid I shall disappoint some of the writers when I say that the choice which will be made will not be made from among those who have written. I may add that these will not be political appointments. If there is a work which will be most responsible and difficult, it will be this. It is a work which does not bring much satisfaction. There is no occupation more open to criticism than that of those in charge of penitentiaries, working all the time earnestly, satisfying nobody and being subject to criticism which is not always fair. I think I am right in saying this. But I am going to do my best, with the help of my colleagues, to find three men who will most adequately recommend themselves to our appreciation. I have a great deal of sympathy with the suggestion of the hon. member for Portneuf (Mr. Gauthier) that one of them should be a medical man. I believe that is recommended by the members of the royal commission. But as hon. members will see when the bill is introduced, it will come into force only on proclamation. Of course we have to consolidate the Penitentiaries Act by striking out in many places the words "minister" and "superintendent" and replacing them by "board" or "commissioners." But the bill in itself will mainly consist of this great change of creating a board to administer the penitentiaries.

My right hon. friend has spoken of the parole system and of the change which is suggested by the commission. I must say, without enlarging upon it, that I am inclined to agree with him that the carrying out of the recommendation in that regard will be a difficult step to take. This, however, will be considered later, and parliament will have its say if this change is suggested in a practical way.

I do not think I have anything to add to this. When the bill is discussed after it has been introduced, I shall be prepared to give any further information.

The CHAIRMAN: Shall the resolution carry?

Mr. BENNETT: No, Mr. Chairman. The very moderate and fair statement of the minister commends itself, I think, to every member of the committee. But it does not meet what I conceive to be the real difficulty.

On the fourteenth day of June this report was filed. To-day is the twenty-eighth. The report is dated in April. Between April and June time was spent in printing it and, I take it, in translating it. We first saw it when it was tabled on June 14. That is only two weeks ago. I say frankly to the minister that although he deals with only one phase of the question, that affects the whole principle of prison administration in this country. If, for instance, one refers to matters in this report and points out that they are absolutely unwarranted in fact one draws the conclusion. I think properly, that little importance attaches to the whole. Take, for example, the attack against the firm of Morris, who sold coal. I mentioned that this afternoon, and I observed that in a letter written by John Morris to the newspaper he pointed out that the facts are exactly the opposite to those which are stated. With respect to Sowards it is quite clear that the same situation develops.

Take the Buck incident. I say to the minister that the reason why one approaches this matter with such a desire to read this report is that all you have to do is to consider the incident with respect to Buck. Who empowered these three men to sit as a court of appeal on Craig and the other commissioner who reported on the Buck incident at the time it happened? And what do these three men find? The minister knows what they found. They said that the reports which were made by the commissioners who investigated the matter at the request of the Minister of Justice arrived at conclusions that were wholly unwarranted. They refer to the fact that certain of these people were not experts in penology. But which one of the three royal commissioners was? Was Craig? Was McRuer? Was Judge Archambault? These are not experts; yet they project themselves into this picture as experts; and now the government asks us to consent to changing the whole system of the administration of prisons in this country, although we have had this report before us for no more than two weeks. And the difficulty is that when the change is made it is not easy to undo it. The minister says he proposes that the bill will come into force on proclamation. I desire to point out to him that if this change is made, it will be possible to alter it only by act of parliament. Once we have committed ourselves to this scheme or plan, we shall have made it impossible to alter it except by statute.

Despite what the minister has said, the appointments will be political. I was pleased, indeed, to hear him say that he did not propose that they should be partisan political appointments, but the fact remains that they will be political appointments. It is contemplated that they should be. How did Ormond come into the picture? He came in through the civil service commission and through that board the names of which I gave this afternoon, who made the investigation they did and reported in his favour. The majority of the men who made that report were certainly not supporters of the administration by whom the appointment was made, and they took a great deal of time to consider the matter. Finally they recommended Ormond. They recommended his appointment because they believed that he was the best of the many applicants who offered. Men like Mr. Biggar, or Doctor Porteous, or Mr. Edwards, or Mr. Dufresne, or Colonel Kemmis, or the late Major-General MacBrien spent a great deal of time over the matter.

Now the government must make the appointments, and they are already confronted with a situation which I regard as intolerable. I agree with the minister in that respect. After to-day's debate he will be receiving letters from every part of this country, from men who think they have a claim, and there is not a member of this house supporting the administration who will not receive a communication in these terms, "Speak a good word to the Minister of Justice about my appointment." I went through such an experience in connection with the Bank of Canada, and the minister will now have the same experience. Before that, the civil service commission acted, and they regarded their duty as so serious that they appointed this committee, with the government, to choose General Ormond. I recalled this afternoon vividly

how hard they had worked at it. They took a long time going over the applications, and it relieved us of much responsibility. The Minister of Justice of that day was able to say, "I had nothing to do with it." I was able to say, "I have nothing to do with it." The Minister of Justice will now be literally beseiged with applications for the position, and members supporting the administration will be in the same position. The appointments will therefore be political. I repeat, I am happy to hear the minister say that they will not be partisan political appointments, but they will be political appointments.

How does that compare with the civil service appointment? How does that compare with the recommendation made by the late Major-General MacBrien and those other gentlemen to whom I have referred? What about the pressure that will be brought to bear as compared with the situation where men make a recommendation after investigating thoroughly the records of the persons concerned? Perhaps the minister has overlooked the exact words of the report with respect to General Ormond:

> Your commissioners are of the opinion that it is necessary to the good management of the penitentiary service that the superintendent should immediately be retired, and they recommend accordingly.

They had no power to do that; that was not the term of General Ormond's employment. He was not told that charges had been formulated against him, and he had no opportunity to be heard. Reading the report, one can see pretty well that it was not written by Judge Archambault, because there is nothing judicial about it. They take a sentence here and a question there, and the answer given by General Ormond. He was eight days before them although he had not a chance to meet these people who gave evidence against him. He was eight days being grilled by these three men, all three lawyers, he himself having been a soldier; and they pick out an answer he gave and then make a recommendation. And the recommendation is that he should be immediately retired. That is not fair. The minister says, "We are not going to retire him", but the minute you substitute this board for the superintendent, that minute he goes out of office. It is not fair that a royal commission should so recommend when a man is employed as General Ormond was. What happened? Without formulating charges against him, without saying what the charges against him were, in order that he might specifically meet them, he is dragged into a room and kept for eight days, not being present when these people were making the case against him. And who were the men that made cases against him? Outcasts of society. One of my hon. friends says, "Oh, well, these poor fellows would not have been so bad if they had had a chance." But I was glad to hear the hon. member for Grey-Bruce (Miss Macphail) say to-night that there are incorrigibles in penitentiaries. That is an improvement on what used to be said.

Miss MACPHAIL: They are not all in penitentiaries.

Mr. BENNETT: No. This afternoon my hon. friend suggested that the penitentiary authorities had their eyes on her, and I told her I thought there was no warrant for such a statement. I still think so. Take the Buck case. I wonder if the Minister of Justice thinks that is the sort of thing which should be hashed up to us, nearly five years after the event; and these three men have the hardihood to send to parliament a report in which they make this statement:

> The shots were deliberately aimed at Buck's cell.

That is not Buck, but Buck's cell.

> The shots were fired either with the deliberate intention of injuring Buck, or wilfully, reckless as to whether they did or not.

That statement is made five years afterwards. They continue:

> When the superintendent—

This is our poor friend who came into the service in this way:

> —had become acquainted with these circumstances he ought to have instigated an immediate and thorough investigation to determine the names of the men who had fired the shots, and this investigation should have been pursued with as much diligence as the investigation of any other crime.

The militia was outside, having been called in, and it was not apparent whether the shots had been fired by the prison warders or by the militia. He should have seen to it which man fired that shot! That is what these men report. I ask any hon. member what he thinks of that.

> (5) When Mr. Buckley's complaint was received, in August, 1933, the inspectors were instructed to conduct an investigation because there was no record of any appropriate investigation having taken place.
>
> (6) The investigation by Inspectors Craig and Dawson was not carried out with the efficiency the circumstances warranted.

And the commissioners made their report. They said that there he was, in D tier, the top, I went and saw it myself and saw the marks of the shots. They said that these men fired at such an angle as to endeavour to strike

the ceiling, but, this being the top tier, some shots struck the top of the ceiling, did not go as high as the ceiling of the building but round about this cell. Anyone who knows anything would know that would probably be the result; and that was the finding. Listen to this:

(7) In view of the evidence before them, Inspectors Craig and Dawson did not prepare an honest report for the minister,—

This is our royal commission, five years afterwards.

—but rather sought to place the responsibility where it did not justly lie, on Buck, and this with a view to justifying the shooting, which they knew at the time to be unjustified.

I leave it to the Minister of Justice whether he thinks that is a decent thing for any commission to say, in the light of the fact that Buck himself, when pressed for an answer, said that his speeches to the crowd would be calculated to instigate them to further effort. That is what he said; he was perfectly frank about it. Now we are told by this commission—and the reason is obvious—it all gets back to this poor unfortunate Dawson.

Let us go a step further:

(8) The memorandum prepared by the superintendent for the Minister of Justice was prepared in an unwarranted effort to justify what had taken place, and the superintendent wrongfully omitted therein to report to the minister all the facts that were within his knowledge, or to give the minister an honest opinion in regard thereto.

I ask the right hon. Minister of Justice to-night as a fair man if he thinks that you can act on the recommendation of a commission which, five years after the event, makes a report like that with respect to these three men, Craig, Dawson and Ormond, under the circumstances mentioned. They charge them with being dishonest and deliberately making a dishonest report, and there are the marks of the shots. They are still there. They indicate the acute angle of fire. The reasons given at the hearing were clear and plain; and what is more, these men said that the effect of it was to do just what they wanted done, to quiet that riot. And listen to this: They say these men had no right to refer to what had taken place with respect to other cells where they had fired shots. But the answer was that the use of firearms had quieted the riot in the prison at cells E and F and that they used the same tactics with respect to the top tier D.

The issue is simple. Five years after the event, men who risked their lives, who were doing their duty as sworn officers of the law, are to be held up to ignominy; one of them, with a great record of offering his

[Mr. Bennett.]

life in the mud and muck of France and Flanders, is to be told that he is a dishonest man, without having an opportunity to defend himself except being called as I have stated, and questioned by three astute lawyers for eight days. Did he see the witnesses? Was he given an opportunity to see them? Did he hear them? He did not. The event took place in August, 1933, and now, in the summer of 1938, after five years, we have this announcement that Ormond made a dishonest report; that Craig and Dawson made a dishonest report.

Look at the report of Dawson. Dawson is the man that McRuer tried to crucify before Judge Daly and failed; now he has his chance and behind his back he puts it down in that record. That is the story, and on that we are asked to change the prison system of Canada. And it is so much the more intensified by the statement of the hon. member for Grey-Bruce this afternoon that he did not receive any pay. It was a vindictive act—

Miss MACPHAIL: It was a generous act.

Mr. BENNETT: —and we know what it was done for. Now he seizes the opportunity, paid by the people of this country, to make that report against the unfortunate Dawson whose only fault is that he did his duty.

Craig and Dawson signed a report on the Buck incident, and I must say it is a terrible thing to think that five years after we have this report being torn to pieces by these three men. Where were the witnesses? They were not concerned about them. Where were the militiamen? They were not concerned about them. Where were the guards? They were not concerned about them. It was condemnation. Listen to what Craig and Dawson did. These are the words:

1. Close examination of the interior of cell 16-4-D, which is located on the fourth and top tier of D block, was made by the undersigned and it was found that there had been a bullet imbedded in the wall about six feet in height from the floor and two feet down from the ceiling, and approximately midway between the side walls, this mark (No. 1) was in the form of a round hole as deep as the forefinger. No. 2 bullet mark was in approximately the centre of the ceiling, a few inches to one side—this bullet had evidently ricochetted and had imbedded itself in the back wall, a little to one side of centre. No. 3, apparently, was the discharge of shotgun as ten marks as if made with shot, splattered on the back wall, were found around but mostly above No. 1 and No. 2 marks. No. 4 bullet mark was found on the iron bar of the window directly in front of cell 16-4-D. These four bullet and shot marks were the only marks that could be found that would indicate firing on that part of the prison known as D block.

Convict No. 2524, Timothy Buck, was confined in cell 16-4-D on October 20, 1932.

Mr. NEILL: How many storeys?

Mr. BENNETT: There were four tiers.

3. The marks above mentioned prove conclusively that shots were fired into D block, three of them landing in Buck's cell, and one directly in front of the bar of the window.

I am reading from the report of the two inspectors made at the time.

4. The evidence indicates that all these shots were fired between the hours of 5 p.m. and 8 p.m. Buck states that the firing started at 8 o'clock, other convicts state at an earlier time, but it is considered that the earlier hour is mentioned in an endeavour to show that it was light enough for them to recognize who did the shooting;

5. None of the evidence taken gives information as to who actually did the shooting. One convict mentioned three officers' names but one of them was home sick on that day and the other two denied that they shot into D block, although at the time they state they were in that vicinity.

Has it come to this, that because men decline to act upon the evidence of convicts and to believe them when they had directed attention to three officers as having fired the shots, one of whom was at home sick and the other two denied that they did it, five years afterwards three men on the strength of that say, "Dishonest Craig, dishonest Dawson and dishonest Ormond"?

This is very important in the light of what has occurred to-night:

6. At about five o'clock that evening, it was ascertained that convicts in F block were digging through the partitions of their cells in an endeavour to congregate in the chapel and to effect an escape.

7. The cells of F block were examined by the undersigned and it was found that holes had been dug in several cells, large enough for a man to crawl through.

8. To prevent further digging and an escape, numerous shots were fired into the air and into the ceiling of F block; great noise and damage was going on in E block and a number of shots were fired similar to those into F block. These shots had the desired effect.

9. Buck admits, and other evidence shows, that he made numerous speeches to the convicts that afternoon and evening. The nature of the speeches early in the afternoon may have been to quiet them but it is evident, towards evening especially when the firing commenced into the other blocks, that he succeeded in working the convicts up by having them shout in unison to the troops to coerce them and also in chorus voicing their demands.

10. This shouting by Buck was undoubtedly done at the gate of his cell in a gesticulatory manner and would be seen by the officers and militia patrolling and on duty in the yard. His actions and shouts would indicate clearly that he was leading and inciting the convicts.

11. It is considered that the opinion was then formed by those on duty in the yard that action had to be taken to suppress Buck and the tumult he was the instigator of.

12. The same action as taken with E and F blocks, was then evidently taken in regard to D block, by firing four or five shots high up in D block. These shots were fired at a moderately sharp angle from the yard but instead of hitting the ceiling as in the other blocks, entered cell 16 on the fourth or top tier of D block. The evidence shows these shots had the desired effect.

It has not been challenged, mark you, that these shots were fired at this sharp angle into the ceiling; but owing to the fact that they were fired from the yard outside they fell short of the ceiling, as indicated by the report I have already read. But they had the desired effect. Now see the fairness of this report at the time:

13. Whether aim was taken at Buck's cell, the evidence does not show, but it is apparent that from the high location of the marks those who fired the shots endeavoured to scare the convicts only, which evidently they did and the agitation was suppressed.

That is not denied. That is not questioned. These men risked their lives to suppress this commotion and quiet this agitation; yet, as a result of these efforts, five years later a commission calls them dishonest, and on the report of this commission we are asked to change the prison system of Canada.

Let us go a step further:

14. It is the opinion of the undersigned that the shots fired into D block were not aimed deliberately at Buck or any other convict and that D block was treated similar to the other two blocks into which firing occurred.

Yet these three commissioners state: "The idea of Craig and Dawson mentioning these other blocks! What relevancy had they"? And Craig and Dawson point out why they did so. They point out that these men were getting out; that they were tearing down the walls; that they had already planned an escape into the chapel, and thence to freedom. I continue:

16. It is pointed out that in the opinion of the undersigned, firing was the only reasonable means possible to suppress what was taking place at this stage. It was impossible at this time to take Buck out of his cell without precipitating a worse riot and possibly the loss of lives.

17. It is the opinion of the undersigned that the firing into D block on the evening of October 20, 1932, was done by a member or members of the staff of the penitentiary or of the permanent militia, both of which were on duty in the vicinity from which the shots evidently came at that time.

18. The undersigned are further of the opinion that the man or men when firing the shots

into D block considered that they were fully justified in taking that action in the circumstances that then existed.

Respectfully submitted,
W. H. Craig,
Inspector.
J. D. Dawson,
Inspector.

Remember, this occurred six years ago next October. These men were on the spot. They were taking the responsibility. Their lives were being offered as a sacrifice, not the lives of these three commissioners. Yet the latter go to Kingston and hearken to stories, and they make a report that Dawson and Craig are dishonest men. Listen to these words:

The findings in the above report are subject to the following comments:

The references, in paragraphs 6, 7 and 8, to the nature of the disturbance in F and E blocks are irrelevant to the matter under consideration. Buck was in no way connected with any disturbances that may have taken place in these other cell blocks.

Just imagine; here were men with this terrible, this awful responsibility, with these hundreds of men in this penal institution, with this evidence that they had been burrowing their way into the open! They brought about quietness only by discharging firearms; then they suddenly saw the same situation in D tier, and they refer to that as a warrant for using the same means to bring about quiet there. Yet our beautiful commission says that is wholly irrelevant, and asks what that has to do with the matter.

Then I come to the next comment:

The finding in paragraph 9, that, "toward evening, especially when the firing into the other blocks commenced, he succeeded in working the convicts up, by having them shout in unison to the troops to coerce them, and also in chorus voicing their demands," is absurd.

Yet Buck has admitted it. That is your commission which is going to change the penal system of Canada. There you had these men confronted with that situation, as guardians of the peace, risking their lives, with the militia called out; and we are told that because they did what they did, as reported in this document by them at that time, it was all absurd, and that these men who risked their lives to preserve safety in that penitentiary were dishonest men. The report continues:

The troops were located outside the walls of the cell block. The prisoners were all locked in their cells. It is difficult to conceive how any shouting by Buck could have had the effect of "coercing" the armed troops in the yard. Careful perusal of the evidence does not justify such a conclusion.

The inferences drawn in paragraph 10 are unsupported by the evidence. The inspectors undertake to surmise what Buck would have done and what the officers might have seen, and on this basis they make the statement: "His actions and shouts would indicate clearly that he was leading and inciting the convicts." There is no evidence of such actions or shouts, and Inspector Dawson, when examined before the commission, expressed quite a different view from the above. He stated:

"I asked him (Buck) if his action might be interpreted as inciting rather than trying to quieten them, and he said 'Yes.' That more or less satisfied me on that point. This may be poor language."

The evidence Buck gave was as follows:

"Q. Is it possible that anyone in the distance would have thought that you were inciting rather than remonstrating?

A. Yes, it is possible owing to the noise and general excitement."

That is Buck's statement; yet in the face of that we have a report made six years later by three men who did not examine a single witness who was present at the time or who had anything to do with it, and in their report they make this finding against these men, charging them with dishonesty. Two of these men have worn the king's uniform and risked their lives in France and Flanders, but they are charged with being dishonest men. And that is the report upon which we are asked to change the penal system of Canada.

There is a rule of law, "False in one, false in all." Translated into ordinary English it just means that we should have an opportunity to study the evidence which should accompany the report. I propose, so far as it is possible to do so, to try to vindicate the position I take that we have a right to study this report. We are being asked to change our penal system on the report of men who ventured to make a report such as this regarding three men whom they charge with dishonesty one of whom they grilled for eight long days after having examined scores of convicts who gave evidence against him without his being given an opportunity either to see or hear them. I cannot do it.

Progress reported.

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

Wednesday, June 29, 1938

The house met at eleven o'clock.

CIVIL SERVICE

THIRD AND FINAL REPORT OF SPECIAL COMMITTEE APPOINTED TO INQUIRE INTO THE OPERATION OF THE CIVIL SERVICE ACT

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, the special committee appointed to inquire into the operation of the

Civil Service Act begs to present the following as its third and final report.

Pursuant to order of reference dated February 22, your committee has held forty-eight sittings, has examined the three civil service commissioners, the secretary of the civil service commission, the chief, the acting chief and investigators Boutin and Jackson of the organization branch, and the chief examiner of the civil service commission; heard representations from Sir Francis Floud, K.C.B., K.C.M.G., United Kingdom high commissioner in Canada, the professional institute of the civil service, the civil service federation of Canada, the amalgamated civil servants of Canada, the dominion railway mail clerks federation, the amputations association of the great war and the Canadian Legion of the British Empire Service League. Briefs were received from army and navy veterans in Canada, officers, mates and petty officers of government ships, the Canadian postmasters' association, the customs and excise officers' association, and the New Brunswick, Nova Scotia and Prince Edward Island nautical association.

Your committee had charts prepared showing the organization of the staffs of the civil service commission and all departments of the government whose staff are under the civil service commission, but was unable, in the time at its disposal, to make an extensive inquiry into the various departments.

Having carefully considered the evidence adduced, your committee recommends:

1. Your committee deems it expedient and in the interest of the public, the civil service and the civil service commission that a standing committee on civil service matters be appointed at the commencement of each session of parliament, and therefore recommends to parliament that standing order 63 be amended by adding after clause (k) of said order, the following clause (1): "on civil service matters to consist of fifteen members, nine of whom shall constitute a quorum."

2. The committee further recommends that no official or employee in the civil service shall make any direct or indirect recommendation or reference by letter or otherwise on behalf of any relative by blood or marriage, or take any part whether directly or indirectly in any competition, temporary or permanent assignment, promotion, classification or reclassification in which any such relative is an applicant.

3. Your committee recommends that it shall be the duty of the civil service commission to make their own rulings on the operation of the act and apply the same uniformly, provided, however, that any department affected by such ruling may join the civil service commission in any submission to the Department of Justice for an opinion.

4. Your committee reaffirms the eighteenth recommendation of the civil service committee of 1932, which is as follows:

"18. Your committee is of opinion that there is a great deal of overlapping in the performance of duties by the heads of different branches of the civil service commission, owing to matters receiving the attention of the secretary of the commission which are in no way related to secretarial duties."

"Your committee, therefore, recommends that the secretary of the civil service commission be called upon to perform only those duties which are peculiarly those of a secretary and that the civil service commission consider ways and means of eliminating duplication of correspondence and departmental memoranda which now pass through the secretary to the commissioners."

And your committee recommends that all forms presently in use for such purposes shall be altered accordingly.

5. As the multiplicity of classifications and the discrepancy in salary ranges tend to create jealousy in the service and have resulted in injustices and dissatisfaction, your committee suggests that the service should be divided into five or six broad classes, with a maximum of not more than nine grades in one class, and such division to be set up as soon as possible.

6. From the evidence it appears there is at present a considerable discrepancy in salary ranges as between departments and as between the various branches of the same department and as between the Senate and House of Commons, which militates against efficiency and cooperation, your committee recommends that the organization branch be charged with special responsibility with regard to salary levels in order to simplify ranges and also to thoroughly investigate salaries paid in comparable classes within and without the service.

7. Your committee recommends that

(1) Annual surveys of departments, units or branches shall be made in rotation by the various investigators, whether requested by the department or not, and such reviews shall be made so as to remedy overlapping, overstaffing or understaffing and any unfair discrepancies which may exist.

(2) If there is to be specialization, it shall be within classes rather than by attempting to cover a whole department from top to bottom, as at present.

(3) Investigators shall mention in each report the time spent with each employee and the date and circumstances of the interviews.

(4) Investigators shall not sit on examining boards as members thereof.

8. In order to give the civil service commissioners a complete picture which will ensure fairness and department responsibility, and which will standardize the service and speed up the handling of cases, your committee recommends that the investigator's report and organization branch chief's comments be forwarded to department concerned and returned to the civil service commission with any comments such department wishes to make.

9. Your committee recommends that no married women shall be employed even temporarily under her maiden name and regulation No. 36 of the civil service commission shall be strictly applied.

10. Your committee recommends that subsection one of section 38 of the Civil Service Act be amended by adding at the end thereof the following proviso:

"Provided that, except on approval by the governor general in council, such authorization shall not extend to the employment of a person who is not a natural born or naturalized British subject and also has been a resident of Canada for at least five years."

11. Your committee recommends the commission may, at the request of the department con-

cerned, but subject to the approval of the treasury board, appoint without competition any person who has already held a permanent position in the civil service and who has resigned, to the same or a similar position within the department if the department and the commission are satisfied that such person is deserving of such appointment, is not over fifty-five years of age, is of good character and in good physical condition.

12. Your committee recommends that standard advertisements to cover the classes and grades suggested in its fifth recommendation should be prepared and adhered to and that the practice which has often been followed in the past of writing advertisements to fit the qualifications of a single individual should be discontinued. Your committee recommends further that any reason for varying such standard advertisements should be submited in writing by the deputy-head suggesting such variation and be reported thereon by the organization branch and that no such varied advertisement shall be issued or published unless previously approved by the civil service commission.

13. Your committee recommends that examination papers should not be translated for examination purposes but should be read by the examiners in the language in which they have been written, whether English or French.

14. Your committee is of the opinion that whenever advisable transfers to other branches of departments, as well as from one department to another, should be encouraged so as to prevent favoritism and for the purpose of helping employees to acquire a general knowledge of the work of the department or departments of the government. Your committee considers that the effect of this recommendation will be to open new horizons to the younger employees by offering opportunities for advancement and promotion at the same time preventing the static condition of the service and remedying certain injustices.

15. To facilitate the adjustments of complaints of a civil servant, where such complaints cannot otherwise be adjusted, your committee recommends that such complaints be adjudicated by a board of appeal consisting of a nominee of a civil service organization named by the appellant, a nominee of the deputy head of the department affected, and a nominee of the chairman of the civil service commission, the latter of whom shall be chairman of the board.

16. Your committee recommends that ratings on efficiency and fitness, on which selections for promotion are largely based, be made by a board of three departmental officers instead of by individual departmental officers, as at present, and that a system of periodical ratings recording the efficiency of employees be established, for use in connection with promotions, salary increases and retirements. That the employee shall be advised of the result of all his ratings and shall have right to appeal such rating to the board mentioned in the preceding recommendation.

17. Your committee recommends that promotions shall not be confirmed until after the expiration of fourteen days so as to permit the making of an appeal to the board mentioned in your committee's fifteenth recommendation, and in the event of such appeal being made that such promotion shall not be confirmed until the appeal has been disposed of.

[Mr. Pouliot.]

18. Your committee recommends that the practice of placing employees in vacant positions in an acting capacity instead of holding promotion competitions for them be discouraged.

19. Your committee recommends that the commission investigate the feasibility of more extensive and adequate advertising of competitions by press and radio.

20. Your committee regrets that the recommendation of the civil service committee of 1932 "that all papers, documents, et cetera, placed on the files of the commission, be consecutively numbered in each file, so that removals or deletions therefrom will be apparent" has been ignored, and recommends that it shall be strictly observed and that also each document on file shall be duly initialed and dated.

21. Your committee recommends that section twenty-one of the Civil Service Act, dealing with vacancies in the departments, be amended by providing (in subsection two thereof) for the case of temporary appointments when there is no eligible list that: "the commission shall forthwith hold an examination and, if necessary, to prevent any serious interference with the public business, but not otherwise, may fill the position at once, *subject to the approval of the head of the department*, by making a temporary appointment as prescribed herein," the only change in the subsection being the insertion therein of the words italicized above.

22. Your committee is of the opinion that the preference granted by section twenty-eight and twenty-nine of the act to persons who have served overseas in the military or naval forces of His Majesty's allies shall apply only when such persons are natural born or naturalized British subjects, and also had been resident in Canada before the great war.

23. Your committee recommends that no male employee shall be retained in the civil service beyond the age of sixty-five years and no female employee beyond the age of sixty years, and that such retirement be made compulsory without any extension.

Your committee is of the opinion that this would materially increase the efficiency of the civil service, would facilitate promotion and create a brighter outlook for the future of the younger people in the service or desirous of entering therein.

24. Your committee is of the opinion that a departmental division of eighty per cent permanent and twenty per cent temporary results in discrimination in certain branches where the work is entirely permanent and where twenty per cent have to wait years for any hope of permanency, and also that further evil of this system is that a branch may pad up work to bring in extra temporaries, so as to absorb into the permanent quota those who otherwise would not be permanent.

25. Your committee recommends that long term temporaries on the staff of the House of Commons who have been giving satisfactory service for a number of years should be made permanent employees under the civil service commission.

And that the evidence taken by the committee be indexed and one thousand copies in English and five hundred copies in French be printed in bluebook form.

A copy of the minutes of proceedings and evidence taken is tabled herewith; also three exhibits filed on May 25.

All of which is respectfully submitted.

Jean-François Pouliot,
Chairman.

SPECIAL COMMITTEE TO INQUIRE INTO TERMS AND OPERATION OF SUPERANNUATION ACT—THIRD REPORT CONCURRED IN

Mr. MALCOLM McLEAN (Melfort) moved that the third and final report of the special committee appointed to inquire into terms and operations of the Civil Service Superannuation Act, presented to the house on June 28, be concurred in.

Mr. A. W. NEILL (Comox-Alberni): I want to say only a few words on this report. I know how invidious it is for a member who has taken no part in the work of a committee to criticize the results of their faithful labour, and I do not want to put myself in that false position. But I must express, on behalf of those whom I more immediately represent in connection with the matter, my disappointment that the report is not more definite than it is. If I remember rightly, this is the third committee on this subject in the last five or six years. They have all made the same indefinite kind of report, and each of them has ended in just nothing being done. I believe one committee recommended that the departmental officials should look into it. Time is going on; most of these people are getting old, and they are looking forward hopefully, or almost hopelessly now, to some arrangement being made so that they can come under the superannuation act. The people I more immediately refer to are the masters and mates and petty officers of the government boats. There is no reason in the world why they should not, and many reasons why they should, be allowed to come under superannuation. They put in petitions year after year. I myself have been privy to at least three of them. Now the best we get is to have the committee recommend that a similar committee be set up to continue the inquiry next session. I make no reflection on the work of the committee. They seem to have carried on an extraordinary number of interviews, they have examined a large number of witnesses, and so on; but it is unfortunate that perhaps they were rather late in getting organized. I quite admit that it is now too late for the government to do anything this session, but I would suggest that either the chairman of the committee or the Prime Minister (Mr. Mackenzie King) might hold out some hope of the committee being set up early next session in order to present in ample time a concrete recommendation which the government could put into effect. If the months are allowed to pass and another committee is appointed it will have to begin de novo and go over the same evidence again, and a year from now we shall be in the same position. We shall again find that the report of the committee will come down too late for the government to take action. I earnestly urge upon the government that they make a note of this so as to have the committee set up early next session in order that we may have some definite recommendation which might be acted upon.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

J. ULRIC LEBLANC

Mr. BROOKS:

1. Did J. Ulric Leblanc resign as fishery inspector for the county of Westmorland?
2. If so, was he asked to resign?
3. How long had he been in the employ of the Department of Fisheries as fishery overseer and fishery inspector?
4. Were any complaints made against him for inefficiency as fishery overseer and inspector?
5. If so, what was the nature of such complaints, and who made the complaints?
6. Is the said J. Ulric Leblanc a returned soldier?
7. If so, how many years did he serve in France, Belgium and Germany?
8. Was an investigation asked for?
9. Was an investigation held?
10. If not, is it the intention of the department to grant such an investigation?
11. Did the department receive any petition from the fishermen of the county of Westmorland praying that the said J. Ulric Leblanc be maintained in office as fishery inspector for the county of Westmorland and asking for an investigation?

Mr. MICHAUD:

1. Yes.
2. No.
3. Since February 8th, 1920.
4. No.
5. Answered by No. 4.

6 and 7. There is a record of number 1702, Joseph Ulric LeBlanc (date of birth, October 6, 1894) who proceeded to France on the 14th September, 1915 and returned to England on the 15th of April, 1919—service in western theatre of war, 3 years 7 months. His address on discharge was given as Cape Bald, county of Westmorland, N.B.

8. No.
9. No.

10. Answered by No. 8.

11. A number of petitions were received from fishermen of Westmorland county asking that date of acceptance of inspector LeBlanc's resignation be amended to an indefinite time or else that grave reasons why his resignation should be accepted be shown.

BUCTOUCHE, N.B., OYSTER BEDS

Mr. MacINNIS:

1. Has the Department of Fisheries received an application or applications for a lease of oyster beds in Buctouche bay or Buctouche river, Kent county, New Brunswick, during the last year?

2. If so, what are the names and addresses of the person or persons making the applications?

3. Have any leases of oyster beds been made? If so, to whom?

4. Did the Department of Fisheries have a survey or examination made of the oyster beds in Buctouche bay or Buctouche river during the past year?

5. If so, by whom was the survey or examination carried out? (a) Has the work been finished; (b) has a report been made; (c) will the report be tabled?

Mr. MICHAUD:

1, 2 and 3. Leasing oyster areas in New Brunswick with the exception of Shediac bay, comes within the purview of the provincial government. Hence applications therefor would be made to it.

4. Yes, a survey of the hygienic conditions.

5. Department of Pensions and National Health.

(a) Yes, for the present;

(b) Yes, in the form of interdepartmental letters.

(c) Copies of letters in Department of Fisheries will be tabled if desired.

MOTIONS FOR PAPERS

COLLIN'S BAY, KINGSTON, ONT., PIPE LINE

Mr. WARREN:

For a copy of all letters, telegrams, reports and other documents dated from May 1, 1934, to October 30, 1934, passing between the Department of Justice and any corporation or individual, having to do with the digging of a ditch from Collin's bay penitentiary to city limits of Kingston for a pipe line.

NATIONAL HARBOURS BOARD—VANCOUVER CONTRACTS

Mr. GREEN:

For a copy of all contracts, leases, agreements, memoranda and other documents in effect between national harbours board and Empire Stevedoring Company Limited, dated during past two years, concerning Ballantyne and/or Lapointe piers in Vancouver harbour, or the equipment thereon.

[Mr. Michaud.]

MILL FEEDS

INQUIRY AS TO REDUCTION OF RATES FROM MILLING POINTS TO PACIFIC COAST

On the orders of the day:

Mr. W. K. ESLING (Kootenay West): Concerning the agreement between the railway companies and the government for reduced rates on mill feed from milling points to coast points may I ask the Minister of Transport (Mr. Howe) whether such reduced rates apply to carload lots for the benefit of farmers and poultrymen along the Columbia river in West Kootenay district? Further, does the government accept the declaration of the railways that if intermediate points insist upon reduced rates the railways will cancel the rates to the coast?

Hon. C. D. HOWE (Minister of Transport): The only part taken by the government in the matter referred to by my hon. friend was to pass on to parliament an offer from the railways to meet the wishes of the hon. member for New Westminster (Mr. Reid), who brought the situation before the house. The railways offered to include mill feeds in the feed grain rates covered by the agreement of 1933, and I passed that offer on to parliament. The railway offer provided that the same rates that apply in the movement of mill feeds under an arrangement made in 1933 will apply as the maximum rate on mill feeds moving from points outside British Columbia into British Columbia.

UNEMPLOYMENT

CONCENTRATION OF SINGLE UNEMPLOYED MEN IN VICINITY OF VICTORIA, B.C.

On the orders of the day:

Mr. C. G. MacNEIL (Vancouver North): May I ask the Minister of Labour (Mr. Rogers) whether action has been taken by his department in regard to the further critical situation that is developing through the congregation of single unemployed in the vicinity of Victoria?

Hon. NORMAN McL. ROGERS (Minister of Labour): I have no doubt my hon. friend has seen the statement that appeared in the press yesterday that, with regard to the non-resident transients formerly in the forestry conservation camps, provision has been made for emergency relief pending their transportation to their own provinces, as originally proposed. I have nothing further to add to that statement but no doubt the matter will be again discussed when the estimates of the Department of Labour are before the house.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND INDEBTEDNESS, AND GUARANTEE OF SECURITIES

Hon. J. L. ILSLEY (Minister of National Revenue—for the Minister of Finance) moved the second reading of Bill No. 174, to authorize the provision of moneys to meet certain expenditures made and indebtedness incurred by the Canadian National Railways system during the calendar year 1938, and to authorize the guarantee by his majesty of certain securities to be issued by the Canadian National Railway Company.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

Section one agreed to.

On section 2—Power to issue securities for refunding and capital expenditures.

Mr. BENNETT: There is nothing here to indicate that it is capital expenditures. The minister yesterday made it clear that we were coming within that provision of our general rule by providing capital for the road. This is not providing for deficits or for deficiency of revenues to meet ordinary, everyday maintenance charges, but for capital charges. Should that not appear in section 2, so as to have it read:

> . . . approved to provide the amounts necessary to meet in whole or in part capital expenditures made or indebtedness incurred on capital account during the calendar year 1938 . . .

That would be in accordance with the principles that govern Canadian National financing.

Mr. HOWE: Paragraphs (a) and (b) make it clear that those are capital expenditures.

Mr. BENNETT: Subparagraph (a) does, but (b) does not. In the details as given yesterday the word "capital" was used in one case, and inferred in another. The down payment on certain equipment might be regarded as a capital expenditure. It has been the custom—I cannot say whether it has continued—to charge the instalments due each year on purchase price to operating revenues. They may buy a locomotive for $100,000, pay $25,000 cash, and the other $75,000 is represented by securities which mature over a period of years. The general rule has been—it may be changed now—to retire them out of earnings. I think that is what the interstate commerce commission approved and what we adopted. It would appear reasonable that the expenditures involved in the use of the locomotive for the business should be charged against operating revenues.

Mr. HOWE: While that is the principle of amortization behind the Philadelphia plan, nevertheless the twenty-five per cent payment is a capital expenditure. It seems to me unnecessary to put in the word "capital"; the fact is it is capital. But there can be no objection to doing so.

Mr. BENNETT: We laid down this rule with respect to capital and other expenditures on the road, that the country assumes responsibility for the capital expenditures. It is well to keep that line of demarcation clearly before us. If we provide $50,000,000 for deficits, that is one thing; if we provide $15,000,000 for capital, that is another, and we should make that clear in the statutes so that those who desire to study the general situation may have no difficulty in ascertaining what is capital and what is not. I am not concerned about it other than for that reason.

Mr. ILSLEY: I hardly think it necessary, because the section refers to the "following accounts," and the accounts are set out in considerable detail. There can be no question about the purpose to which the money is to be applied.

Section agreed to.

Sections 3 and 4 agreed to.

On section 5—Power to aid other companies.

Mr. BENNETT: What does clause 5 mean?

Mr. ILSLEY: This is a clause which has appeared in previous bills. "The said companies and railways" is the phrase, I presume, that prompts the right hon. gentleman's inquiry. The companies and railways are referred to in clause 2.

Mr. BENNETT: They are not named; that is the point.

Mr. ILSLEY: But they are defined as "the companies or railways comprised in the National Railway system as defined in the Canadian National Railways Capital Revision Act, 1937." It is necessary that clause 5 be included, otherwise the company's expenditures would be limited to its own properties, excluding the properties of these other railways which are a part of the Canadian National system.

Mr. BENNETT: But is there no limitation as to amount? That has been one of the things that has wrecked such enterprises, the guarantee given by a parent company for the obligations of subsidiaries.

Mr. ILSLEY: The limits are contained in clause 2. The power to aid and assist is limited by the other provisions of the act.

The only purpose of the provision is that the parent company, the railway proper, shall not be limited to expenditures on its own lines.

Mr. BENNETT: I follow that. The fact is that someone has copied section 5 into this from another act, and it does not link up with the other sections that limit the expenditures. As it is now it would enable anything to be done.

Mr. ILSLEY: It is confined to the authorized expenditures.

Mr. BENNETT: But not authorized by this act. That is the point.

Mr. ILSLEY: I should say it is by this act. It is by some act.

Mr. HOWE: The purpose of the clause is to get away from a technicality, that the parent company might not be able to use money appropriated for its own use in respect of companies which are separate corporate entities. It has been in every act from the beginning.

Mr. BENNETT: I realize that, but it should be linked up with the other provisions of this act. As it stands it might be said to authorize anything. It is not tied up to expenditures authorized by the act.

Mr. ILSLEY: The intention is to tie it up with these expenditures. They cannot make a single expenditure under that clause which is not authorized by act of parliament. It covers expenditures authorized by act of parliament on any part of the system, including the properties of these subsidiary companies.

Mr. BENNETT: But clause (b) does not cover that at all.

Section agreed to.

Sections 6 to 8 inclusive agreed to.

Bill reported, read the third time and passed.

PENITENTIARIES

INCORPORATION OF COMMISSION FOR ADMINISTRATION, CONTROL AND MANAGEMENT—AMENDMENT OF EXISTING ACTS

The house resumed from Tuesday, June 28, consideration in committee of the following proposed resolution—Mr. Lapointe—Mr. Sanderson in the chair:

That it is expedient to introduce a measure to incorporate a commission with power under the Minister of Justice to administer, control and manage the penitentiaries; to provide for salaries of the commissioners and assistant commissioners and to amend and consolidate the Penitentiaries Act and amending acts and repeal the same.

[Mr. Ilsley.]

Mr. BENNETT: Last evening I was dealing with the report of this commission on the Buck case. Before I conclude what I have to say in that regard I think I should refer to the judgment of the Supreme Court of Ontario, reported in volume 3, Dominion Law Reports, page 98. I do that for one purpose only, namely to point out how serious this matter was in the judgment of Chief Justice Mulock. He points out with very great care that this man had openly advocated the very thing which he was charged with doing in that penitentiary. And now to re-try this case in the sense that it has been re-tried in this report does violence to one's understanding and appreciation, I think, of the whole theory under which commissions operate and act. For instance, Chief Justice Mulock refers to the evidence given by Buck himself, and at page 102 he says:

According to the evidence of the accused Timothy Buck, large numbers of communists in Canada, in the fall of 1920, secured copies of those theses and statutes and in 1921 several groups of communists held a conference in Canada and formed an association called the communist party of Canada. Buck testified that the communist party of Canada was a section of the communist international, and that from the year 1924 onward the above named theses and statutes became binding upon the communist party of Canada.

Those words in themselves were very serious, and they were the considered words of the chief justice of Ontario, Sir William Mulock.

Mr. COLDWELL: May I ask the date of that?

Mr. BENNETT: This was in 1932, just before Buck was actually sent to prison, on the case that was presented to the court of appeal in the province of Ontario.

Mr. GRAY: What has that to do with the report of the commission?

Mr. BENNETT: I am now dealing with the penitentiaries report and the Buck case. The language used at page 103 is this:

—the communist party to join systematically, lawful and unlawful work, lawful and unlawful organizations . . . It is especially necessary to carry on unlawful work in the army and navy, police . . . and persistent and systematic propaganda and agitation if necessary in the army where communist groups should be formed in every military organization.

That was part of it. Then he proceeds:

Such mass demonstrations are prepared and carried out by the organized masses of the proletariat under the direction of the united, disciplined, centralized communist party. Civil war is war. In this war the proletariat must

have its efficient political officers, its good political general staff to conduct operations during all the stages of that fight.

Then follow references to other points of the same character, and I direct attention to this matter particularly:

In every country where, in consequence of martial law or of other exceptional laws the communists are unable to carry on their work legally, a combination of legal and illegal work is absolutely necessary . . . But refusal to carry on or to participate in such work should be considered equal to treason to the revolutionary cause and incompatible with affiliation to the Third International.

I need not trouble to read further references, but the decision of that court resulted in this man being sent to Kingston penitentiary. Then riots occurred on two occasions, to which reference is made in this report; and during the quelling of one of those riots, with the aid of the militia, the shots to which I referred last night were fired. A report was made by two inspectors and by the superintendent, and six years later this commission makes a report which did not involve the calling of eye witnesses, as did the other case, but which enabled those who were the proponents of the faith of Buck to make the allegations that have been made from time to time in recent months.

I now proceed to what I regard as the most important point in connection with the report of this commission. I should like to ask the minister just where the authority was given to this commission to investigate the day to day operations of these penitentiaries. That is a matter for the minister, through his superintendent. I look at the order in council, for which the minister made the recommendation, and that order in council says that the commission is to inquire into and report upon—

—the penal system of Canada, including, but not so as to restrict the generality of the foregoing, the following matters:

1. The treatment of convicted persons in the penitentiaries, covering the investigation and examination of the classification of the institutions;

As to that we have some evidence and something in the report, but that does not involve the question of the trial of the officials who, under the Civil Service Act, are responsible to their chief and to the department over which the right hon. gentleman presides.

The classification of offenders;
The construction of penal institutions;
The organization of penal departments;
The appointment of staffs;
The treatment to be accorded to the different classes of offenders, including corporal and other punishment;
The protection of society;
Reformative and rehabilitative treatment;
Employment of prisoners;
Prison labour;
Remuneration;
The study of international standard minimum rules, and other subjects cognate to the above.

2. The administration, management, discipline and police of penitentiaries.

Surely that does not cover dealing with the individual men in the penitentiaries. That is a matter for the minister, and, as I said yesterday, we have substituted for the minister and his control the work of this commission.

3. Cooperation between governmental and social agencies in the prevention of crime, including juvenile delinquency, and the furnishing of aid to prisoners upon release from imprisonment.

4. The conditional release of prisoners, including parole or release on probation, conditional release under the Ticket of Leave Act, and remission generally.

Then the order in council was amended for the purpose of appointing Mr. McRuer in place of Mr. Anderson. I want to point out just one more fact in that connection. Under these provisions you have the public destruction of the value of many tried and experienced officials. I am sure the minister never intended that this should be done. The minister never intended that these men should go into these institutions and pick out John Smith, Peter Jones and so on, and say, "We do not like the way these people do their work," because the doing of that by this public commission has destroyed the usefulness of these men, who are public servants, responsible to the minister and to the government of the day. This commission having made this report has made it extremely difficult for these men to continue to function.

I will give another case; I gave some last evening and if I so desired I could go through this report and take them one after the other, to show that there was no power contemplated on the part of this commission to deal with these matters in this way. Least of all I think did the minister expect it to be done. No one who participated in the discussion that occurred in this house ever thought we were to do that.

Now I take another case, at page 296, in connection with the chaplain and religious services at Kingston. The chaplain there was Reverend Mr. Kidd, who, unfortunately, happened to be the brother of the local member for that constituency. Why should he be brought into this and singled out to be treated in this way? Why should any of the chaplains be treated in this way? But the commission say:

Several complaints were made that the Protestant chaplain lacked the proper personality and approach to the men and that he was unable to gain their confidence. While

your commissioners believe that he is earnest in his work, we do not find the same evidence of results as we found in some other penitentiaries. It is very important that chaplains should possess the ability to secure the confidence of the inmates if they are to be able to influence them.

The reports of the people who know Mr. Kidd, who was a padre overseas, are absolutely at variance with that statement. What is the position of the Minister of Justice in this matter? Here he has in front of him individuals dealt with by name. He himself has these recommendations or statements made about them, and yet he cannot remove them from office, unless it be under the section which says that it is in the interests of efficiency of the institution that they should be removed. And the commission go all through these penitentiaries, one after the other, and take the wardens, the deputy wardens, the guards, the inspectors and the chaplains, and deal with them one after the other. I ask the minister if that was the purpose of this investigation. That was not my understanding of it, or of any application that was made. It was to deal with the large and broad problem of prison administration—in detail, as the minister has pointed out—the question whether or not the proper form of administration prevailed and whether or not the chaplain's services are desirable. In the Saskatchewan penitentiary, where there is a full time Protestant chaplain, they say he does not visit the cells. Not visiting the cells, he has the prisoners paraded before him. They may have questions to ask and complaints to make. That was a recent appointment of a full time official. The same is said with respect to the Roman Catholic chaplain, namely that he does not go to the cells to see them.

I must ask the Minister of Justice if that is the sort of thing he thought this commission was going to deal with. That is a matter of internal administration, a matter for the minister's own guidance, not something which should be made public in this sense, thus destroying the entire usefulness of it. Man after man is picked out and dealt with in this report, one after the other. We may take the case of Dawson, to whom I referred last night. He is a returned man, who served with the Canadian expeditionary force. He was an accountant, and they say they do not think he is a particularly good man to be an inspector. That is the sort of thing that goes on through this whole document.

I ask again, can we adequately deal with this matter without having the opportunity to study the evidence? And listen to the kind of evidence that was taken, according to the report itself, not what I say about it.

[Mr. Bennett.]

I quote:

> At the outset, your commissioners decided to give all the inmates and officers of the various penitentiaries the fullest opportunity to make any representations they wished, pertaining either to their own welfare or to conditions existing in the different institutions, and, in order to ensure this by removing any fear as to the consequences which might result from freedom in expressing their views, the commission decided not to engage outside counsel, that the sittings should be held in camera, and that, while inmates were giving evidence, no penitentiary officer would be permitted to attend.

That is the sort of thing that we find. I visited the penitentiary at Kingston with the then Minister of Justice, without notice, and I asked various prisoners why they were there, what their previous condition had been, where they had come from. I can remember only one who said to me, "I am here because I ought to be here." Most of them said it was a frame-up or that someone had done something to get them there. I must say to the Minister of Justice that in ninety cases out of a hundred—well, perhaps not ninety, but at least eighty—the accused give evidence. If they are convicted, in addition to the other offences with which they are charged, they are perjurers, because a judge or a jury has not believed their statements made under oath; and they are now brought in here, free from any surroundings which may control or limit their activities, and permitted to tell their tale. And on that we have these men—these hard working men—treated in this way. Is it fair? Is it right or just?

Surely it was not intended that that ever should be the duty of this commission. Obviously the commission has entirely gone outside of its order of reference. What is more, and one of the regrettable things, long before this report came in it was known that they were going to get Ormond, that they were going to get Dawson, and others named in the report—an absolute negation of the purpose for which the commission was constituted. It was to report upon the penal system, and to deal with matters the minister now deals with. Think how much more difficult it has been made for the minister. Charged as he is with an enormous responsibility in connection with the penal institutions of this country, he is now handicapped by reports made public with respect to men on the evidence of inmates given in the manner indicated, all of whom have been convicted by the courts of the country, and the majority of whom are also perjurers—found as such either by the juries or by the courts. Is that right, or just, or fair?

Who were these men? Some of the men I saw had been convicted of murder, and their sentences had been commuted to life imprisonment. Others had committed offences against the person, such as assault and attempted murder and rape. In this list you have forgers, men who violated the criminal law with respect to embezzlement, theft, and matters of the kind. And these men come in here by invitation and make their statements in camera, without the presence of anyone connected with the administration. You take the names of the officials mentioned in the report and you say, "We do not think so and so is doing his job as fully as he might." That is a matter for the minister and the superintendent to decide. That is a matter of discipline. See what we have done: we have made it that much more difficult for the Minister of Justice to discharge his heavy duties and obligations.

I pointed out the other day that the first time I remembered Kingston being mentioned in the house was in connection with the penitentiary. At that time they were dealing with problems, and demanded a commission. They got the commission, to which reference is made in the report. That commission made its report with respect to certain matters. Then there was another commission on which Mr. Biggar, K.C., sat, and that commission made its report. Mr. Biggar was one of the committee who recommended that General Ormond should be appointed. Now we have the present report. Kingston has always been looming large with respect to discussions of penitentiary conditions. I ask the minister this: Were these men experts on the kind of buildings that should be built? And yet I find the commission complaining bitterly about the change of construction in the women's building at Kingston. They say the architectural plans have been changed. They say further that Collin's Bay cost too much money and is too elaborately got up. Now, the Minister of Justice was the gentleman who was responsible for the setting up of Collin's Bay. They make this reflection upon that work. It was carried on by the next government, and is being completed by the present government. The women's building was designed by the best men available, and then alterations were made in it. I refer to the building at Kingston. That is set out at length.

That building, too, was commenced not by the late government or the present government. And there you have running through it this web of interference with respect to all these matters, setting up the judgment of three men, without any evidence as to their knowledge or ability to deal with it, as to the construction of a building and matters of that kind. Is it fair or just that we should hand over this whole penal system to a commission, without having had at least some opportunity, not upon this evidence thus secured but upon what the minister and others know to be the facts, to consider the matter?

As to the complaint against men who have had military training, the minister is not to blame for that. The civil service commission appointed them, not the minister, and preference was given to returned men under the statute. The minister did not do that. Now they are complaining that the statutes of Canada are improperly enacted. This commission has said that these military men should not be there, that they are arrogant and that they bring militarism into the conduct of the penitentiaries. In the report that was read this morning with reference to the civil service, the only limitation placed upon appointments was that they should not be of people who were born outside of Canada. But so far as I know both these men against whom complaints are being made were born in Canada, and they gave service.

I do submit to the minister that we should not be asked to change the whole penal system of this country without any evidence that warrants it. In England, at Dartmoor and elsewhere, my observation is that the governors in most of these institutions are military men, and have been for years. In our country, until the great war came, there was, generally speaking, no military class from whom these men could be selected. The civil service commission has made all the appointments to the penitentiaries—I do not mean temporary clerks but appointments of importance—therefore the minister is not responsible.

Mr. LAPOINTE (Quebec East): My right hon. friend is forgetting that six months after the appointment of General Ormond the government of which he was the leader changed the Penitentiaries Act so that all appointments in the future were to be made by the governor in council—superintendent, wardens, inspectors and all the officers—and since then the civil service commission have had nothing to do with the appointment of either the superintendent or the wardens.

Mr. MACKENZIE (Vancouver): In April, 1933.

Mr. BENNETT: Quite, but I am thinking of the appointments that were under consideration by this commission.

Mr. GRAY: Go back a little.

Mr. BENNETT: I have already indicated, Mr. Chairman, that I answer no questions from that source. I make that perfectly clear, so he can keep on asking them as long as he pleases.

I am well aware of the change the minister mentions, and he knows why it was done.

Mr. LAPOINTE (Quebec East): I do not know. But if the system was so good that the superintendent in 1932 was appointed by this board after every consideration had been weighed; if it is almost a crime to say anything about a man who was appointed in that manner, why was the method of appointment changed six months afterwards?

Mr. BENNETT: He was appointed by the board to which I referred. I think the right hon. gentleman has followed me. The inquiry commission laid no specific charges against the superintendent, who had been appointed by the civil service commission; and he has not to this day had an opportunity to be heard, although they make this finding against him. He was examined, grilled for eight days by the commission, after, as has been pointed out, the inmates came in one after the other, and made statements not under oath so far as I have been able to ascertain—I have not seen the evidence. But do you suppose that they were going to make any statements other than those they did make once you hung up the notice: Come on in and make your complaints against this institution?

Mr. MACKENZIE (Vancouver): The same thing happened when General Ormond made an examination. He examined 650 inmates. You will find that in the debates of 1933.

Mr. BENNETT: Quite so. He was examining just for the very point I have been endeavouring to make. He did not make a public report.

Mr. MACKENZIE (Vancouver): Yes.

Mr. BENNETT: Not a public report of this kind with respect to individuals. I know what he was doing; the minister knows what he was doing. He was trying to help the minister to be better able to discharge his important duties by ascertaining wherein as a matter of internal discipline the situation could be improved. That is what I conceive his duty to be under the minister's direction, and he was endeavouring to improve the conditions. But to name these men because they do not visit the cells of prisoners, as this commission does, is a different matter; and they say they do not regard that as being a sound system.

Then the commission drag in the question of coal. The men make an adequate explanation in the newspapers about the coal, but the commission find that because somebody else investigated the matter the investigation was not adequate. Who made them a court of appeal? Who gave them the right to do this? The people concerned never had the opportunity to come there and be heard. They found as a fault, mark you, that previous investigators did not call the contractors. All this leads to just one conclusion which I desire to make and which I again present to the minister, namely that we have had no adequate opportunity to study this report. The report of the textile commission has been placed before us this session, but no legislation. We have had the grain report, but no legislation. We have had other reports, but no legislation. Fourteen days ago yesterday this report was brought down, and upon this report, without having had an opportunity to consider it, we are to change the whole penal system. I appeal to the court of ultimate resort, the minister himself. Will he say that the superintendent has not served him, and this country through him, as faithfully as any superintendent he has ever had under him?

Mr. GRAY: No.

Mr. BENNETT: The Minister of Justice is very unfortunate in choosing his proxy.

Mr. LAPOINTE (Quebec East): Choosing what?

Mr. BENNETT: The question was answered by a member sitting behind the minister.

Mr. LAPOINTE (Quebec East): I will answer for myself.

Mr. BENNETT: I thought the minister would. I do not wish to do more than present what in my judgment as a member of this house I conceive to be one of the greatest difficulties we have had to meet in this regard, namely, the lack of opportunity to determine whether or not there is any evidence upon which action might be taken. Before the report came down the government had apparently made up its mind to take action. The government probably knew what the commission was doing, because the report was dated in April, but I had no knowledge until the report came down. I have looked at the recommendations, but I have had no time to read the report except casually, as I pointed out yesterday, and members of the

house tell me that they have had no time to do more than read the introduction. None of us have seen the evidence, which we thought would be laid on the table of this house that we might consult it. No one suggests, least of all I, that we should go to the expense of printing it, but in the case of the commission dealing with the railways, the report was placed in the library and the appropriate place for this report would be to lay it on the table of the house that we might study it. The report of this commission, dealing with matters of great national concern, is apparently to result in an entire change in the penal system of this country. The minister says that the appointment of the three commissioners will not be partisan, that he will do his best to prevent that, but they must necessarily be political appointments, and that commission is to be the governing body of the penitentiaries of this country.

I say further that the minister has sustained my position; the act is to be brought into force by proclamation, thereby indicating that there is much to be done before these recommendations can be made effective. I suggest again, without of course any likelihood of its even being considered, in view of the position taken by the minister, that the interests of this nation would be best served by giving an opportunity for the people also to think about the recommendations made by that commission. It is usual to afford an opportunity for consideration of a report of this kind, and certainly there has been no opportunity for the public generally to investigate and consider the recommendations and to arrive at conclusions. I am not going to do more than make that statement again to the minister, knowing that, having taken the position he has, he cannot vary his view. But rarely have I known of any attempt being made to deal in this way with a matter of such great public importance—within fourteen days of the bringing down of the recommendation, to change a whole system which has been in existence since pre-confederation days, and then support this attitude, when we ask for further time, by saying that it will not go into force except by proclamation. No opportunity will be afforded between now and then for any changes to be made, because the statute itself will be conclusive upon every phase of penitentiary administration. I would think that many changes would have to be made in the Penitentiaries Act, that many changes would also have to be made in the whole set-up of our penal system, and that these operations would take considerable time.

Mr. COLDWELL: We have listened to a very long discussion of some phases of this report. As I listened last evening to the leader of the opposition (Mr. Bennett) dealing with the Kingston riots, it did not strike me that he was painting an accurate picture, as I understood that picture from the report, and therefore, at the risk of taking a little time when the committee does not wish time to be taken, I desire to deal particularly with that phase of it. Since last evening I have made a very careful study of the relevant pages in the report. I think this, that in the recommendation regarding the superintendent the commission was justified upon the evidence relating to the Price incident alone.

You will recollect from the report that during the penitentiary riot Price was shot in the right shoulder. The guards were called and told that a prisoner had been seriously wounded, indeed that he was dying. This, of course, proved to be exaggerated. The wounded man remained unattended in his cell for twenty-two hours, from October 20 to October 21, the bullet not being removed until October 23. Subsequently the wounded man was in hospital until December 1. There is no evidence given anywhere, either by the superintendent or by anyone else, to show that he endeavoured to place the responsibility for the firing of this shot or for the neglect to which this particular man was subjected, nor is there any reason given for the delay in giving Price medical treatment, in securing an X-ray photograph, or in the removal of the bullet until some days later. In his report to the Minister of Justice, on the contrary, the superintendent treated the incident as one of little account. I find on page 80 this report to the Minister of Justice:

> One convict in the prison of isolation was struck in the shoulder by a bullet which ricochetted from the barrier. It was ascertained that he was not seriously injured.

That was the report made to the Minister of Justice by the superintendent. As I said a few moments ago, I believe it shows that he treated the incident lightly.

We have the commission's finding on the following page. After reviewing the evidence, this is what the commission said:

> The commission find that the treatment accorded to this prisoner (Price) after he was wounded was brutal and inhuman. In addition to being allowed to remain in his cell for twenty-two hours without medical attention, he was given no surgical treatment until the third day after the shooting. In our opinion, the circumstances called for the most searching and careful investigation in order to fix responsibility both for the shooting and the subsequent neglect, as well as for strict disciplinary action when the responsibility

had been fixed. The superintendent failed to do this, and, instead, issued a report to the minister, which eventually was made public, indicating that the wounding was of a trifling and accidental nature.

The leader of the opposition dealt at considerable length with the Buck case. I have looked into the evidence which was submitted to the commission, and find that the picture presented to us last evening was not an accurate representation of what occurred. Let us remember that the Buck case has not only been investigated by the commission; it was the subject of a trial before Judge Deroche, who delivered judgment on July 6, 1933. Last night the leader of the opposition quoted from the report which was made, almost a year after the riot, by inspectors Craig and Dawson, who were parties interested in more or less shielding themselves in connection with what occurred on that particular occasion. In that report, the leader of the opposition contended, inspectors Dawson and Craig had stated that Buck admitted incitement to riot. Now, that can not only be disputed, but it is not a statement of fact, as was found by a duly constituted court and by Judge Deroche.

Mr. BENNETT: I read from the report here.

Mr. COLDWELL: The record from which the right hon. gentleman read was simply a report made by inspectors Craig and Dawson themselves.

Mr. BENNETT: I read the questions and answers.

Mr. COLDWELL: And the questions and answers. I propose to read the judgment of Judge Deroche, before whom Buck came to trial for his participation in the Kingston riot. I take it that the leader of the opposition will agree with me that when a judge in a court tries a man and delivers judgment, that judgment, except upon appeal to a superior court, is unassailable, and at least is much better evidence than the kind of evidence which would be given by two inspectors who were interested in whitewashing themselves and the institution in connection with the incidents that occurred. I turn to page 81 of the report and I read:

Buck was tried for his participation in the disturbance of October 17 before His Honour Judge Deroche, who delivered judgment on the 6th of July, 1933, in part as follows:

"Then I think I had better say this before I start my judgment proper. You presented to me—

He is addressing Buck.

—a most unusual request in your argument this morning. Your request in so many words said 'I hope your honour can find me not guilty, but if you feel you must find me guilty, then there is something I prize even more than the question of guilt, and that is that my name may be cleared of having done or said some things which I deny, and which would stamp me in my own opinion as a blackguard.' I am very glad to say to you that I can clear you of these things. I do not believe you shut off the motor in your shop; I do not believe you spoke in the mail bag department stating you would kill the screws unless you got what you wanted. I do not think you made a speech in the dome, or influenced any men to fight in the stone shed on that day; that was a personal fight between two men, I am satisfied, a personal grudge. I do not believe you ordered the men from the stone shed to go in the mail bag department. There is no evidence that you were an instigator of the assembly which developed into this riot. I think this covers all the things that were worrying you, and therefore, I have been able to do what you ask me to do. Having said this, may I proceed with my formal judgment.

The evidence in this case has not changed my opinion, but rather confirmed it, as to the history of the events of the afternoon of the seventeenth of October, as expressed by me in the Kirkland trial. My opinion in this regard is, I think, well known, so I need not repeat it here. I think these things constituted a riot; more than three men were engaged in it; there was a common purpose in the minds of the men; the tranquillity of the neighbourhood was disturbed for various reasons; the assembly, although peacefully intended in its inception, soon became tumultuous; there was a promiscuous, noisy commotion which was aggravated by some men carrying hammers, iron bars, and sticks; machines were broken, and locks were burned off doors. The warden himself was prevented from leaving, even when he desired to do so. Officers and guards were ordered to the mail bag department, and ordered to the front when shots were fired, and they felt they had to obey and did obey. Different witnesses have testified to being alarmed, to being in real fear, and these events constituted a riot.

I think I should say here, however, that the riot was not nearly so serious a matter as it was thought to have been at the time it occurred. From newspaper reports at that time, and general conversation amongst the public, it was deemed to have been an exceedingly serious matter, but I think the evidence as developed in these cases thus far has shown something different. Certainly it has convinced me that the riot was not intended to be a riot at the outset. I believe you, Buck, and the other witnesses, that the intention was a peaceful assembly, unlawful perhaps, at least breaking prison rules to do it, and the men knew they were breaking prison rules; nevertheless, I am satisfied that in the minds of the leaders anyway there was no desire that there should be a riot."

His Honour then went on to find that there was, nevertheless, a breach of the law, that Buck had participated in it, and that therefore he was guilty as charged. In dwelling with the subject of the sentence, His Honour stated as follows:

"While I do not intend to sentence you, Buck, to-day, I think at this juncture I might give some reasons which will move me in

sentencing you when that day comes. While I am satisfied that you formed part of this riot I am also satisfied that you had an honest desire that no one should be injured and no property damaged; that is damage itself for the sake of damaging property. I am satisfied it was your desire to have the assembly of men make a demonstration merely for the purpose of emphasizing your demands for redress of grievances, and that is all to your credit. From the evidence produced in the Kirkland case I know of many of those grievances, and I know that since the riot they have been largely remedied, which makes your demands look reasonable; and that helps me somewhat in reaching a conclusion as to what sentence I shall impose.

While you did not personally injure any property I feel bound to hold you responsible in law, and, as I have said therefore, you are found guilty of an offence punishable with seven years, but I do not intend to give you seven years. The officer in charge of your shop says that you are the best machinist they have ever had in that shop; that your work and conduct have been commendable, and this is also very much to your credit. Then you exercised some restraint over the men, you and two or three others at certain points in this riot, and that is very much to their credit and yours."

And in another place His Honour stated:

"First, the riot itself was not of a very serious type. I would like the public to get that, because I am satisfied the public had the wrong idea of this riot at the time it occurred. The intention of the men at the outset was only to break a prison rule for the sake of assembling to make a protest, but it developed into a real riot, although not of an intensely serious nature. There have been many riots in many prisons of a much more serious nature than this one. As riots go, I would say this was a very mild riot, but it was a riot, and I had to find you guilty of participating in it.

Then, secondly, I do not believe you instigated the riot, and that, I think, is one of the things you wanted me to find. I believe that you had an honest desire that no harm should come to either person or property. But, as I said before, being a part of the unlawful assembly which developed into a riot, you are responsible for the consequences of the riot, and I must sentence you to some term of imprisonment."

That is the judgment of Judge Deroche, delivered after a competent trial in a competent court; and in my opinion it far outweighs any evidence that may have been submitted to the superintendent by inspectors Craig and Dawson, who themselves were interested in rather minimizing or whitewashing the affair.

Mr. BENNETT: The judgment is that he was guilty.

Mr. COLDWELL: The judgment is that he was guilty—of what?—of technically participating in a riot but not of instigating it. Furthermore the judge points out what constitutes a riot. Where three or more persons are assembled together and a tumult follows, that is a riot. Again, the judge says that as riots go this was a very mild one. The leader of the opposition this morning introduced remarks made by Judge Mulock in the Communist trial of 1932. Probably what the judge said as to the instructions given the communist party in 1920 was a statement of fact. I am not sufficiently well informed to know whether that is so or not. But let me point out that what may have been said by any group of men under the stress of the conditions that prevailed in the country in 1920 may not have been their considered opinion twelve years later.

Mr. BENNETT: But he said it was, in 1932, at the trial.

Mr. COLDWELL: I hold no brief for the communist theory, to which I have always been opposed, but from my personal observation, as I said once before in this house, much of that communist propaganda that was spread from 1920 to 1927 in the city in which I live was disseminated and encouraged by a sergeant of the Royal Canadian Mounted Police who masqueraded there as the secretary of the communist party and who was during that time first a corporal, then a sergeant in the force. If we had communism in Regina the secretary of the communist party in Regina was none other than Sergeant Leopold of the Royal Canadian Mounted Police, whom we knew in Regina at that time as Comrade Jack Esselwein of the communist party.

Mr. LAPOINTE (Quebec East): Surely communism has nothing to do with what is before the committee.

Mr. COLDWELL: But it was introduced as part of the discussion this morning, and I thought since the point had been raised I should endeavour to meet it by pointing that out.

Then there was a subsequent investigation, and Buck submitted a written statement which appears in the evidence, making the same contentions that were proven in the court presided over by Judge Deroche. Of this Inspector Dawson said, as reported on page 84 of the report:

I believe Buck in practically every respect, what he said.

In the light of that, how can it be said that this riot was started and conducted in the manner which has been described to this committee? The point I am making is

that General Ormond took no steps to investigate the shooting at the cell occupied by Tim Buck until almost a year after the event occurred. We find at page 88 of the report the letter that the Minister of Justice had written to General Ormond asking him for a report—

Mr. BENNETT: In consequence of a complaint.

Mr. COLDWELL: On receipt of that letter the superintendent wrote to Inspector Craig as follows:

August 16, 1933.

Inspector W. H. Craig,
% the Warden,
The Penitentiary, Kingston, Ont.

Re 2424, Buck—Kingston Penitentiary

1. The above named convict is reported to have made a statement, while giving evidence, that during the disturbance following the riot in Kingston penitentiary in October, 1932, some guard or guards on the staff of the penitentiary deliberately shot at him while he was in his cell.

2. Please proceed to investigate this matter at once.

I would draw the attention of the committee particularly to the next statement:

3. This convict made a similar statement to me in October or November, 1932, but there was no substantial evidence to bear out his statement.

May I remark that inspectors Dawson and Craig went to the cell ten months later and found the evidence upon which they based their report.

It is possible that he may produce witnesses, either convict or guard, that will prove or disprove his allegation.

4. Inspector Dawson should sit on the investigation with you. If a stenographer can be made available the evidence should be taken down verbatim. If not, a synopsis of the evidence should be taken down by you in longhand.

5. Please treat this matter as urgent.

That letter was written months after the incident had occurred, and the superintendent admits that the complaint had been made to him months before.

Mr. BENNETT: On August 5, 1933. Look at page 87.

Mr. COLDWELL: The riot occurred in October, 1932. Then we find that when the superintendent was subsequently giving evidence before this commission he was asked:

Q. Do you think the guard is justified in firing a shotgun into a cell where there is a convict and where the convict is not trying to escape and is not breaking anything? Do you think a guard is justified in doing that?

A. I think it is a most damnable and wrong and improper thing.

[Mr. Coldwell.]

Mr. BENNETT: So anybody would say, now.

Mr. COLDWELL: But General Ormond apparently did not consider it of sufficient significance or importance even to investigate it several years previously.

Mr. BENNETT: But he did investigate it. There is no evidence that a guard ever fired into a cell.

Mr. COLDWELL: The general in his letter says:

This convict made a similar statement to me in October or November, 1932, but there was no substantial evidence to bear out his statement.

Mr. BENNETT: That is right at the time, 1932.

Mr. COLDWELL: Yet the bullets were embedded in the wall and ceiling of the cell.

On page 95 of the report we find that the superintendent, after the receipt of this report from inspectors Craig and Dawson, prepared a memorandum to the Minister of Justice in which he said:

I concur in the report, but make somewhat different deductions from the evidence of convict Buck and others from those contained in paragraphs 14 and 15 of the report.

(a) I am of the opinion that Buck was the principal spokesman and agitator in D block.

Yet the evidence before the court, the judgment of Judge Deroche, and the fact that General Ormond himself had stated subsequently that he was prepared to accept the statement of Buck, entirely refute that statement.

(b) That the officers not only did not shoot at Buck, but deliberately aimed the shots to miss him, but to warn him that he must desist from his actions of making speeches and inciting the other convicts;

(c) I am of the opinion that the shots were carefully aimed and well directed;

(d) I am of the opinion that the first shot was fired from a rifle by a penitentiary guard when Buck was standing at the cell gate, and was fired over his head, as being the safest place to direct it, but close enough to show him that he could be hit should it be considered necessary to do so, and he did not desist from his offensive action;

(e) I am of the opinion that the second shot fired near Buck, when he was at the cell gate, was from a revolver, the shot being carefully aimed at, and hitting in the ceiling of the cell. This shot apparently showed Buck that he could be hit if it was the desire of the officers to do so. He desisted from his offensive action;

(f) I am of the opinion that the other shots fired into Buck's cell were so directed because of the continuance of shouting by the convicts in the adjacent cells.

(3) If considered desirable, the Toronto Regional Labour Council might be informed that no shot was deliberately fired at Buck, but that shots were fired in proximity to him that he must desist from his speech making and inciting of the other convicts.

(4) Buck was known as a ringleader from the part he played on October 17, for which he has since been tried and convicted.

(5) That attached report confirms the report of the superintendent, dated January 23, 1933, at page 26, which contains the statement—

No convict was singled out, or fired at, by any officer.

Respectfully submitted,

D. M. Ormond,
Superintendent.

Yet the trial having taken place, and the judge having given judgment as I have indicated from the record, General Ormond sent a report to the Minister of Justice in the late administration which in my opinion deliberately misled him. That in itself, I say, is sufficient reason for dealing with General Ormond in the manner the commission suggests. Then we come to the conclusions, and we find that the commission states:

After a careful examination of all the evidence, your commissioners have reached the following conclusions:

(1) At least three rifle bullets and ten pellets of buckshot were fired into Buck's cell by someone who knew that Buck was in the cell at the time.

(2) The shots were deliberately aimed at Buck's cell.

(3) The shots were fired, either with the deliberate intention of injuring Buck, or wilfully, reckless as to whether they did or not.

(4) When the superintendent had become acquainted with these circumstances he ought to have instigated an immediate and thorough investigation to determine the names of the men who had fired the shots, and this investigation should have been pursued with as much diligence as the investigation of any other crime.

(5) When Mr. Buckley's complaint was received, in August, 1933, the inspectors were instructed to conduct an investigation because there was no record of any appropriate investigation having taken place.

(6) The investigation by Inspectors Craig and Dawson was not carried out with the efficiency the circumstances warranted.

(7) In view of the evidence before them, Inspectors Craig and Dawson did not prepare an honest report for the minister, but rather sought to place the responsibility where it did not justly lie, on Buck, and this with a view to justifying the shooting, which they knew at the time to be unjustified.

(8) The memorandum prepared by the superintendent for the Minister of Justice was prepared in an unwarranted effort to justify what had taken place, and the superintendent wrongfully omitted therein to report to the minister all the facts that were within his knowledge, or to give the minister an honest opinion in regard thereto.

After dealing with this case I should like to say that this discussion has been made too much a question of General Ormond and the riot at Kingston. I am sorry I had to deal with it this morning, but having read the evidence carefully last night and having listened to the leader of the opposition, I felt that someone should place on record the facts that I have laid before the committee. That is why I have taken the time to do so this morning. But this discussion should not be confined to the Kingston riot or to General Ormond. In my opinion the recommendation of the commission regarding General Ormond was justified; but I would say that even if it were not justified, the placing of power in the hands of one individual to do the things a superintendent can do is placing too much power in the hands of any individual. Yesterday afternoon we passed an act nationalizing the Bank of Canada. No one suggested, nor would this house think it wise, that in the hands of the governor of the Bank of Canada, one individual, should be placed supreme power over the national bank or over our financial institutions. I quite agree that it should not be done, that one man should not have that power. But I say that human happiness and human welfare are equally as important as—I think more important than—money; and if it is too dangerous to place in the hands of one man power over our financial institutions, equally it is too dangerous to place in the hands of one man power over the lives and happiness of many individuals.

I think the government has done the wise and proper thing in bringing down legislation to place the control of our penal institutions in the hands of a qualified commission. I should like to see that commission composed of qualified men. From what the Minister of Justice said last night he intends to do his level best to see to it that we have a commission which will understand not only the punitive side of imprisonment but the reformative side as well; and I believe that this would be a great advance, because this report shows clearly that we are far behind the progressive countries in other parts of the world in regard to our prisons and the conduct of our penal institutions. The time surely has come when we should endeavour to make effective these recommendations. Year after year penitentiary matters have been discussed in parliament. Several years ago a report was made but no action was taken, and now we have a most comprehensive report regarding the type of buildings, the type of wardens and guards and so on. Just here may I say that I read with a good deal of interest the comments of the three gentlemen in this

connection, and it must be remembered that this commission was composed of a judge and two eminent lawyers, both of whom have occupied judicial positions as magistrates in their own cities. These were men accustomed to sifting and weighing evidence, to making recommendations based upon facts, and they recommend that a competent commission should replace the superintendent. I am thoroughly in agreement with that recommendation. True, it is unfortunate that we did not receive this report earlier in the session, but the report is here and if the government fails to do anything about it what is going to happen? I venture to say that every prisoner in our penal institutions knows of the existence of this report, and every prisoner is watching to see what will happen. How can discipline be maintained in those institutions during the coming year if we do nothing about its recommendations at the present time? It seems to me that in the interests of the prisoners themselves, in the interests of discipline, in the interests of the government, in the interests of Canada and, as somebody suggests, in the interests of democracy, this report should be implemented to the extent that the government intends to implement it. I therefore wish to express my support of this resolution.

Mr. LAPOINTE (Quebec East): In a very few words I wish to emphasize again what I said yesterday in answer to the request that this matter should be postponed because the report was made at a late stage of the session, and the suggestion that it would be better that further consideration be given it by members of the house. I repeat that the bill which will be introduced merely provides for the creation of a prison board. No other change is made by the bill. This report will be considered further with the help of this prison board, when it is appointed. Any necessary changes in the law will be made then, and where such changes can be made by regulation, that will be done.

I shall go further. We, the government, on our own responsibility could propose this change of policy to parliament, without the help of any report at all, even discarding this report and these recommendations. The policy is one of which we approve, and I believe that under the present circumstances, with the conditions as they exist to-day, it is very important that this prison board should be created. This is being done, and it can be done without accepting all the findings, recommendations or suggestions of the men who sat on that royal commission. We may accept all of them or any of them, but I am in favour of creating a prison board, without being bound to reflect against any officer or any man. It is unfortunate that the discussion on the resolution has turned to personalities instead of being directed to the necessity of a change in the system. However, as the commission itself has been assailed I may say that we are responsible for the creation and personnel of the commission. Let me tell you, Mr. Chairman, that not one of them asked for the appointment. We tried to secure the services of the best men available, and we had difficulty in getting them—each one of them.

As the name of Mr. McRuer has been mentioned in particular, I may say that Mr. McRuer accepted, after being pressed to do so, at very considerable sacrifice to himself, as a public duty. After what has been said, I think I owe it to him to make that statement to the committee.

With regard to the report itself, I may say that all the comments of newspapers in Canada have been sent to me. There has been almost unanimity in commending the report. A few newspapers thought it was rather hard on one gentleman, but on the merits of the report itself the opinion seems to be almost unanimous. May I quote from a letter I received from the Canadian Penal Association, an organization which is doing a great service in Canada. Eminent citizens from most of the large Canadian cities serve in that association. In the brief which they have sent, in which is quoted portions of the report, they say:

> In approaching you, sir, in regard to this very important document issued by what is commonly known as the Archambault (royal) commission, the officers and directors of the Canadian Penal Association wish, in the first place, to acknowledge their debt to the present government for having implemented its promises to appoint such a commission of inquiry in order to satisfy the general public on this matter of the administration of our penal system. Further, we desire to place on record our deep appreciation not only of the great and long efforts of the commission to get at the essential facts in every phase of this study, but also of the personal courtesy shown to those of us who appeared before the commission and of the sympathetic hearing given us over a year and a half ago. We are of opinion that the volume issued will be worthy of the study of every criminologist and penologist and that the general attitude on this problem enunciated by the commissioners constitutes an epoch in Canadian criminological affairs. At the same time we are quite aware that there will be strong resistance from certain quarters when it comes to legislation, but we hope the government will insist upon giving effect to the proposals made.

As I stated, all we are doing is to create a prison board. This action is not directed

against any official. I feel inclined to answer what my right hon. friend asked about the prison superintendent. So far as I am concerned, he has certainly served faithfully during my term of office, and has been industrious. But, as has been stated, there is the difficulty of one man having in charge this huge system, one which is broadening all the time. One of the complaints made in the report was that the superintendent did not visit the penitentiary during his term of office. With the immense amount of work which is his, as head of the penitentiaries, I know he simply could not do it. This is a job for more than one man. I repeat that it is the system we are introducing to-day, and to that point I wish to limit myself. I recognize that my right hon. friend had a duty to perform, and he was loyal to a gentleman.

Mr. BENNETT: Whom he hardly knows.

Mr. LAPOINTE (Quebec East): Yes, and in whom he has confidence. I am glad he recognizes that, having responsibility for the matter, we have to proceed with the legislation, especially under the present conditions. It is a necessity, because I do not see how we can proceed under the present system after what has taken place. I would not feel that I could safely be responsible for the administration of the penitentiaries.

With regard to the appointment of the commissioners-to-be, I repeat what I said yesterday. My right hon. friend says they will be political appointments. Well, in the broad sense of the word that may be true, but no more so than are the present appointments. In 1933 the law was amended to provide that the superintendent and all officers should be appointed by the governor in council. If we do not do the right thing we will be responsible to parliament and to the people, and we will deserve what we get.

Some hon. MEMBERS: Carried.

Mr. BENNETT: Before it carries I desire to say this. With respect to the statement of the Minister of Justice (Mr. Lapointe) that he would not care to assume responsibility for the conduct and administration of the penitentiaries unless this legislation is passed, if he had said that at the very beginning of his observations I think I should have felt bound to accept it. No man in this house has a greater regard for the maintenance of law and order than myself. Sometimes I am charged with having too great a regard for it. But when one with the experience of the minister, whose administration has been under fire in this report in some instances, from 1923 to 1930, and from 1935 to the present time, says that he would not care to assume responsibility for the administration of the penitentiaries unless this legislation be passed, it becomes impossible for any member of the house who has regard for law and order to do otherwise than to permit the legislation to pass without further comment.

I do wish to add, with respect to Buck, that he was found guilty by a judge. He was found guilty of having been in the riot, and was sentenced accordingly. I refer to the charge against him only for the purpose of indicating that he advocated, and was convicted of advocating, the very thing which he did, namely the use of force if necessary against the maintenance of law and order.

I was more pleased than I can say to hear the observation of the right hon. gentleman, with respect to a man whom I did not know more than in a casual way, that he had served him faithfully, industriously and loyally. But I do think that with respect to royal commissions we should realize how serious it is to have what happened there take place again. At page 81 we have these words:

> The evidence of the superintendent before the commission occupied eight days.

And he was not present when any of these statements were made against him by inmates of the penitentiary of which he was the superintendent. I regard that as a very serious matter. I am satisfied in view of what the minister has said that he will do everything in his power to see that those whose reputations have been reflected upon by this report, in my judgment very improperly in many instances and without evidence, shall receive that measure of consideration which the infallible justice of the crown under which they serve should ensure to them, under the terms of their employment under the Civil Service Act.

Resolution reported, read the second time and concurred in. Mr. Lapointe (Quebec East) thereupon moved for leave to introduce Bill No. 175, respecting penitentiaries.

Motion agreed to and bill read the first time.

Mr. SPEAKER: When shall the bill be read the second time?

Mr. BENNETT: Has it been printed and distributed?

Mr. LAPOINTE (Quebec East): It is printed and will be distributed. After distribution we might take the second reading this day.

Mr. BENNETT: This day.

At one o'clock the house took recess.

The house resumed at three o'clock.

INCOME WAR TAX ACT

Hon. J. L. ILSLEY (Minister of National Revenue—for the Minister of Finance) moved the second reading of Bill No. 164, to amend the Income War Tax Act.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Johnston (Lake Centre) in the chair.

Sections 1 to 6 inclusive agreed to.

On section 7—Transactions reducing liability to taxation.

Mr. ILSLEY: I think I should point out that the addition in this section is not covered by the resolutions, but I think it is a beneficial section.

Section agreed to.

Sections 8 to 11 inclusive agreed to.

Bill reported.

Mr. ILSLEY moved the third reading of the bill.

Right Hon. R. B. BENNETT (Leader of the Opposition): I think I should say before the bill is given its third reading that I have been considering the matter mentioned by the minister the other day. I realize that the difficulties to which he referred are very great. I also recognize the efforts that are being made to meet them for the purpose of securing something for our revenue from those who belong to the second class mentioned in section 7 of the bill, and that the minister and his officials are doing their utmost to find some solution.

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

ELECTIONS AND FRANCHISE

MEASURE RESPECTING FRANCHISE OF ELECTORS, ELECTION OF MEMBERS OF HOUSE OF COMMONS AND PRINTING AND PUBLICATION OF ELECTION DOCUMENTS

The house resumed from Monday, June 27, consideration in committee of Bill No. 91, respecting the franchise of electors and the election of members of the House of Commons—Mr. Power—Mr. Johnston (Lake Centre) in the chair.

On section 14—Qualifications.

Hon. C. G. POWER (Minister of Pensions and National Health): When this bill was last before the committee there was some discussion of subsection 1 of this section. I understand from the chairman of the committee, who is not here at the moment, that the hon. member for Comox-Alberni (Mr. Neill) is now willing to withdraw his objection to the word "ordinarily" in this section, provided that certain amendments are made to section 46. I believe there is an amendment before the committee. I would therefore ask the permission of the committee to withdraw the amendment.

Amendment withdrawn.

Mr. NEILL: I should just like to confirm what the minister has said. The proposal now made will, I think meet the objections which several hon. members, including myself, made the other day, by leaving the word in section 14, which meets the objections made by several hon. members from the province of Quebec, and by taking it out of section 46. It has been pointed out that this will give us practically all we want. It will not be quite so convenient for a man to vote in a logging camp, because he will not be put on the list at all, but he will have the facilities of what is called "swearing himself in." The only difference is that he will be put to some trouble in taking the oath and in getting somebody to vouch for him, but it seems such a desirable compromise that I give credit to whoever it was thought of the suggestion. I should like to say for myself, and I think I can presume to speak on behalf of the members from British Columbia who joined with me in connection with this section, that we appreciate the attitude taken both by the minister and by the chairman of the committee, the hon. member for Swift Current (Mr. Bothwell). It was nothing to them how this thing went, but they took no end of time and trouble in adjusting the matter. It is only a continuation of the knowledge we have that they have always shown courtesy and fairness in meeting any objection in connection with this bill, which has now been before the committee for two years.

Mr. MacNEIL: I associate myself with the hon. member for Comox-Alberni (Mr. Neill). But do I understand the minister has no objection to the proposed amendment to section 46?

Mr. POWER: No, no objection.

Section agreed to.

On Section 16—Interpretation.

Mr. POWER: This was allowed to stand, for the same reason.

Section agreed to.

On section 31—Polling stations.

Mr. POWER: With respect to section 31, considerable discussion arose on Friday evening of last week. We have not found it possible to arrive at any compromise. Personally I am not particularly enamoured of the section which is now in the bill, although it was arrived at after a great deal of discussion in the committee, and is a compromise with those who felt that some arrangement should be arrived at which would prevent what occurs at the present time, namely the results of elections reaching British Columbia about three or four o'clock in the afternoon. A number of suggestions were made, and the one which is incorporated in this bill appears to be the only one which may by any stretch of the imagination be called practicable. In view of the fact that the committee has endeavoured to meet all views, I am personally prepared to support the section as it now is. I do not think it is a matter of partisan politics. As was explained by the hon. member for Leeds (Mr. Stewart) the other evening, it is really a question for the judgment of each individual member. The government does not insist on the amendment, but as the minister in charge of the bill I think that it should pass, in view of the good work done by the committee.

The DEPUTY CHAIRMAN: There was an amendment moved to subsection 5 of section 31, reading as follows:

> The poll shall be opened at the hour of eight o'clock in the forenoon and kept open until six o'clock in the afternoon of the same day, and each deputy returning officer shall, during that time, in the polling station assigned to him, receive in the manner hereinafter prescribed the votes of the electors duly qualified to vote at such polling station.

Mr. NEILL: The amendment was to strike out the existing subsection 5.

The DEPUTY CHAIRMAN: Yes, that subsection 5 be deleted and what I have read substituted.

Mr. BENNETT: The complaint was as to the circulation not only of the results of the election in the east, but also, unfortunately, of wholly false information. I thought that the matter might be dealt with apart altogether from section 31 by providing in a later section that it shall be an offence to publish false information respecting the result of elections. Everyone knows that in one of the elections—we will not say which—an extra came out indicating results in Nova Scotia which were absolutely opposed to the facts. Surely we should be able to deal with that situation. The other aspect of it I refrain entirely from discussing, because the views expressed by hon. gentlemen on this side who were present in the committee I am content to accept.

Mr. POWER: It is true that there is a complaint of false news having been published, but that would not settle the question—

Mr. BENNETT: No; that would be preventive, perhaps.

Mr. POWER: Even though accurate news were published the complaint would still exist.

Mr. BENNETT: Agreed.

Mr. POWER: It was found impracticable to arrive at any amendment which would prevent news from being published. The hon. member for Leeds (Mr. Stewart) discussing the matter the other evening, very properly pointed out that there was no way of preventing news leaking out to the United States and being broadcast through American stations if anyone wanted to take the trouble to do it. There would perhaps be good grounds for endeavouring to suppress inaccurate information concerning the results of an election, and if, in the opinion of the house, something of that kind were necessary it might be provided for.

Mr. BENNETT: Under the penalty section.

Mr. POWER: Yes. But that also was considered by the committee.

Mr. KINLEY: It seems to me that the way to prevent inaccurate information is to publish true information, and that is what would result if the amendment passed. All the members from Nova Scotia are opposed to the section, and in favour of the amendment, and the hon. member for Royal (Mr. Brooks) the only Conservative member in the house from the maritimes, is also in favour of the amendment. After all, Canada is an extensive country, and we cannot have elections without difficulties. It is a long distance from the maritimes to British Columbia and we contend that it should be possible for us to vote during the day. Between six and seven it is getting dark and voting is difficult in the rural sections. Moreover, that is a time of day when any excitement that has been brewing during the day might culminate. It is also a time when people are at supper, especially the working man. I do not think any real trouble results from the existing hours of voting and the members from Nova Scotia, I believe, are unanimously in favour of the amendment.

Mr. STEWART: In answer to the contention of the hon. member as to voting in the dark—

Mr. POWER: That is not confined to the other side of the house.

Mr. STEWART: —that has not often happened. I never thought that the people of Nova Scotia were afraid to go home in the dark. If they wish to vote before darkness overtakes them, there is nothing to prevent their doing so; they can go and vote before it is dark. The fact that the poll is open an hour later does not compel anyone to wait until the last minute or until the last hour to go and vote.

Mr. POWER: Counting the ballots in the dark might present some difficulties.

Mr. STEWART: That has been done, too. But they have light in Nova Scotia as well as in Quebec and Ontario. In the committee there was no division of opinion whatsoever that there was an abuse there and we considered every suggestion that was calculated to overcome and to prevent it, and one after another was dropped in favour of this one as being the most effective. All I can say is that if there is an abuse—and it was admitted that there was—and if it is desirable to correct it, I cannot see any reason why we should reverse the action of the committee. Why should not this method be adopted that seems fair to all concerned? The disadvantage will perhaps be to one party in one election, and to another in some other election. It has happened so. In the committee it was freely admitted. Newspapers had been delivered to every voter as he came up to vote. A special issue had been got out and delivered to the voters announcing the results in the maritime provinces. Unfortunately, some people are influenced by their desire to follow the winning side, and I think we all agreed that there should be an absence of that sort of thing. Voting is secret individually, and it should be secret collectively. I do urge that the action of the committee, which was a reasonable compromise arrived at after careful consideration, not on one, but on several occasions, be sustained.

Mr. HEAPS: It seems that the majority of the members from British Columbia do not want this section in, and the members from Nova Scotia do not seem inclined to support legislation of this kind. I do not see, therefore, why we should attempt to force upon these provinces something that they do not want. While we are trying to remedy an undesirable condition we are likely to deprive a large number of electors in British Columbia of their right to exercise the franchise, and I do not like to be a party to any such thing, particularly after we have taken the trouble to frame an act that attempts to give everyone the opportunity to vote. We have advance polls open for many days prior to the election in order to afford a few people, comparatively speaking, an opportunity to vote. These polls are open in the evenings as well as in the day and we keep them open several days in the week, and yet on the one day when we ask everyone who is registered as an elector to go and vote we are going to attempt to deprive the people of British Columbia of the right by making them go and vote before five o'clock in the afternoon. In Nova Scotia they will have an opportunity of voting until seven o'clock in the evening, and I do not see why British Columbia should be placed in any inferior position in relation to the maritimes. Personally I will support the amendment so that a great many people who would otherwise be deprived of the right to vote may have that opportunity through the extra hour.

Mr. MACKENZIE (Vancouver): I endorse the hon. gentleman's remarks. It is not so much a question of any party disadvantage or advantage. We have reason to believe that both parties have erred in the past, but there is certainly an abuse to be remedied, and I suggest that the way to remedy it is not to consider the advantage of any party at the expense of the voters who cannot vote by five o'clock in British Columbia. We are working a gross injustice on the working community as far as British Columbia is concerned, if we do not accept the amendment of the hon. member for New Westminster. We should consider some alternative remedy which would not deprive working people of their franchise.

Mr. DONNELLY: It is not only the people of British Columbia that are affected but also the people of the prairies, because we are suffering from the same condition at the present time. It is a very undesirable condition. In every village and every polling booth in every constituency in western Canada—or at any rate in Saskatchewan and in my constituency—from four until six o'clock people flock around the radio listening to the election returns from Nova Scotia, Prince Edward Island and New Brunswick. Whether the news is true or false, the returns are coming in, and people coming intending to vote are influenced. I

do not know whether this is the best way to remedy it but this condition exists and is very undesirable, and anything that can be done to remedy it should be done.

Mr. STIRLING: This matter was carefully considered in the committee, not once or twice but three times. It does not appear to me that there will be suffering at either end of Canada. But it is an attempt to right a wrong which undoubtedly exists. I should very much like to see it tried. It is not such an unthinkable thing that an act should be amended when it is proved that it is not working satisfactorily. In the maritimes it does not seem to me to be an injustice that the polls should be kept open until seven o'clock. Voters do not have to wait until six-thirty to vote; they can vote when it suits them. In British Columbia, with the facilities given for voting, I cannot see that it is any deprivation of rights. This is a definite attempt to right a wrong, which has worked both ways in the past, and I think it should be tried.

Mr. MacNEIL: I protest against this determination to deal with the estimated effect of advance news in the west at the expense of thousands of voters in British Columbia. I am confident that all hon. members representing constituencies on the lower mainland of British Columbia could demonstrate that it is a physical impossibility for thousands of workers there to vote before five p.m. The point has been made that modern transportation facilities enable them to travel to the polls within the space of two hours. That completely overlooks the fact that the homes of many of these workers are separated from their place of employment by Burrard inlet. It is a question not only of street car connections, but also of ferry connections. It is a question not of speed of transportation but of making definite connections at certain hours. Large communities are almost entirely populated by workers employed in Vancouver city who find it impossible to vote before six o'clock. In fact any of us who have had experience in elections on the north side of Burrard inlet know that plans have to be organized to enable the electors to reach the polls just prior to six o'clock. That is when the heaviest vote is polled. To force this clause through would definitely disfranchise whole blocks of voters in certain sections of the lower mainland of British Columbia; of that there is no doubt. Surely it is the height of folly. No one knows what the effect of advance news may be. It may be desirable to take steps to correct that situation, but I urge the committee not to take a step which would involve the disfranchisement of thousands of voters in British Columbia.

Mr. BOTHWELL: It is perhaps fair to explain that the special committee devoted considerable time to this question. We considered all the suggestions that were made —that of holding over the count in the maritime provinces until after the vote was polled in the west; that of changing hours; that of imposing a penalty for publishing reports. The committee concluded that whether this section as it appears in the reprinted bill goes through or not, we would at least be bringing to the attention of the people of Canada the need of devising some means whereby people should not be influenced by the announcement of results in some parts of Canada before the polls are closed in other parts. The amendment proposed by the hon. member for New Westminster is that we revert to the old form. While as chairman of the committee I am staying with the report of the committee and voting for the clause as it stands, I can readily understand that with opposition from both east and west the report may not be accepted.

Mr. STEWART: Replying to the statement of the Minister of National Defence (Mr. Mackenzie), and for the information of other members of the committee, I think it only fair to point out that two hours of the day without deduction of pay are free to people employed in factories and industries to enable them to go and vote. I suggest that whether it be in Vancouver or elsewhere, with an hour available for lunch and two hours off, any voter can go to the polls and record his vote. The committee considered the possible disfranchisement of voters, and not much weight was given to that in view of the time allowed for voters to go and vote.

Mr. MACKENZIE (Vancouver): Notwithstanding the two hour provision in the act I have personally known scores of voters to be disfranchised in Vancouver even at six o'clock.

Mr. BARBER: A large number of people wait until the last hour to vote. If the poll opened at seven o'clock in districts with which I am familiar, a large number would vote before eight o'clock, because they go some distance away to work and they leave about eight o'clock to be on the job at eight-thirty. Often these people do not care enough about voting to come back before six o'clock; they say: If we cannot vote before eight o'clock we are not going to vote. That happens to a large extent in British Columbia.

Mr. ROBICHAUD: As a member of the committee I was strongly opposed to the subsection and reserved my right to vote against it. I warned the other members of the committee that it would be strongly objected to by hon. members from the maritimes. As the chairman of the committee said, alternatives were considered by the committee. One I suggested myself, that the polls close at six o'clock everywhere, but that deputy returning officers in the polling divisions in the maritime provinces should not give out the results of the poll before eight o'clock. Some hon. members thought the people would be impatient to know the results, but they would get used to that. Another suggestion was to prohibit the transmission of results in the maritime provinces by radio, telegraph or telephone. Some people say there would be a leak. I think we could at any rate prevent results from being published in the newspapers. And if there should be a leak we would not be any worse off than we have been in the last fifty years. Why not try that? Why not put a provision in the act prohibiting the publication of election results in the east? If it does not work, we can come back to this synchronising of hours.

Mr. GREEN: I wish to concur in the remarks just made by the hon. member for Kent (Mr. Robichaud). I cannot understand why these two alternate schemes cannot be tried. I agree with the hon. member for New Westminster (Mr. Reid) that it is unfair to close the polls in British Columbia as early as five o'clock, that it might disfranchise many voters; but even yet I do not understand why the results in the maritimes could not be held for two hours and why it could not be made an offence to send out news as to the results of an election until the polls have closed right across Canada. It does seem to me that would do a great deal to help the people in eastern Canada realize just how large this country is, and to remember that there is a great western part of Canada.

Mr. RINFRET: I come from a part of the country which is not influenced by reports either from the east or from the west, but it strikes me that if there is anything in the question now under consideration there is a difficulty either way. I quite appreciate the point made by some hon. members that by closing the polls too early you might deprive a number of working people of their opportunity to vote; but if there is anything in this contention at all it would mean that a large number of electors wait until four o'clock to go to the polls, in order to learn what has happened at the other side of the country. There is a danger that a large number of electors may be blocked out of the polls by presenting themselves in the late hours. If that is not so, then we are not discussing anything at all, because it would only deal with a few electors who would be waiting for those results. Unless there is a large number of electors waiting for the results from the east, the question really has no practical value. So far as I am concerned I would rather favour the report of the committee closing the polls at different hours, but I would see that section 48, which requires employers to give adequate time to their employees to go and vote, was properly enforced.

Mr. HARTIGAN: So far as the east is concerned we must take two things into consideration. The first is that in the extreme east, if we have an election in the spring or winter or fall it is practically dark at four o'clock. From four o'clock until seven o'clock it is going to be hard to keep our polls open. If a man is at a poll from eight o'clock in the morning until six o'clock at night that is long enough to ask him to stay in charge of the balloting; and in the last hour, from six to seven, there is going to be a chance for all kinds of corruption and all sorts of things to take place which may have a deleterious effect in many campaigns in that end of the country, because people are so accustomed to having the polls close at six o'clock. I am speaking from a practical point of view, and probably I am only saying what other hon. members are thinking. That is a fact. Then there is the question of expense. The candidate has to supply lunch at the noon hour, and now he will have to supply two meals.

Some hon. MEMBERS: Oh, oh.

Mr. HARTIGAN: That is all right; those are election expenses. You cannot expect a man to remain at a poll all day without something to eat, and somebody has to pay for it. I am sure the man himself is not going to do so. I am not so much concerned with that, however; I am only mentioning it as an additional cost that will have to be incurred. The geographical position is no reason why the east should be penalized and forced to hold back information which may or may not have an effect on the west or the central part of Canada. It works out the same for both parties; it does not make any difference whether it is the Liberal party, the Conservative party, the Cooperative Common-

wealth Federation or anything else. It would be an intolerable situation in eastern Canada to have the polls kept open until seven o'clock.

Amendment (Mr. Reid) agreed to: yeas, 75; nays, 36.

Mr. STEWART: Would it not be well now to consider one of the alternatives that were suggested in the committee in order to bring about the very desirable result which the committee had in mind? We have disposed of the suggestion that was adopted by the committee. Now let us see if we cannot agree on something else, because we all admit that something should be done.

Mr. POWER: What does my hon. friend suggest?

Mr. STEWART: I suggest that we hold the returns; that is the next best thing. I believe such a section was drafted, and we might allow a section to stand where that might be put in.

Mr. POWER: I do not believe there has been any draft of an amendment to hold the returns.

Mr. STEWART: There was a draft before the committee; they had drafts of all three propositions. If the minister does not think that is a good suggestion—and apparently he does not—then let us draft a clause that will prevent the publication, which is the third best solution. That amendment was drafted also.

Mr. POWER: Yes, that was drafted, and I have it here. A section was drafted to deal with the first suggestion made by the hon. member for Leeds, to this effect:

In the provinces of Prince Edward Island, Nova Scotia and New Brunswick at the hour of eight o'clock in the afternoon; in the provinces of Quebec, Ontario and Manitoba, at the hour of seven o'clock in the afternoon; and in the provinces of Saskatchewan, Alberta and British Columbia—

That was the time at which the counting and reporting was to be done. That would really mean holding the return in the polling booth, I take it. I am sorry to disagree with my hon. friend, but I do not think that is a practical means of accomplishing that end. I do not believe it is at all possible. I would not want to make any invidious comparisons between one province and another with respect to their interest in elections, but I am quite sure that in my own province, if the polls closed at six o'clock, it would be almost impossible to ask the electors, waiting outside for the results, to remain there patiently until eight o'clock, when the deputy returning officer would announce them. I fear that with the well known public spirit of our friends from Nova Scotia and New Brunswick there would be no possibility of holding the results. Some way would be found of signalling outside. It must not be forgotten that in the polls there are two scrutineers from each party, a poll clerk, and a deputy returning officer, making a total of six persons. Does anyone seriously think those six men would sit around for two hours after they counted the vote and not endeavour to communicate the information to someone outside?

Mr. STEWART: The suggestion was that the ballot boxes should not be opened, so that they could not communicate the information.

Mr. POWER: That they would not count the ballots?

Mr. STEWART: Yes.

Mr. POWER: That would be still worse.

Mr. STEWART: Why?

Mr. POWER: Because idle hands will find evil to do. I would be very much afraid of that. Personally, with all the desire in the world to meet the wishes of hon. members, I do not think it can be done.

The other amendment submitted to the committee is in these words:—

No person, company or corporation shall in any province before the hour of closing of the polls in such province publish the result of the polling in any electoral district in Canada, whether such publication is by radio broadcast, or by newspaper, news-sheet, poster, billboard, hand bill or in any other manner. Any person contravening the provisions of this section (and in the case of a company or corporation any person responsible for the contravention thereof) is guilty of a corrupt practice and of an offence against this act.

In the first place, the hon. member for Leeds admitted the other evening that this could be circumvented by giving the news to someone in the United States, across the river from St. Stephen, New Brunswick. Immediately it could be flashed across to the Pacific coast, and could easily be broadcast from Seattle, if anyone wished to take the trouble to get the information to British Columbia. I do not think the broadcasting of news could be prevented.

In the second place, from the point of view of public policy there would be grave objections, in that we would be seriously interfering with a free press. After all it is a serious matter, and perhaps a greater amount of abuse than that now existing would be necessary to warrant the parliament of Canada preventing newspapers from publishing accurate news. That may be allowed in some

sections of Canada, but it should not be confirmed; nor should it be sanctioned by the parliament of Canada.

Mr. STEWART: I am sorry to see that the minister, who some weeks ago was so ardent in the desire to have elections properly conducted and to have legislation introduced to that end, is now throwing up his hands in complete surrender and saying, "We cannot do anything to cure what we all admit is an abuse." That is the attitude of the minister in charge of the bill.

On Friday evening I did say it was possible to have a communication in the manner now outlined by the minister, and that to some extent such communication would nullify the accomplishment of the object we have in view. I do believe however that the suggestion made would prevent a recurrence of what happened in British Columbia in connection with the delivery of special editions of a newspaper. All I said was that we had not extraterritorial jurisdiction and could not prevent an announcement being made by radio from the city of Seattle and penetrating into British Columbia. However that is only one aspect of it. In my view the greatest abuse was in the issuing of special newspaper editions which were delivered to the voters as they came to the polls.

Mr. POWER: With false information.

Mr. STEWART: I do not know whether it was false or accurate; the point is that it was done with the object of influencing the vote in that province at the election. Whether the information or the news is false or accurate, if the object is illegal or improper, then it should not be done. I am sorry the minister seems to lie down before what he thinks is a difficulty, and does not propose to do anything about it.

Mr. POWER: I cannot do any more than the committee did. The committee had the solution.

Mr. STEWART: One of those suggestions the minister discounts, and believes to be of no value. I will move as an amendment to section 31—

Mr. POWER: I do not think it would come under section 31.

Mr. BOTHWELL: I suggest that the amendment might be made to subsection 1 of section 50. The amendment contains the words:

In the provinces of Prince Edward Island, Nova Scotia and New Brunswick, at the hour of eight o'clock in the afternoon, in the provinces of Quebec, Ontario and Manitoba, at the hour of seven o'clock in the afternoon, and in the provinces of Saskatchewan, Alberta and British Columbia—

And these words would come before the word "immediately."

Mr. STEWART: That is not the amendment I have in mind.

Mr. POWER: The hon. member is referring to publication?

Mr. STEWART: It seems to me the amendment which has the best chance of carrying, and which I now propose, would not come under that section. I do not know where it might be placed.

Mr. POWER: We have a section dealing with offences.

Mr. STEWART: But I believe that has been passed.

Mr. POWER: Yes. However, we could pass the other sections, and when we come to consideration of offences the hon. member would have an opportunity to propose his amendment.

Mr. STEWART: Under what section should it be proposed?

Mr. POWER: If the hon. member wishes we may now deal with it informally. I suggest that although the sections dealing with offences have been passed we might consider the hon. member's suggestion as an additional offence, when we are considering the last section. I would offer the compromise that it would be possible to draft a section providing that the publication knowingly of inaccurate information with respect to the results of an election would be an offence. I should be willing to go that far, if it would be satisfactory.

Mr. STEWART: That does not amount to anything. How would it be possible in court to prove that a man knowingly published inaccurate information?

Mr. POWER: There must be intent and mens rea in every criminal case.

Mr. STEWART: The accused person would say he got the information from A or B, and that he believed it to be accurate. That would be a sufficient defence.

The CHAIRMAN: Is section 31 as amended agreed to?

Some hon. MEMBERS: No.

Mr. DOUGLAS (Weyburn): The reasons given by the minister for refusing to accept the suggestion that the ballot boxes be kept

locked for two hours after the close of polling booths are not substantial. He has said that Satan will find mischief for idle hands to do, but that suggestion does not meet the situation. There is nothing to prevent the scrutineers representing all candidates from remaining in the room with the ballot boxes, the boxes to remain locked. There could be no interference with them any more than there would be during the day. The minister might as well suggest that because at some hour in the day there were no voters on hand, someone would tamper with the ballot boxes. The boxes can be left in the booths and at the end of a two hour period the votes can be counted. I am informed that in the county communities of Great Britain the results of the polls are not announced until ten o'clock on the morning of the day after the ballots have been cast.

Mr. POWER: That is true.

Mr. DOUGLAS (Weyburn): In view of the fact that in the last election the present condition worked a decided hardship on people in western Canada, as was pointed out by the hon. member for Wood Mountain (Mr. Donnelly), I do suggest some change should be made. Right across the street from where people were voting in my constituency was a huge sign on which were the words, "Liberal landslide in the east." It might just as well be a Conservative or a C.C.F. in the next election. It is bound to have a psychological effect on the voter who is going to cast his ballot.

Mr. EULER: Not very complimentary to the voter.

Mr. DOUGLAS (Weyburn): I submit that there has been no reasonable objection advanced against an amendment to section 50.

Mr. POWER: I have no objection to my hon. friend moving the amendment I have sent to him when we come to section 50.

Section 31 as amended agreed to.

Mr. HEAPS: Mr. Chairman, have we passed section 14 in toto?

The CHAIRMAN: Yes.

Mr. HEAPS: What did we do with paragraph (k) of section 14?

Mr. MACKENZIE (Vancouver): That was carried.

Mr. HEAPS: Is there any objection to reopening that section?

Some hon. MEMBERS: No; it is carried.

Mr. HEAPS: Some hon. members say no, but as the minister knows we took objection to that paragraph last week, and with the consent of the committee I should like to revert to section 14, to move an amendment to paragraph (k). We objected very strenuously last week to this provision which deprives people in old folks' homes from casting their ballots on election day. There was a division of opinion in the committee whether the clause should be in or not. What the clause really does is to say that in provinces where people in these institutions are not allowed to exercise the provincial franchise they shall not be allowed to exercise the franchise in federal elections. I have very strong objections to any legislation which would take away from people the right to vote, for no other reason than that they are old and in poverty. As most hon. members are fully aware of the implications of this clause, I now move—

The CHAIRMAN: Order. Section 14 has been adopted by the committee, and before any motion to amend the section can be made the previous motion for its adoption will have to be rescinded.

Mr. HEAPS: I thought I had consent to reopen the section.

Mr. POWER: I have no objection.

Mr. HEAPS: The minister has no objection, but if the committee objects I shall have to move my amendment on the third reading, and it might as well be done now. If there are hon. members who support the principle of disfranchising these people because they are poverty stricken and happen to be in these institutions, they can so vote, but personally I am not in favour of any such thing. Consequently I am going to move that paragraph (k) of section 14—

Some hon. MEMBERS: Order.

Mr. HEAPS: I hope some hon. members know how to behave themselves. They pay an occasional visit to the chamber and then try to cause a disturbance when they come.

The CHAIRMAN: The hon. member can move his amendment only by unanimous consent, and I understood consent was not given.

Mr. HEAPS: I thought I had consent to reopen the clause.

Some hon. MEMBERS: No.

Mr. HEAPS: I ask for your ruling, Mr. Chairman.

Mr. POWER: Let the hon. member go ahead and move his amendment.

Mr. HEAPS: I move that paragraph (k) of subsection 2 of section 14 be deleted.

Mr. BOTHWELL: Mr. Chairman, this provision was inserted at the request of the special committee itself. It was not in the original draft bill and the committee adopted it from some previous act. During the discussion in the special committee it was brought out that these homes are established for the purpose of taking care of people from all over a province and that the inmates are not necessarily residents of the constituency in which they are at the moment residing. For instance, you will probably find in any one of these institutions more people from other constituencies than from the one in which the home is established. Evidence was given as to the mentality of some of these people and the possibility of influence being brought to bear upon them, with the result that you might have a whole institution vote en bloc instead of exercising individual freedom of thought and action such as we expect from electors. The committee, having given the matter careful consideration, came to the conclusion that it was not fair either to the candidates in the constituency in which the home was established or to the people of Canada generally, to allow the franchise to be extended to inmates of these institutions.

Mr. FAIR: A number of members fought in the committee to have this provision excluded, and I believe the fight should continue until the clause is deleted. Speaking to this clause I told the special committee and also the committee of this house that if everybody got what he deserved, there would not be nearly as many people in these old folks' homes; many people who are now outside would be not in old folks' homes but in buildings guarded with iron bars. We should not for one moment consent to a clause of this kind going through. I take much pleasure in supporting the amendment of the hon. member for Winnipeg North (Mr. Heaps).

The CHAIRMAN: It will be necessary, before the amendment can be moved, to have a motion that the previous motion for the adoption of clause 14 be rescinded.

Mr. POWER: Could we not, by consent of the committee, make a short-cut, Mr. Chairman, and allow my hon. friend to move his amendment so that we may dispose of it one way or the other?

The CHAIRMAN: By consent, the question is on the amendment of the hon. member for Winnipeg North.

Amendment (Mr. Heaps) negatived.

[Mr. Power.]

On section 46—Manner of voting, by qualified voter whose name is not on the list in a rural polling division.

Mr. POWER: In accordance with the agreement arrived at by all parties, I move that the word "ordinarily" in line 33, page 60, be deleted.

Amendment agreed to.

Section as amended agreed to.

Section 47 agreed to.

On section 49—Loud speakers, ensigns, banners, etc., prohibited on polling day.

Mr. POWER: An amendment was suggested by the hon. member for Comox-Alberni (Mr. Neill) who thought it was unfair and unjust to prevent people from celebrating by carrying banners around after the polls closed. In view of the fact that a great many of us expect to win the next election we do not want to be deprived of that right. I therefore move:

That the words "within any electoral district on the day of the election and on the day immediately preceding it" in the fiftieth and fifty-first lines of page 63 be deleted, and the following substituted therefor: "on the day immediately preceding the day of the election and before the closing of the polls on the day of the election."

I also have to move a similar amendment as regards lines 45 and 46 on page 63. This will permit of the carrying of banners, loud speakers, ensigns and sets of colours as much as we like on election night after the polls are closed.

Amendment agreed to.

Section as amended agreed to.

On section 50—Counting the votes by the deputy returning officer.

Mr. DOUGLAS (Weyburn): I move:

That the following be inserted before the word "immediately" in the twenty-first line on page 69:

"In the provinces of Prince Edward Island, Nova Scotia and New Brunswick, at the hour of eight o'clock in the afternoon, in the provinces of Quebec, Ontario and Manitoba, at the hour of seven o'clock in the afternoon, and in the provinces of Saskatchewan, Alberta and British Columbia."

Mr. STEWART: To make that consistent would you not have to strike out "immediately after the close of the poll"?

Mr. POWER: No. It would read: "In the provinces of so and so, at eight o'clock; in other provinces, at seven o'clock; and in British Columbia, immediately after the close of the poll."

Amendment negatived.

Section agreed to.

Mr. POWER: If the hon. member for Leeds (Mr. Stewart) will now move his amendment, we will ask the clerk, if it is carried, to insert it in the proper place in the bill. It will constitute one of the offences.

Mr. STEWART: Two suggested remedies for what we all admit is an abuse having failed of adoption, there is nothing left but to propose the third best, the only remaining one, I believe, which was considered by the committee. I move:

That the following be added as section 107A: No person, company or corporation shall, in any province before the hour of closing of the polls in such province, publish the result of the polling in any electoral district in Canada, whether such publication is by radio broadcast, or by newspaper, news-sheet, poster, billboard, handbill or in any other manner. Any person contravening the provisions of this section (and in the case of a company or corporation any person responsible for the contravention thereof) is guilty of a corrupt practice and of an offence against this act.

Mr. NEILL: Would the hon. member be willing to substitute the words "illegal practice" for "corrupt practice"? For the latter a very severe penalty is provided, and it might affect a candidate quite innocent of wrongdoing.

Mr. STEWART: I do not know whether there is any definition of "illegal practice".

Mr. NEILL: It is defined in section 77.

Mr. STEWART: In the interpretation section "corrupt practice" is defined.

Mr. NEILL: Yes. "Corrupt practice" is much more serious. In section 77 the same language is used in connection with attacks on a man's character.

Mr. POWER: That would be the relevant section.

Amendment (Mr. Stewart) agreed to: yeas, 54; nays, 37.

Mr. NEILL: Did the hon. member accept my suggestion that we should use the word "illegal"?

Mr. STEWART: I have no objection. So long as it is made illegal, that satisfies me; it puts the stamp of disapproval on it.

The DEPUTY CHAIRMAN: It has been moved that the word "corrupt" be struck out and the word "illegal" substituted therefor. Shall the amendment carry?

Amendment agreed to.

Section as amended agreed to.

The DEPUTY CHAIRMAN: Shall the title carry?

Mr. HEAPS: With the permission of the committee I would ask that section 106 be reconsidered. It deals with the question of signed pledges by candidates and prohibits a candidate from signing any sort of document that might be placed before him by the electors during an election. I think this provision goes altogether too far, because it takes away from the electors certain rights that they now possess and ought to possess. During an election a legitimate question might be asked a candidate. For instance, he might be asked whether he was in favour of railway unification, but if such a question were put to him it might involve an offence both on the part of those who put the question and on the part of the candidate himself. According to my reading of the section the electors would be prevented from asking a candidate any question along those lines. Perhaps the minister himself will admit that the section is too wide. If a request were made of a candidate for a contribution to bazaars or things of that sort, provision might very well be made against it in the statute. But when it is proposed to prevent legitimate questions being put to candidates in order to elicit an opinion on definite questions of policy, then I say it is going too far and I ask that the section be reconsidered. It should not be as drastic as it is.

Mr. POWER: I presume my hon. friend has the consent of the committee. Has he moved an amendment?

Mr. HEAPS: No; I should like the minister to do that.

Mr. POWER: This section is one which I myself suggested and therefore I am more in sympathy with it than I have been with some of the clauses for which I have been voting this afternoon. It arises out of a practice, which is too common, of certain groups, largely minorities, endeavouring to further their cause by asking candidates to sign questionnaires, pledges and so on. In my opinion that is distinctly undemocratic in that it makes of the elected member not a representative of the whole dominion but a mere delegate of a class or group or section. I may be expressing a rather old-fashioned theory of democracy, and perhaps it is; but in looking over the history of the past, from which, after all, we derive most of our institutions and some of the things that are best in life, I find that in 1774, Edmund Burke, the Irish statesman, having been confronted with a similar situation in his election in the county of Bristol, had this to say—and I think I had better quote his remarks in their entirety,

because he states far better probably than any member of this house can the views that many of us hold. Speaking of his colleague he says:

He tells you that "the topic of instructions has occasioned much altercation and uneasiness in this city"; and he expresses himself (if I understand him rightly) in favour of the coercive authority of such instructions.

Certainly, gentlemen, it ought to be the happiness and glory of a representative to live in the strictest union, the closest correspondence, and the most unreserved communication with his constituents. Their wishes ought to have great weight with him; their opinion high respect; their business unremitted attention. It is his duty to sacrifice his repose, his pleasure, his satisfaction, to theirs; and, above all, ever, and in all cases, to prefer their interests to his own. But his unbiased opinion, his mature judgment, his enlightened conscience, he ought not to sacrifice to you, to any man, or to any set of men living. These he does not derive from your pleasure; no, nor from the law and the constitution. They are a trust from providence, for the abuse of which he is deeply answerable. Your representative owes you, not his industry only, but his judgment; and he betrays, instead of serving, you if he sacrifices it to your opinion.

My worthy colleague says his will ought to be subservient to yours. If that be all the thing is innocent. If government were a matter of will upon any side, yours, without question, ought to be superior. But government and legislation are matters of reason and judgment, and not of inclination; and what sort of reason is that in which the determination precedes the discussion? in which one set of men deliberate and another decide? and where those who form the conclusion are perhaps three hundred miles distant from those who hear the arguments.

Mr. BARBER: Three thousand miles.

Mr. POWER:

To deliver an opinion is the right of all men; that of constituents is a weighty and respectable opinion, which a representative ought always to rejoice to hear, and which he ought always most seriously to consider. But authoritative instructions, mandates issued which the member is bound blindly and implicitly to obey, to vote and to argue for, though contrary to the clearest conviction of his judgment and conscience; these are things utterly unknown to the laws of this land, and which arise from a fundamental mistake of the whole order and tenor of our constitution.

Parliament is not a congress of ambassadors from different and hostile interests, which interests each must maintain, as an agent and advocate, against other agents and advocates; but parliament is a deliberative assembly of one nation with one interest—that of the whole: where, not local purposes, not local prejudices ought to guide, but the general good, resulting from the general reason of the whole. You choose a member, indeed; but when you have chosen him, he is not a member of Bristol, but he is a member of parliament. If the local constituent should have an interest or should form a hasty opinion, evidently opposite to the real good of the rest of the community, the member for that place ought to be as far, as any other, from any endeavour to give it effect. I beg pardon for saying so much on this subject. I have been unwillingly drawn into it, but I shall ever use a respectful frankness of communication with you. Your faithful friend, your devoted servant, I shall be to the end of my life; a flatterer you do not wish for.

That I think is a model of what members of parliament should write to their constituents. I read it not for the purpose of reading a lesson to hon. members, but in order to support the suggestion which I made to the committee and which is incorporated as section 106. It is based on the democratic theory and doctrine laid down by Edmund Burke, a good man in his day.

Mr. HEAPS: I did not think I should have to answer Edmund Burke here this afternoon. I though the minister was a little more up to date. Edmund Burke was an illustrious statesman in his day, a hundred and fifty years ago, but conditions to-day are different. When he was seeking the favours of his constituents in Bristol the franchise was very limited. A handful of electors would elect a member of parliament. Furthermore the franchise was such that they could do almost anything they wanted in an election. In these days with adult suffrage the situation is very different. To-day everyone of the age of twenty-one and over has the right to vote, so there are more people interested in public questions than there were a hundred and fifty years ago. I am surprised that a member of the government who prides himself on his liberalism, as does the minister, should go back a hundred and fifty years for his authorities. If he desired to come a little closer home I am sure he could give a great many reasons why a clause of this kind should not be in the act, depriving the electors, as it does, of the freedom which should be theirs.

Mr. POWER: It has been pointed out to me by one of my hon. friends that those remarks do not come very well from an hon. member whose faith is based on the ancient scriptures.

The DEPUTY CHAIRMAN: Order. I must point out that all this discussion on section 106 has been out of order. Section 106 was carried in the committee some three days ago. All sections of the bill and all schedules have been adopted by the committee. Shall I report the bill?

Mr. COLDWELL: No, Mr. Chairman. The other evening sections 59 to 106 of the bill were carried in a few minutes just before eleven o'clock.

The DEPUTY CHAIRMAN: Each section was called separately and declared carried.

Mr. COLDWELL: But they were rushed through very quickly and most of us did not have an opportunity to read the bill. With all the work that has had to be done during the past week or ten days we have not had a chance to follow all the bills. I would say—

Some hon. MEMBERS: Order.

The DEPUTY CHAIRMAN: The hon. member may proceed if he has unanimous consent.

Mr. COLDWELL: Perhaps I can best state what I want to say by simply reading a telegram which I have received from Saskatoon, from the secretary of the trades council:—

> Saskatoon trades council views with alarm report of action of committee studying new election act in approving of principle whereby it will be an offence for a candidate to sign a questionnaire or pledge binding himself to any specific action and also making an offence for candidate to pledge himself to promote the expenditure of public money on behalf of any person, group of persons or organizations.

Mr. POWER: That unfortunately did not pass.

Mr. COLDWELL: The telegram continues:

> Labour in common with other democratic bodies insists on the right to demand from candidates of all denominations that they pledge themselves if elected to certain courses of definite action. On the suggested change railway workers would be deprived of the right to ascertain whether or not candidates were in favour of amalgamation. Labour could not ascertain if candidates were in favour of and would pledge themselves to support necessary social legislation. Under second clause no candidate could pledge himself to fight for a work and wages program or for adequate relief for unemployed or for the furtherance of state hospitalization or a hundred other pieces of legislation all of which must entail the spending of public money. We therefore request that you use every effort to see that these suggested changes are not put into effect.

I am not sure whether this clause is intended to be as wide in its effect as the interpretation put upon it by the Saskatoon trades council. If it is, I would say it is taking from the electors the right to ascertain the views of candidates seeking election. On the other hand if the clause is simply designed to make this parliament a more representative institution and less a body of delegates, there is not the objection to it that the Saskatoon trades council take. I would ask the minister—

Mr. POWER: Why not read the clause yourself?

Mr. COLDWELL: I have read the clause and I would say that it may be subjected to a much wider interpretation than many hon. members place upon it.

Mr. FACTOR: May I interrupt to point out the qualifying words in line 14?

> . . . if such document requires such candidate to follow any course of action that will prevent him from exercising freedom of action in parliament. . . .

In other words the section prohibits any candidate from selling himself on certain questions. That is what it amounts to.

Mr. COLDWELL: If that is the proper interpretation, the objection that the Saskatoon trades council take is not so well founded. But other interpretations can be placed upon it.

Mr. TAYLOR (Nanaimo): I strongly support the bill as this section stands. I have been a sufferer under the very circumstances. When I was elected I told those who were in the committee room that I now represented not only those who had voted for me but the whole of the voters in my constituency, and the whole of the voters in the Dominion of Canada. Immediately two of the committee members came forward and demanded from me a retraction of my statement. Those two are now members of the communist party, one of them being secretary of that party in Nanaimo. These are all matters of sincere concern to me; and if there are any who tell me that I have to think and act as they declare, then I am not going to stand as a member of parliament or any other similar body.

Mr. NEILL: Since so many hon. members are saying a few words perhaps I may be allowed to do the same thing.

Some hon. MEMBERS: Question.

Mr. NEILL: I claim the same privilege that has been granted the hon. member for Rosetown-Biggar, the hon. member for Winnipeg North and the hon. member for Nanaimo.

The DEPUTY CHAIRMAN: It has not been the chairman who has granted permission; it has been the committee.

Mr. NEILL: I am rising to a point of order. The minister in charge of the bill has been kind enough to allow us to revert to various sections, and he can hardly refuse to do so now that he is so near the end. In any case, I am going to be brief.

At the risk of disagreeing with Edmund Burke I support the remarks of the hon. member for Winnipeg North. There is one thing that strikes me as peculiar and ridiculous. When they were passing a regulation of this kind why on earth did not the committee make it an offence for people to ask for such an illegal signature? They put the blame on the wretched candidate. If he does not sign it he will be called a coward, and if he does sign it he is liable to be unseated.

Mr. POWER: That was my original proposal.

Mr. NEILL: The minister should have stuck to it and made it an offence for people to ask for these things. Apart from that, I do not see why it should be an offence. The only way to find out what man you want to vote for is to find out his opinions; and if some people have peculiar ideas of their own the way to find out is to ask. I would point out to my fellow members that there is no obligation on us to sign these things. We can either refuse or conveniently forget or do it after the election is over, whatever is most convenient. I understand that Edmund Burke says this would lead to a man voting against his conscience. Not at all; he should not sign the paper if he is not willing to live up to it.

I would point out another matter. This is not very complimentary to our integrity. We must not sign these papers, but we can go on the hustings and promise anything, and that is all right because it is not our bond. We can make any promises, however extravagant, apparently, and get away with it; but when we are asked to put our signature to it it is all wrong, and it becomes a criminal offence. I was very much surprised when I found the clause in the bill. It is quite impracticable to force a vote on it now, because we would not get anywhere; but I should like to add my protest against this thing. I have no objection to anybody in the world coming and asking me what is my opinion, and that is really all it amounts to. But I do object to making it an offence for me to sign a paper while it is not an offence for any of these societies, some of whom I admit are cranks, to ask me to do so.

Bill reported, read the third time and passed.

[Mr. Neill.]

PENITENTIARIES

INCORPORATION OF COMMISSION FOR ADMINISTRATION, CONTROL AND MANAGEMENT—AMENDMENT OF EXISTING ACTS

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved the second reading of Bill No. 175, respecting penitentiaries.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sanderson in the chair.

Section 1 agreed to.

On section 2—Definitions.

Mr. REID: I would suggest to the minister that he substitute the word "bricklayer" for "miller," because I cannot conceive of any milling going on in a penitentiary. There is some bricklaying that goes on in the penitentiaries, but no milling. Under paragraph (g) the following are designated:

"trade instructors" include bakers, blacksmiths, carpenters, masons, millers, shoemakers, stonecutters, tailors and persons employed—

Mr. LAPOINTE (Quebec East): My hon. friend will see that this almost repeats the language of the old act. So far as possible I have avoided any changes.

Section agreed to.

On section 3—Minister to have control.

Mr. PELLETIER: This clause provides:

The minister shall have the control and management of all penitentiaries and all prisoners and other persons confined therein and inmates thereof and over all matters connected therewith.

How broad a control does that give the minister concerning prisoners who have been committed to the penitentiaries for serious offences, such as murder? Does it mean that he can remit the sentence?

Mr. LAPOINTE (Quebec East): Only the control provided for subsequently by the details of the bill. It means that everything concerning the penitentiaries is under the supervision of the minister. In other words, the minister is responsible if anything goes wrong and deserves commendation when everything is right, which is very seldom.

Section agreed to.

On section 4—The penitentiary commission.

Mr. LAPOINTE (Quebec East): This is the substantial section of the bill.

Mr. BENNETT: We have not had an opportunity to read the bill, which has just

been printed, so the chairman will have to proceed a little less rapidly. Paragraph (b) of section 2 reads:

"Commission" means the penitentiary commission incorporated under this act.

Do we contemplate making it a corporation?

Mr. LAPOINTE (Quebec East): Yes.

Mr. BENNETT: That is not the usual course, is it?

Mr. LAPOINTE (Quebec East): This follows the English practice.

Mr. BENNETT: It is not a corporation in England, in the sense in which we use that word in this country.

Mr. LAPOINTE (Quebec East): They are a corporate body, with power to own land and so forth.

Mr. BENNETT: The reason is that they take the title to penitentiary sites and matters of that sort. I suppose here the title is in the crown. It struck me that we are going to have great difficulty if we make the commission, as section 4, subsection 5 provides, a body corporate. A board is one thing, but this is entirely different. The board of railway commissioners is not a corporation; neither are the other boards that function.

Mr. LAPOINTE (Quebec East): Of course the harbours board is a body corporate.

Mr. BENNETT: But that is a different matter; they spend money and incur obligations.

Mr. LAPOINTE (Quebec East): So will this body.

Mr. BENNETT: They are not going to incur obligations. The harbours board have outstanding securities which have to be taken care of. We do not propose here to do other than have an administrative body. However, I shall not unnecessarily take up the time of the committee. This contemplates something entirely at variance with what I gathered was said this morning by the minister. It involves the creation of a corporation, instead of a board, and it has a corporate existence as distinguished from any board which has administrative powers. I gathered that the minister wished to create an administrative board.

Mr. LAPOINTE (Quebec East): I do not think this is essential for the purposes of the legislation.

Mr. BENNETT: Frankly I do not either.

Mr. LAPOINTE (Quebec East): I have no objection to moving that subsection 5 be stricken out, and that the other subsection be numbered differently.

Mr. BENNETT: The "commission" then would mean the penitentiaries commission provided under this act, instead of "incorporated." I think the minister will find that it is in his own interests that this should be so.

Mr. LAPOINTE (Quebec East): The amendment would be that paragraph (b) of section 2 would be amended by changing the word "incorporated"—

Mr. BENNETT: Probably it would be better to say that "commission" means the penitentiary commission "established" under the act.

Mr. LAPOINTE (Quebec East): The amendment would be that in paragraph (b) of section 2 the word "established" be substituted for the word "incorporated"; that subsection 5 of section 4 be stricken out, and that subsections 6, 7, 8 and 9 be renumbered 5, 6, 7 and 8.

Mr. BENNETT: That is correct.

Mr. MACKENZIE (Vancouver): I move accordingly.

Amendment agreed to.

Section as amended agreed to.

Section 5 agreed to.

On section 6—Commission may perform other duties.

Mr. BENNETT: This is very broad.

Mr. LAPOINTE (Quebec East): Yes, I agree.

Mr. BENNETT: I should think, if we were drawing this section, we would want to say "within the scope of the purposes for which they were established," because it is not contemplated the minister would ask them to do something wholly outside the order of business, in view of the fact that they have to spend the whole of their time in the business of the commission. The minister will appreciate the point I make.

Mr. LAPOINTE (Quebec East): Yes.

Mr. BENNETT: Perhaps the section might stand so that we may give it further thought.

Section stands.

On section 7—Commission to make rules.

Mr. BENNETT: In paragraph (c) of section 7 there is provision to make rules and regulations for "such other purposes as may be necessary or expedient for carrying into effect the provisions of this act." That was what I had in mind in connection with the general limitations in section 6.

Section agreed to.

On section 8—Assistant commissioners.

Mr. LAWSON: Are the assistant commissioners to perform the functions now performed by inspectors of penitentiaries?

Mr. LAPOINTE (Quebec East): Yes.

Mr. LAWSON: In future there will be no inspectors?

Mr. LAPOINTE (Quebec East): They will be assistant commissioners, and will do the work now done by inspectors.

Section agreed to.

On section 9—Staff of commission.

Mr. BENNETT: I take it we still retain the civil service feature?

Mr. LAPOINTE (Quebec East): Yes.

Mr. BENNETT: That is intended?

Mr. LAPOINTE (Quebec East): Yes, except as provided in other sections.

Mr. BENNETT: Do not the words "except the superintendent and inspectors" have to come out? I find that the section contains the expression:

Provided that such officers (except the superintendent and inspectors)—

And so on. It seems to me those words no longer have application, because those officials become assistant commissioners. This is copied from the old act.

Mr. LAPOINTE (Quebec East): It is to provide that they be not transferred; they are provided for subsequently.

Section agreed to.

On section 10—Appointment of wardens, etc.

Mr. BENNETT: This section provides for the appointment of wardens, and there is no provision that they shall be dealt with in the same way as the staff of the penitentiaries branch, unless it be that the proviso covers them. It does not cover wardens, does it?

Mr. LAPOINTE (Quebec East): I believe section 13 makes provision.

Mr. BENNETT: Section 9 contains the words "provided that such officers (except the superintendent and inspectors)"; a warden would be an officer, would he not? Therefore he is covered by that section, and continues to act until an apopintment is made.

Mr. LAPOINTE (Quebec East): Yes.

Section agreed to.

[Mr. Bennett.]

On section 11—Appointment of guards, trade instructors and subordinate officers.

Mr. LAPOINTE (Quebec East): In this section the word "commission" is substituted for the word "superintendent".

Mr. BENNETT: The section contains the words:

The commission may appoint such guards, trade instructors and other subordinate officers, employees and servants as are necessary for the service of any of the penitentiaries.

I take it that it is intended to confer the power to appoint guards.

Mr. LAPOINTE (Quebec East): The superintendent now has that power.

Mr. BENNETT: In connection with guards there were certain qualifications as to stature and matters of that kind, about which at times there has been a great deal of difficulty. As I understand it, the proposed commission will assume the whole responsibility.

Mr. LAPOINTE (Quebec East): Yes.

Section agreed to.

Section 12 agreed to.

On section 13—Civil Service Act and Civil Service Superannuation Act to apply.

Mr. BENNETT: It is not intended that the commissioners shall be permitted to come within the provisions of the superannuation act?

Mr. LAPOINTE (Quebec East): No; they are appointed only for a term of ten years.

Mr. BENNETT: The minister will know that we have had a great deal of difficulty in connection with pensions. He may find it difficult under the circumstances to get the kind of people he would like to have. I was wondering whether or not any provision of that kind had been made. I must say I think the type of man I have in mind as the type the minister will want, he will find extremely difficult to get if the man has no sense of security after the termination of his position at the end of ten years. I mention that to the minister because I am greatly concerned about it.

Mr. LAPOINTE (Quebec East): I have given a great deal of thought to that too, and I admit we have to pay a higher salary when there is no pension attached to the position on its termination. But this may be a remedy.

Mr. BENNETT: After what the minister said this morning, I no longer have a desire to do other than assist him in every way possible.

Mr. LAPOINTE (Quebec East): I thank my right hon. friend.

Mr. BENNETT: If he says he has to have this measure, I desire to assist him as far as I can, but I am bound to say that I think he will have great difficulty in getting the type of person he wants. I would have raised the question why he leaves the salaries to the governor in council, but I realize why. In order to get the right type of man who will have no sense of security at the end of the ten year period, the minister will have to pay very much more than he thinks he should pay having regard to other salaries in the public service.

Section agreed to.

Section 14 agreed to.

On section 15—Annual report by commission.

Mr. BENNETT: I have found a little difficulty in having annual reports in September, when the house does not meet until January, and I was wondering if it would not be possible to have a report that would be for the calendar year. Then you could change the time within which the minister must bring it before parliament and make it thirty or forty days instead of twenty-one days after the opening of the session. The minister knows how desirable it is, having regard to statistics and matters of that kind, to have the calendar year rather than a year running from the first of September. I mention that only because I had occasion not long since to read something about the comparability of statistics and the difficulties that arise when dealing with years, one ending in May, another in March, and so on, instead of the calendar year.

Mr. LAPOINTE (Quebec East): Does my right hon. friend know of any other branch where the reports are made for the calendar year?

Mr. BENNETT: Yes. We have been endeavouring to do that in two or three cases. We do it with the railways. That is one of the things upon which we were insistent.

Mr. LAPOINTE (Quebec East): The only objection I see is the one mentioned by my right hon. friend, the tabling of the report after the house opens.

Mr. BENNETT: September is a long time away from January, and as it is now, we shall have the report on the penitentiaries only up to September.

Mr. LAPOINTE (Quebec East): I see no insuperable objection to making it the calendar year.

Mr. BENNETT: To change it might interfere with some of the other clauses, and I have no desire to do that. The minister, I think, agrees that generally it is desirable to make it the calendar year if possible.

Mr. LAPOINTE (Quebec East): We shall have to amend the measure later.

Section agreed to.

Section 16 agreed to.

On section 17—To report defects.

Mr. BENNETT: There is no change here. I would take this for granted under the general powers of the commission.

Mr. LAPOINTE (Quebec East): Yes.

Section agreed to.

On section 18—Penitentiaries of Canada, Kingston.

Mr. LAPOINTE (Quebec East): This and the following sections down to section 24 are unchanged.

Section agreed to.

Sections 19 to 24 inclusive agreed to.

On section 25—Rail and tram roads.

Mr. LAPOINTE (Quebec East): The only change here is to substitute the words "the commission, with the approval of the minister," for " the minister."

Section agreed to.

On section 26—Commissioners and assistant commissioners to have free access.

Mr. LAPOINTE (Quebec East): The only change is that instead of saying, "the superintendent, or an inspector under his direction," we say, "the commission or any commissioner or, under the direction of the commission, an assistant commissioner."

Section agreed to.

Section 27 agreed to.

On section 28—Duties of assistant commissioners.

Mr. BENNETT: This is the same except to substitute "assistant commissioners" for "inspectors."

Mr. LAPOINTE (Quebec East): Yes.

Mr. BENNETT: This is also open to a possible difficulty. It says that the assistant commissioners "shall perform such other duties as the commission may direct." Obviously the duties must be within the general ambit of their powers and their position as employees.

Mr. LAPOINTE (Quebec East): I am of the opinion this would follow naturally, but I have no objection to adding the words.

Mr. BENNETT: We might as well point it out, I suppose.

Section agreed to.

On section 29—Ex-officio justice of peace.

Mr. BENNETT: Have we the power to pass this?

Mr. LAPOINTE (Quebec East): If we have not, we took it in the old act, and we do it in the Indian Act.

Mr. BENNETT: Oh, yes.

Section agreed to.

On section 30—Suspension.

Mr. REID: I wonder if the minister really intends that when the warden suspends an officer of an inferior rank, the suspension shall be pending the decision of the minister. It says:

> The commission may suspend any officer of the penitentiary and the warden may suspend any officer of an inferior rank, pending the decision of the minister in each case.

Mr. LAPOINTE (Quebec East): The decision of the minister governs in both cases.

Mr. BENNETT: Is there not some force in the point raised by the hon. member for New Westminster (Mr. Reid)? Should not an inferior officer suspended by the warden be subject to the control of the commission?

Mr. LAPOINTE (Quebec East): He is.

Mr. BENNETT: No; it says, "pending the decision of the minister in each case." If we follow the logic of it, it would be the commission.

Mr. LAPOINTE (Quebec East): Of course this affects the salaries. It is the same as it was.

Mr. BENNETT: Yes, except this, that we have established the commission in the stead of the superintendent and the minister with respect to the administrative side of the penitentiary, and if a warden suspends an inferior officer I would think the whole purpose of the legislation would be to have the commission deal with the situation which thus arises, because we have given their by-laws and regulations the force of law, and inmates and wardens and servants are bound to obey them.

Mr. LAPOINTE (Quebec East): What would my hon. friend suggest?

Mr. BENNETT: "Pending the decision of the 'commission' in each case," instead of the "minister."

Mr. LAPOINTE (Quebec East): Of course the officers are appointed by the governor in council. I do not think we could take them completely away from the control of the minister.

Sir EUGENE FISET: Why not say, "pending the report of the commission and the decision of the minister"?

Mr. BENNETT: That would be it. It would mean that the minister would still have the final authority, and the commission would make the report to the minister. That, I think, is what the minister had in mind.

Mr. LAPOINTE (Quebec East): Yes.

The DEPUTY CHAIRMAN: "Pending the report of the commission and the decision of the minister in each case."

Mr. STIRLING: Will that be clear, Mr. Chairman? There are two separate matters dealt with in this clause, and for both of them the decision of the minister is finally required.

Mr. LAPOINTE (Quebec East): Yes.

Mr. STIRLING: Will you not have to add the words "pending the decision of the minister" to the first clause, and then in the second, repeat them after the reference to the commission?

Mr. BENNETT: I would think it would be desirable.

Mr. LAPOINTE (Quebec East): In both cases, though, there has to be a report, the report of the commission to the minister.

Mr. BENNETT: There should be.

The DEPUTY CHAIRMAN: Shall the amendment carry?

Mr. STIRLING: How does it read?

The DEPUTY CHAIRMAN: "Pending the report of the commission and the decision of the minister in each case."

Mr. STIRLING: Well, it is hardly sense. It refers to the first portion of the clause.

Mr. LAPOINTE (Quebec East): The phrase, "in each case," makes it clear that it refers to both parts of the clause.

Mr. BENNETT: The point is that there is temporary suspension in both cases. That is the point which has to be met.

Mr. STIRLING: I think it should read:—

The commission may suspend any officer of the penitentiary pending the decision of the minister, and the warden may suspend any officer of an inferior rank pending the report of the commission and the decision of the minister.

Mr. LAPOINTE (Quebec East): There is no objection to that. It would be clear, except that it looks like a repetition. But it will be all right.

Mr. STIRLING: If the minister does not think it is necessary, that is all right.

Mr. LAPOINTE (Quebec East): That would meet the case perfectly.

Mr. MACKENZIE (Vancouver): I move accordingly.

Amendment agreed to.

Section as amended agreed to.

On section 31—Wardens to have executive control.

Mr. BENNETT: I should think the words "or of the minister" should not appear. It does not seem desirable that the minister should be giving written instructions direct to the penitentiary, because there might be a conflict between himself and the commission. The communications should be through the commission, the minister having the power to direct the commission to transmit whatever instructions he might give. I think, in view of the provisions of section 3, those last words, "or of the minister," would be unnecessary.

Mr. LAPOINTE (Quebec East): Except that it was in the old law. I have no objection to striking it out.

Mr. MACKENZIE (Vancouver): I move that the words "or of the minister" in line 9 be deleted.

Amendment agreed to.

Mr. BENNETT: In the old act the words are "most advantageous for the penitentiary." As I recall, there was some discussion about them. Why should it not be, "most advantageous in the public interest"? We have then covered the whole situation. It is difficult to see what this means, that it is advantageous for an intangible thing like a penitentiary, whereas if you say that it is most advantageous in the public interest you have, I think, covered the whole matter.

Mr. LAPOINTE (Quebec East): There is no objection to that.

Mr. MACKENZIE (Vancouver): I move accordingly.

Amendment agreed to.

Section as amended agreed to.

Section 32 agreed to.

On section 33—Security.

Mr. LAPOINTE (Quebec East): "The commission" is substituted for "the minister." That is all.

Section agreed to.

On section 34—Oaths.

Mr. LAPOINTE (Quebec East): There is no change there either, except consequential.

Section agreed to.

Section 35 agreed to.

On section 36—Deduction of pay.

Mr. LAPOINTE (Quebec East): "The commission" is there substituted for "the minister" with regard to deductions from salaries of officers.

Mr. BENNETT: As the minister with his experience will realize, that caused some trouble. You do not desire a conflict between the commission and the minister. Subsection 2 reads:

The salary of any officer suspended by the commission or by the warden, shall cease during the period of his suspension; but the minister may direct payment of the same.

Inasmuch as, in the preceding subsection, the responsibility for taking action rests with the commission, would it not be desirable to state "the commission may direct payment of the same," because they are the people who are charged with administrative responsibility. This puts the minister in an invidious position, because he is then going to be subject to pressure on the part of those concerned to grant the pay. On the other hand, the commission, being responsible for the punitive action taken, should also be in a position to remedy it if the circumstances warrant.

Mr. LAPOINTE (Quebec East): Of course, suspension under section 30 is pending the decision of the minister.

Mr. BENNETT: Quite so.

Mr. LAPOINTE (Quebec East): So that if the minister decides in the last resort—

Mr. BENNETT: It is quite all right; I follow the point. Perhaps it would be better from the minister's standpoint if it were the other way—

Mr. LAPOINTE (Quebec East): I know that.

Mr. BENNETT: —and I think he will find in the end that likely it will be.

Section agreed to.

Sections 37 and 38 agreed to.

On section 39—Perquisites allowable.

Mr. BENNETT: The commission's report deals with matters that are affected by this section.

Mr. LAPOINTE (Quebec East): Yes, but we do not want to deal with those.

Mr. BENNETT: I think it is sufficiently wide.

Section agreed to.

On section 40—Warden a corporation.

Mr. BENNETT: Does the minister think section 40 is desirable? I should think it would be undesirable to make the warden a corporation sole in view of the fact that we are treating the commission now as a board. To make him a corporation sole gives an ecclesiastical touch that is hardly in keeping with his office.

Mr. LAPOINTE (Quebec East): If my right hon. friend does not object, we will leave it. I do not think an action has ever been instituted in any court against a warden as a corporation.

Mr. BENNETT: It is an antiquated provision. I believe it goes back to the very earliest days of penal institutions, though I cannot speak positively about that. It used to be customary in some of the old legislation, and that perhaps was the idea behind the new elections act. The idea is very old. I should think it would be archaic.

Mr. LAPOINTE (Quebec East): I was a little afraid of becoming a corporation myself.

Mr. BENNETT: Well, the minister has not done badly in that direction since I have known him.

Section agreed to.

Sections 41 to 51 inclusive agreed to.

On section 52—Warrant for removal.

Mr. REID: Should not the words "of the commission" appear after the word "chairman"?

[Mr. E. Lapointe.]

Mr. BENNETT: The interpretation section covers that.

Section agreed to.

Sections 53 to 56 inclusive agreed to.

On section 57—Transfer to reformatory.

Mr. BENNETT: Logically that should be the commission instead of the chairman, because the minister heretofore has had the power and we have substituted "commission" for "minister." However, I can see the purpose of the draftsman.

Section agreed to.

On section 58—If insane when received at penitentiary.

Mr. BENNETT: Should not that be the commission instead of the chairman?

Mr. LAPOINTE (Quebec East): It has to be signed by somebody.

Mr. BENNETT: It would be signed by the chairman. It means only the substitution of three for the opinion of one. Generally it was intended that the commission would act in cases of this kind. Inasmuch as it is named for the purposes of this bill, I do not think there is any necessity of attempting to modify it.

Mr. LAPOINTE (Quebec East): It is more routine than anything else.

Section agreed to.

On section 59—Ward for insane.

Mr. LAPOINTE (Quebec East): The commission will do what the minister was supposed to do.

Mr. BENNETT: The minister rather dislikes the idea of provision being made for the insane. But inasmuch as it is a temporary measure, I suppose there is no reason why it should not pass.

Mr. LAPOINTE (Quebec East): Yes. This question of insane convicts will have to be considered and dealt with separately.

Mr. BENNETT: The question has to be taken up with the provinces also. There are great difficulties about that.

Mr. LAPOINTE (Quebec East): It gives a good deal of trouble.

Mr. BENNETT: The minister will remember the case in which they left an unfortunate on the steps of a provincial institution in one case and on the steps of a federal institution in another, each contending that the other should care for him.

Mr. LAPOINTE (Quebec East): I do not know whether I should admit that I was the minister in charge at the time.

Mr. BENNETT: I was very careful not to suggest that, although I happened to know it.

Mr. LAPOINTE (Quebec East): I am grateful to my right hon. friend.

Section agreed to.

Section 60 agreed to.

On section 61—Removal to asylum for insane.

Mr. McCANN: I suggest that this ought to be on the certificate of two doctors rather than just the staff doctor at the penitentiary. In some provinces the certificate of two doctors is required; for instance, in Ontario one cannot be committed to an institution for the insane except on the certificate of two legally qualified medical practitioners. This leaves too much power in the hands of the staff doctor.

Mr. LAPOINTE (Quebec East): The suggestion of my hon. friend is worthy of careful consideration, but I would call it to his attention that this is one of the matters with which the commission to be appointed will have to deal, come to an agreement on, make regulations, and suggest changes in the legislation if necessary. I should not like to make any changes before these matters are considered.

Mr. BENNETT: Has the minister given any consideration and arrived at any conclusion with respect to bringing Mr. Paterson from England for the purpose of assisting in establishing the commission? I quite followed him that we are re-enacting these sections without amendments except purely formal ones in order that the commission when established may be able to formulate its views, and we shall then pass a statute which will take the place of this. It is understood that this is a temporary arrangement to enable the commission to be appointed under this bill to make its recommendations to the minister and thereby to parliament, and among others the matter that the hon. member for Renfrew South (Mr. McCann) has mentioned, the whole question of the treatment of the insane, will be dealt with.

Mr. LAPOINTE (Quebec East): My right hon. friend is quite right in his assumption.

Mr. BENNETT: Has the minister considered the question of bringing this gentleman from England?

Mr. LAPOINTE (Quebec East): There is no decision. What is my right hon. friend's view about the matter?

Mr. BENNETT: I have had grave doubts whether the principles that govern in connection with an institution like Wormwood Scrubbs or the one at Dartmoor can be made applicable to a country like this. But the commission which saw this gentleman seemed to think very highly of him, and have recommended to the minister the desirability of his being brought here, and I would be the last man to oppose my will to that of three such distinguished criminologists and penologists as those who made the report.

Section agreed to.

Sections 62 and 63 agreed to.

On section 64—If arrangements exist with Ontario.

Mr. BENNETT: We deal in this section with the word "commission" in place of the minister, and not the chairman or vice-chairman, although I notice the chairman or vice-chairman is to take certain action in regard to signing, so I suppose it is intended that the commission as a body shall deal with one phase and the chief executive officer shall deal with the other.

Mr. LAPOINTE (Quebec East): Yes; the one thing is more important than the other.

Section agreed to.

Sections 65 and 66 agreed to.

On section 67—Hard labour.

Mr. LAPOINTE (Quebec East): No change except "commission" instead of "minister".

Mr. BENNETT: As the hon. member for Leeds (Mr. Stewart) points out, you are apt to hear some repercussions regarding the provision for ten hours' labour. It is an old-time section.

Mr. LAPOINTE (Quebec East): I am resigning myself to a good deal of difficulty.

Mr. BENNETT: I expect the words "if possible" enable the warden to make it six or seven or eight hours. This section was passed at a time when the usual hours of labour were ten hours. I remember when we were passing an eight hour law here a manufacturer in a small community said, greatly

to my surprise, he had never worked less than nine hours. This provides for ten hours' continuous hard labour, but the words "if possible" may do something to modify it. It may make life difficult for the minister.

Section agreed to.

Sections 68 to 84 inclusive, agreed to.

On section 6—Commission may perform other duties.

Mr. BENNETT: In view of what the minister said, that it is temporary legislation, it may pass.

Section agreed to.

Bill as amended, reported, read the third time and passed.

SUPPLY

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

DEPARTMENT OF JUSTICE

Remission service, including remuneration to members of the Royal Canadian Mounted Police force (to be expended under order in council, and not to exceed $1,600) for assistance to this service, and an amount of $10,900 to reimburse the Royal Canadian Mounted Police force the amounts disbursed by them in ordinary pay and allowances to their men on loan to this service, $47,060.

Mr. BENNETT: What is this about?

Right Hon. ERNEST LAPOINTE (Minister of Justice): This is for the expenses of the remission service branch.

Mr. STEWART: What is the reason for the increase of over $3,000?

Mr. LAPOINTE (Quebec East): I think the explanation is contained in the item itself. We are reimbursing the Royal Canadian Mounted Police for the salaries of men who are on loan to us. Formerly the mounted police paid these men and we paid nothing. Now they object to having these men paid out of their own appropriation and used by the Department of Justice.

Item agreed to.

Administration of Justice—miscellaneous expenditure, $13,400.

Mr. STEWART: There is no change in this item?

Mr. LAPOINTE (Quebec East): No change.

Mr. COLDWELL: I would direct the attention of the Minister of Justice to the fact that there is a large delegation endeavouring to see him. I know the reply has been given that the ministers are all busy to-day; but there is a good deal of anxiety throughout the country in relation to the padlock law, and I believe the final date in that connection is July 8. Petitions are constantly coming in and resolutions being forwarded, and throughout a very large portion of Canada this law is felt to be an infringement of the rights of our citizens.

Mr. POWER: Does the hon. gentleman realize that we in this house imposed a padlock law on the press just about an hour ago?

Mr. COLDWELL: I was not here when that was done. There is a good deal of anxiety about this matter, and I should like to press the point of view that we have pressed so frequently, that we feel such a law should not be allowed to remain on the statute books of any province. So far as the power of disallowance is concerned, I do not think the Minister of Justice should take the sole responsibility for that action. As I understand it, that power is vested in the governor general in council, and it seems to me the matter should be one for the government rather than for the Minister of Justice, if I may put it in that way. In any case, we are anxious to know what is going to be done about the matter.

Mr. LAPOINTE (Quebec East): In referring to the numerous petitions that are coming in, my hon. friend has the advantage of me in that he sees only one side of the matter. I see both sides, and I have received enough petitions to fill a couple of offices in my department. However, the suggestions of my hon. friend will be very carefully considered.

Mr. HEAPS: Before July 8?

Mr. LAPOINTE (Quebec East): In due time.

Item agreed to.

Expenses of litigated matters, $25,000.

Mr. STEWART: This is the same amount as last year?

Mr. LAPOINTE (Quebec East): Yes.

Item agreed to.

Annual contribution to the Canadian Law Library, London, England, $500.

Mr. LAPOINTE (Quebec East): This is the same as last year.

Item agreed to.

Supreme Court of Canada—administration, $66,970.

Mr. BENNETT: The salaries are statutory, I take it?

Mr. LAPOINTE (Quebec East): Yes.

Item agreed to.

Exchequer Court of Canada—administration, $34,215.

Mr. STEWART: There is no increase?

Mr. LAPOINTE (Quebec East): No change.

Item agreed to.

Yukon territorial court — administration, $8,000.

Mr. BENNETT: I have to direct attention to the next item, which is statutory, covering judges' salaries and travelling allowances, amounting to $2,041,600. I want to ask a few questions. First, is there any age limit for the appointment of judges to superior courts? In my time there always was a limit, which was that the appointee should not be more than sixty years of age, the reason being that if he attained the age of seventy-five he would be entitled to superannuation, having served fifteen years.

Mr. LAPOINTE (Quebec East): That was not in the statute.

Mr. BENNETT: The original statute provided for fifteen years. There was no provision as to age, but in practice in the department no man over sixty was appointed to a high court position. I once urged that the most distinguished member of the bar of my own province should be appointed to the bench, but he had attained an age which the late Judge Doherty felt would mean that the established rule would be contravened, so he would not appoint him. So far as I know that rule has been honoured continuously. There have been one or two exceptions with respect to county court appointments, but not many even in that regard. To discuss the question of an appointment to the bench is sometimes regarded as something which should not take place in parliament, but I need hardly say that those who have read the life of the late Lord Darling, recently published, will quite realize that it is a proper thing to discuss. When he was appointed there was a great deal of newspaper controversy as to his fitness for the position.

Recently an appointment to the high court has been made of one well advanced towards seventy years of age, or at all events well over sixty-five, according to newspaper reports. I submit to the minister that this is not quite fair to the taxpayers of the country, having regard to the effort that is being made to have the positions vacated by those who have attained the age of seventy-five. Obviously it means that if the position is to be vacated at seventy-five, a man appointed at the age of sixty-seven or sixty-eight years would have been only seven years on the bench. I am asking the minister whether the rule is a real one, or whether the practice has not been regarded as established sufficiently to warrant its being departed from, because I have always regarded it as a matter of very great importance? At one time the late Judge Doherty made it quite apparent that my efforts to appoint a very distinguished member of our bar must fail because the person named was sixty-five years of age at that time. Certainly that person was easily in some regards the most distinguished practitioner at our bar, and I always felt it was a very great misfortune that we were unable to appoint him, for he lived for many years after. I see the hon. member for Selkirk (Mr. Thorson) wonders whom I mean, and I would say that I refer to the late James Muir. The difficulty was a very real one. I should like to know what the rule, if there is any, is with respect to the matter.

Mr. LAPOINTE (Quebec East): There is no fixed rule, although there has been a practice and more particularly with regard to county court judges, where the rule as to the seventy-five year age limit prevails.

Mr. BENNETT: Of course that is only recently.

Mr. LAPOINTE (Quebec East): It would not be in the public interest to appoint men well over sixty years who, upon reaching the age of seventy-five years, would have the right to retire on full salary, as obtains in connection with the county court judges.

A few years ago a gentleman was appointed to the bench of the county court of the county of York, I believe it was, who was well advanced in age; but in the file I found that when he was appointed the government requested that he sign a waiver of his right to pension. Of course friends of his have asked me not to take advantage of the waiver, but I have refused to intervene and he has no pension.

This year there was an appointment to the county court bench in British Columbia. Many persons were recommended, and the person I thought should receive the appointment was about sixty-five years of age. In that case, too, I declined to recommend the appointment unless the person in question signed the same sort of waiver. That was

done. When that judge reaches the age of seventy-five years he will have to retire but will not be paid a pension.

In connection with the high court there is no law compelling retirement at seventy-five years, or even making it advantageous to the incumbent to retire by drawing his full pension. The practice has always been to appoint judges not far advanced in age, or more than sixty years. I believe it would be a mistake to appoint older men not only from the point of view of the age for retirement but from the point of view of doing the work.

It is only seldom that we appoint judges over sixty years of age. There was one appointment within the last year in Ontario, and possibly that is the one my right hon. friend has in mind.

Mr. BENNETT: According to the press, I believe, he was sixty-seven, was he not?

Mr. MARTIN: He was sixty-six.

Mr. LAPOINTE (Quebec East): But for some years he had been engaged in quasi-judicial work, and strong recommendations were made for his appointment. I knew him as a well qualified man. I may assure my right hon. friend, however, that his age was considered as an obstacle, and it was only after careful consideration that the appointment was made. The rule that barristers on their appointment to the bench should not be more than sixty years still prevails, and I shall adhere to it as far as possible.

Mr. BENNETT: I think no more satisfactory answer could be given than that now given by the minister. However, the appointment of a man of sixty-six years has aroused considerable discussion, especially when it was pointed out that the same gentleman was the defendant in a very difficult piece of litigation. That litigation is of so serious a character that it embarrassed his brother judges to have to deal with it.

Mr. FACTOR: The action was dismissed.

Mr. BENNETT: I know, but what has that to do with the matter? The litigation is the point I am dealing with, and the court of appeal may have to deal with it; I do not know. I think it is a bad practice to appoint to the bench one who is a party to pending litigation involving issues of grave importance.

Mr. MARTIN: Would the right hon. gentleman permit me to point out that the litigation was not against the particular person in question, but by virtue of his office as securities commissioner.

[Mr. E. Lapointe.]

Mr. BENNETT: That is the point I make, and that is the reason why I say he should not have been appointed until the litigation was out of the way; because if the allegations contained in the statement of claim of an action of that kind were established, one would certainly hesitate to make such an appointment.

I have in mind an English case involving a judge of the court of appeal. He experienced great difficulty in that court, because the court had to decide against him in a matter of very great importance. In that instance he was not interested in the litigation when he was appointed.

I believe it is bad practice to make an appointment when litigation is pending. I have received communications of some importance with respect to the matter about which I intend to speak to the minister. It is too late to remedy the matter, so far as the appointment is concerned, but it is not too late to remedy a recurrence of a difficulty of that kind. I believe the statement made by the minister is one which will be received with great satisfaction by everyone. I believe he said he will endeavour to prevent such action being taken again. I point out to him the difficulty of appointing to the bench one who is a plaintiff or defendant in litigation which will necessarily have to be considered by his brethren on the bench to which he has been appointed.

It is not always easy for a Minister of Justice to know all the facts, but I am merely directing attention to the matter so that in future he may be able to make inquiries. I believe I know how easy it is not to be fully advised of all the facts. I know of one appointment I certainly wish had not been made, and had I known certain facts which at the time I did not know, the appointment would not have been made. The minister does the best he can, relies upon the answers he gets to the inquiries he makes, and treats them in good faith. But he is not always in a position to say, subsequently, that he has been fully advised regarding the matter, and if he has not been fully advised, a situation of great difficulty is sometimes created.

There is one other question, and it is one about which the late government experienced a good deal of difficulty. County court judges are supposed to reside, as indeed are the supreme court judges, somewhere near the point of their activities; I think it is within so many miles of a given place. The Judges Act with respect to high court judges is silent with respect to that requirement, but with respect to county court or district court judges there is such a provision, if my

memory serves me aright. A man is appointed to a position as county court judge in county X. He resides in city A. This involves the taxpayer in somewhere between $1,500 and $2,000 a year in the travelling of the judge from city A to discharge his duties in county X. Something should be done to meet such a situation.

It will be within the memory of this committee that in British Columbia an action was brought in connection with the travelling expenses of one of the judges of the high court, and it left an unpleasant memory. I have heard of, and in fact, I had to deal with a situation in which county court judges or district court judges made arrangements between one another so that chambers would be taken and they would thereby secure the travelling expenses incident to the discharge of their duties outside their own jurisdiction. That is a plain and palpable disregard of the law. That, too, a minister of justice finds it difficult to know anything about unless it is brought to his attention. Circulars are sent to judges. They have been sent by departmental officers in an endeavour to protect the exchequer, and a word of timely warning as to what the effect of this will be, and as to the power of the government to deal with it, would, I think, be desirable.

The only reason I bring these matters to the attention of the minister at this moment is that I regard them as being of great importance; because if one does a certain thing for a period, somebody else hears about it and starts in; then you have two, and then five, and then ten; ultimately you have made on the treasury a raid for which there is no authority whatever, and this places the minister, who is entirely ignorant of the situation, in a difficult position when he has to explain, for the report of the auditor general, what authority there is for the amounts expended. Judges are in an entirely different position from others in respect to their expenses. As soon as the auditor general gets his accounts in the shape in which he requires them he pays them without question; the judge signs his little slip, puts it in the bank and gets his pay, and that is the end of the matter. Obviously the only way a minister of justice can deal with it is by circulars and by letters addressed to the judicial bench generally, making clear what their position is under the law.

Mr. LAPOINTE (Quebec East): Travelling expenses have to be certified by the chief justice.

Mr. BENNETT: Oh, yes, that came about by reason of a very unfortunate case of which I have heard. But there is no similar provision with respect to county and district court judges, and it leaves it open to a difficulty that I shall mention privately to the minister in connection with a case where the travelling expenses of the judge had been placed at as high a figure as over $2,000 in a single year in Ontario. I was asked in a communication to bring this matter to the attention of the minister. I shall not mention any names here.

Mr. LAPOINTE (Quebec East): Is that a case of recent occurrence?

Mr. BENNETT: Yes, and my attention was directed to the page of the auditor general's report. I shall mention it privately to the minister, because I think it serves no useful purpose to mention names with respect to a matter of this sort.

There is one other matter in connection with this item that I shall perhaps be able to mention after eight o'clock.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. MACKENZIE (Vancouver): I move that the committee rise, report progress and ask leave to sit again this day.

Progress reported.

FARMERS' CREDITORS ARRANGEMENT ACT

FREE CONFERENCE WITH SENATE IN VIEW OF INSISTENCE ON AMENDMENTS

Hon. T. A. CRERAR (Minister of Mines and Resources): I desire to report to the house the following:

The managers on the part of the House of Commons have the honour to report that they met in a free conference the managers on the part of the senate for the purpose of further considering Bill No. 25, intituled, "An Act to amend the Farmers' Creditors Arrangement Act, 1934, and the amendments thereto.

The managers on the part of the House of Commons report that the following has been agreed upon as a clause to be substituted for clause 9 of the bill as added thereto by the senate:

9. No proposal shall be received in either of the provinces of Manitoba and British Columbia later than the thirtieth day of June, 1939, nor in any other province except the provinces of

Saskatchewan and Alberta later than the thirty-first day of December, 1938: Provided that this subsection shall not apply to farmers who are soldier settlers within the meaning of the Soldier Settlement Act.

Accordingly, Mr. Speaker, I move that this amendment replace the senate amendment concerning which the conference was held, as section No. 9.

Mr. STEWART: I am not quite clear from the minister's explanation as to just what is the effect of the amendment with respect to Ontario.

Mr. CRERAR: There is no change so far as Ontario is concerned. The act will lapse in Ontario at the end of this year. It does so in all the provinces except in the four western provinces.

Mr. DONNELLY: When does it lapse in those?

Mr. CRERAR: In Manitoba and British Columbia, on June 30, 1939; and for Saskatchewan and Alberta the date was not fixed.

Mr. REID: Would the minister be good enough to make it clear that it does not affect soldier settlers?

An hon. MEMBER: That is in the amendment.

Mr. STEWART: Does that affect the section of the act which enables the governor in council to terminate the operation of the act in any province?

Mr. CRERAR: No, I think not.

Mr. BENNETT: The senate substituted for our discretion a positive enactment.

Mr. CRERAR: I believe the discretion still remains.

Mr. ILSLEY: Oh, yes, before that time.

Mr. CRERAR: The operation of the act can be terminated earlier.

Mr. STEWART: But it will terminate in any event on December 31 of this year?

Mr. CRERAR: That is right.

Mr. STEWART: And may be terminated earlier by proclamation?

Mr. CRERAR: That is what I understand.

Mr. LEADER: I understand that so far as Manitoba is concerned, the operation of the act will terminate on June 30, 1939.

Mr. CRERAR: That is correct.

[Mr. Crerar.]

Mr. LEADER: Has the minister received representations from the farmers of Manitoba asking that it do not terminate—well, they did not set a limit on the date; they wished it continued in Manitoba? I have had representations, and I assume the minister has had them also, from the United Farmers.

Mr. CRERAR: So far as my memory goes, no representations have been made to me. The amendment as it stands now gives a full year's time for any farmer other than a soldier settler in Manitoba who wishes to make application for a composition of his debts, and that should reasonably meet the case. Although personally I would have been disposed to extend the time until a later date, on the whole I think it is a reasonable compromise.

Mr. BENNETT: It seems to be quite clear that the governor in council may act whenever he considers it expedient, by proclamation:

On and after a date to be fixed by proclamation of the governor in council, no new proposal shall be made or filed by any farmer or accepted by any official receiver in any province in respect of which the said proclamation is issued.

I think it should be put in a somewhat different form, because the section of the bill, as it is now reads:

9. The said act is further amended by adding to section 11 as subsection 3, the following—

What it is proposed to put is:

No proposal shall be received in either of the provinces of Manitoba and British Columbia later than the thirtieth day of June, 1939, nor in any other province except the provinces of Saskatchewan and Alberta later than the thirty-first day of December, 1938: Provided that this subsection shall not apply to farmers who are soldier settlers within the meaning of the Soldier Settlement Act.

I suppose that if we merely approve that, the effect of it will be to substitute for section 3 this proposal, and I think the motion should read accordingly.

Mr. ILSLEY: I do not think there is any substitution. I think the two stand side by side.

Mr. BENNETT: The minister has misconceived what I am saying. We are substituting a new section 9 for the present section 9, the one I have just read, but perhaps the motion should be put in proper form by the clerk, that the proposal of the managers be accepted and that section 9 as stated be made part of the bill as subsection 3. It is purely a technical form. So long as it is in shape, that is all that is necessary.

Motion agreed to.

SUPPLY

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

AUDITOR GENERAL'S OFFICE

Salaries and expenses of office, $461,405.

Mr. BENNETT: Why the increase?

Hon. J. L. ILSLEY (Acting Minister of Finance): The salaries of the permanent officials are increased by $56,651. There is an increase of $1,500 for printing and stationery and an increase of $2,000 for travelling expenses. Then there are two decreases, the temporaries by $25,980, and printing of annual report, $500. The difference between the decreases and the increases is $33,671, being a net increase. I have the details of the increase in the permanents and of the decrease in the temporaries, which I can read to the committee if it is desired.

Mr. BENNETT: No.

Item agreed to.

DEPARTMENT OF FINANCE

Bankruptcy Act administration, $38,320.

Mr. LOCKHART: To what extent would the superintendent of bankruptcy in the federal department insist upon action being taken by the provincial government in case there was any want of action on their part? May I have a brief explanation regarding the jurisdiction of the federal superintendent of bankruptcy over the attorneys general of the provinces.

Mr. ILSLEY: The superintendent of bankruptcy has no power over the attorneys general of the provinces, if that is the question.

Mr. LOCKHART: If, in one of the western provinces, the attorney general did not take action in a matter in which it was thought that he should, what would be the procedure in the federal department?

Mr. ILSLEY: Will the hon. gentleman indicate the class of case he has in mind in which a provincial attorney general fails to take action.

Mr. LOCKHART: No, I cannot, but I was informed that in one of the western provinces the attorney general did not take action. In that event has the federal department any power to act independently?

Mr. ILSLEY: I am very sorry, but I cannot answer the question in the absence of details. It is necessary to know to what kind of case the hon. gentleman is referring.

Mr. LOCKHART: It is a question of bankruptcy.

Mr. ILSLEY: I can only repeat what I said before. Without further details it is impossible to answer the question.

Item agreed to.

Dominion Housing Act administration, $38,400.

Mr. STEWART: There is a fairly large increase in comparison with the total. Will the minister explain?

Mr. ILSLEY: There is an increase of $1,320 in salaries of permanent officials, and an increase of $5,394 in salaries of temporaries. There is a decrease of $3,451 in sundries. The difference between the increases and the decreases is $3,263, which is a net increase.

Item agreed to.

Royal Canadian Mint, including the Dominion of Canada assay office, $275,000.

Mr. BENNETT: What was the profit of the mint last year?

Mr. ILSLEY: I am sorry, I have not that information.

Mr. BENNETT: Does this item include the cost of the material with which the mint worked—silver and copper? I should hardly think so.

Mr. ILSLEY: This amount does not include the cost of material.

Item agreed to.

Old age pensions, including pensions to the blind, administration, $35,310.

Mr. BENNETT: Perhaps the minister is in a position to give a short statement as to what is being done in connection with federal administration. I have received a great number of communications complaining that pensions have been paid that should not have been paid, and wondering what the federal power is doing to check these payments. At the same time how much was paid for the blind last year, as distinguished from others?

Mr. ILSLEY: The auditors of the Department of Finance are now checking the payments made by the provincial authorities. They are going through the provincial offices where the payments are made and checking them. The estimate for pensions to the blind for the current year 1938-39 is $498,900.

Mr. BENNETT: What did we pay last year?

Mr. ILSLEY: It was just started towards the end of the last fiscal year. I have not the amount here.

Mr. DONNELLY: That is just for the blind people between forty and seventy; not over seventy?

Mr. BENNETT: No, because they are counted in with the other old age pensioners.

Mr. ILSLEY: I am informed that the estimate is to cover all pensions to the blind, including those over seventy.

Mr. BENNETT: Blind people over seventy were covered in the old act. The act of last year covered only those between forty and seventy.

Mr. ILSLEY: I am not sure about that. I could get that information.

Item agreed to.

Superannuation and retirement acts administration, $25,960.

Mr. BENNETT: I thought this was administered as part of the general administration of the finances of the country. We have the use of the money; the fund goes into the consolidated revenue.

Mr. ILSLEY: Administration is not charged against the superannuation fund, but it has to be voted.

Mr. BENNETT: Out of the general fund?

Mr. ILSLEY: Yes.

Item agreed to.

Government's contribution to the superannuation fund, $2,230,000.

Mr. BENNETT: This is really covered by statute, although it is not a statutory payment. The basis upon which it is paid is fixed by statute.

Mr. ILSLEY: That is correct.

Mr. STEWART: What is the explanation of the substantial increase, $150,000?

Mr. ILSLEY: The contribution of the government depends upon the number of contributors.

Mr. BENNETT: Rather upon the amount paid, or number and amount.

Mr. ILSLEY: Yes. The government contributes dollar for dollar for their contributions, and there are now more contributors.

Mr. BENNETT: And the 5 per cent increase means more, because they get more salary as they go up the list.

Item agreed to.

Public debt charges—administration of public debt, $212,355.

Mr. BENNETT: Does this still include the payments made in London for the administration there, as well as at home?

[Mr. Ilsley.]

Mr. ILSLEY: This is for the staff here. It includes salaries, printing and stationery, insurance on securities, express, advertising and postage.

Mr. BENNETT: Yes; the details of the commission for payment of interest in England are shown on page 80 of the main estimates.

Item agreed to.

Servicing of public debt—Commission for payment of interest on public debt, purchase of sinking funds, services of fiscal agents, London bill stamps, registration fees, etc., $168,981.

Mr. BENNETT: This is increased $5,500 by one item apparently; that is, the increased volume of debt. It is higher because it is on a commission basis apparently.

Item agreed to.

Subsidies and special grants to provinces—

Special grants:
New Brunswick, $900,000.
Nova Scotia, $1,300,000.
Prince Edward Island, $275,000.
Manitoba, $750,000.
Saskatchewan, $1,500,000.
British Columbia, $750,000.

Mr. PELLETIER: What are these special grants for?

Mr. ILSLEY: The amounts provided for payments to the maritime provinces are those recommended by the White commission on maritime claims. On request of the premiers of the three maritime provinces a royal commission was set up under authority of order in council of September 14, 1934, to consider and deal with the recommendation of the Duncan commission that there be a revision of the financial arrangements between the dominion government and the maritime provinces. In their report of February 8, 1935, the royal commission recommended additional annual subsidies in substitution for the interim annual subsidies recommended by the Duncan commission. For Nova Scotia the interim subsidy was $875,000; the subsidy recommended by the White commission was $1,300,000.

Mr. BENNETT: Did that not include the two?

Mr. ILSLEY: It included the whole of the Duncan commission award. To New Brunswick the amount recommended by the White commission was $900,000; to Prince Edward Island, $275,000, and these are the amounts provided for in this vote.

The grant of $750,000 to British Columbia was first provided in the main estimates for

1935-36. The grants to Manitoba and Saskatchewan were first provided in the supplementary estimates for 1937-38, to enable those provinces to continue essential services pending improvement in crop conditions and pending report of the royal commission to investigate financial powers and responsibilities of the dominion and the provinces.

Mr. PELLETIER: Why was no grant made to Alberta?

Mr. ILSLEY: That matter has been dealt with several times in the house to my knowledge. The Minister of Finance (Mr. Dunning) dealt with that fully in his budget speech of, I think, a year ago. It was referred to again in the debate on the resolution moved by the hon. member for Lethbridge (Mr. Blackmore) this year and fully explained at that time.

Mr. PELLETIER: As a matter of fact the action taken is based simply upon a recommendation by the Bank of Canada that there was no need of a grant for the province of Alberta.

Item agreed to.

Miscellaneous grants and contributions—Royal Canadian Academy of Arts, $2,025.

Mr. TAYLOR (Nanaimo): What is that for?

Mr. ILSLEY: The object of this society is to promote interest in the fine arts. The members of the academy give their services gratuitously. Free classes are held in the large centres throughout the dominion. Grants are made to Toronto and other large exhibitions.

Item agreed to.

Royal Society of Canada, $4,500.

Mr. BARBER: Would the minister explain this?

Mr. ILSLEY: The purpose of this society, founded in 1882, is to promote the study of literary and scientific subjects.

Mr. BENNETT: They give most of the money away in scholarships, medals and prizes. The grant formerly was $5,000, and ten per cent has been taken off.

Item agreed to.

Grant towards expenses of the British empire games, $5,000.

Mr. BENNETT: Where were the games this year?

Mr. ILSLEY: They were held in Australia in February, 1938. In other years they have been held at different places in the empire. In 1930-31 they were held in Hamilton, Ontario.

Item agreed to.

To provide for acquisition of land and surveys in connection with the national parkway in the Gatineau valley adjacent to Ottawa, $100,000.

Mr. LEDUC (Translation): Mr. Chairman, on behalf of the electors of Wright county, which I have the honour to represent, I wish to congratulate and thank the government for having voted $100,000 towards expropriations and survey in view of the construction of a national boulevard in my constituency.

The construction of this boulevard has been sought for many years. I am happy to note that the government appreciates the many advantages of this important project and has seen fit to vote the money required for preliminary operations.

The proposed boulevard, which will start at the Champlain bridge on the Aylmer road, will be entirely in Quebec territory and will extend through picturesque farming country to the heights of the Gatineau mountains, the beauty and grandeur of which one can admire from these Parliament buildings by directing one's eyes beyond the Ottawa river in a north-westerly direction. I do not intend, Mr. Chairman, to describe in detail the natural beauties of that section of my constituency and the numerous advantages of the proposed boulevard. Suffice it to say that it will attract visitors who will come to enjoy the wonderful scenery of the Laurentian mountains and of the country surrounding the capital city. In addition, the construction of the boulevard will provide work for many years to come to the poor unemployed of the southern part of my constituency who seek employment instead of the relief they now receive. I wish therefore to thank the government, and I hope that next year the necessary money will be voted to put the undertaking under way.

Mr. BENNETT: Would the minister give the committee an explanation of this item?

Mr. ILSLEY: This is to provide for the cost of preliminary surveys and the acquisition of land in connection with the general scheme of development of the Gatineau valley adjacent to Ottawa as a national parkway.

This represents the first stage in that development. Two parties are now surveying the route from the Champlain bridge north through the hills. At the moment they are in the vicinity of Meach lake. When this work is completed, final decision will be made as to the route and other details of development.

Mr. BENNETT: The route to where?

Mr. ILSLEY: Through the scenic section that it is proposed to develop.

Mr. BARBER: Is this on both sides of the Ottawa river?

Mr. ILSLEY: This applies to the north side.

Mr. STEWART: I assume that this is the matter about which the Prime Minister expressed some interest one or two sessions ago, and which he brought up for discussion at that time. Is it the intention to acquire a large area of land for the purposes of a park? The Prime Minister spoke about the timber being cut on these hills, about the hills being denuded and presenting a very bare and barren appearance, and suggested that something should be done about the matter. I remember at the time it was suggested that the federal district commission might make a general preliminary survey. What is the plan, in a general way? The minister spoke about a parkway. Is it not the intention to acquire a large area of land for park purposes?

Mr. ILSLEY: I am sorry I cannot give the hon. member any exact information as to the acreage it is proposed to acquire, but it is proposed to acquire some land on the north side of the river, up the Gatineau valley.

Mr. STEWART: While we are on this item, I should like to deal with the following item, which is statutory, covering the "maintenance of parks, parkways and plant, Ottawa and vicinity, under control of the federal district commission." As I recall it, provision was made for a grant over a number of years, payable by instalments. When does that expire, and how many more instalments are to be paid?

Mr. BENNETT: This is a statutory grant of $200,000 a year. I would not be positive, but I think it expires in 1940.

Mr. ILSLEY: My information, which I think is correct, is that in 1930 the period was extended for ten years, during which $200,000 a year was to be voted and spent.

[Mr. Ilsley.]

Mr. BENNETT: That is my recollection of the matter, though as I say I may be wrong.

Item agreed to.

General—Comptroller of the treasury's office and to authorize the civil service commission to designate what rate shall be effective, from the date of transfer, in the class into which any person is classified on transfer to the Department of Finance under the authority of section 35 of the National Harbours Board Act, 1936, $1,920,385.

Mr. STEWART: There is a substantial increase here. I notice that in 1937-38 there was a staff of 870, whereas it is now 920. How is the increase made up?

Mr. ILSLEY: If permanent and temporary employees are included, the total increase amounts to only ten. As a matter of fact, there has been a decrease. Our total number of permanents and temporaries as of April 1, 1937, was 984 and as of March 31, 1938, was 974. There was an increase in permanents from 834 to 858, but a decrease in temporaries from 150 to 116.

Mr. STEWART: Upon referring to page 82 of the main estimates I find that in 1938-39 the total is 920, whereas in 1937-38 it was 870. There is no decrease in those figures.

Mr. BENNETT: Shortly put, every increase in expenditures involves an increase in the department of the comptroller, who is responsible for the whole expenditure.

Mr. ILSLEY: The increase is in permanents. If the hon. member would look under the figure 870 he would see that in the vote for temporary assistance there is a decrease from $133,020 to $92,460. The increase is due, at least to a great extent, to making temporaries permanent.

Item agreed to.

Farmers' Creditors Arrangement Act administration, $506,120.

Mr. BENNETT: This will probably not all be spent.

Mr. ILSLEY: If the act is terminated, naturally it will not all be spent.

Mr. BENNETT: Who is the salvage officer mentioned in the item for the comptroller general's office? I notice he is now under the Department of Finance, whereas he used to appear separately in the estimates. If the minister has not the information immediately available, he may let me know later.

Item agreed to.

Expenses of the royal commission to investigate financial powers and responsibilities of the dominion and the provinces, $210,000.

Mr. BENNETT: What are the total sums expended to date, and what are the commitments?

Mr. ILSLEY: The total expenditures to June 26 amounted to $209,554.43. I have the details to January 15, 1938, and I believe they will give the committee an idea of the headings under which the money is spent. It will not, however, be complete and up to date, because, as I have indicated, it goes only to January 15, 1938. The figures are as follows:

Living allowances	$ 3,255 65
Salaries	33,164 58
Travelling expenses	8,492 61
Professional services	1,679 75
Rent	720 00
Printing and stationery	3,314 85
Miscellaneous expenses	1,584 07
Advances outstanding	6,372 46
Total	$58,583 97

Mr. STEWART: Did I understand the minister to say that to June there had been an expenditure of over $209,000?

Mr. ILSLEY: Yes.

Mr. STEWART: That must include a portion of the $210,000 here appropriated?

Mr. ILSLEY: Yes, since April 1.

Mr. STEWART: The $210,000 for this year and the $150,000 voted last year make a total of $360,000 appropriated for the commission to the present time, or at least for the fiscal year upon which we are now entering.

Mr. BENNETT: It is the inadequacy of it which has struck me.

Mr. STEWART: It seems to me that if we spent $209,000 last year and that the amount available to the end of March was $150,000 the $210,000 this year will probably be insufficient.

Mr. ILSLEY: The $209,000 was not all spent in the last fiscal year. It was partly spent in this fiscal year. What is the hon. member's difficulty?

Mr. STEWART: If we have spent $209,000 up to June, and $150,000 of that amount was for the last fiscal year, one would almost think we had overrun the estimate of $150,000 in the expenses of last year. I am wondering whether the $210,000 will be sufficient to take care of this year's expenditures.

Mr. BENNETT: How much of the $209,000 represents expenditures out of this year's vote?

Mr. ILSLEY: I am informed there will be about $150,000 for the remainder of this fiscal year.

Mr. STEWART: When will this commission likely finish its labours and give us its very interesting report?

Mr. ILSLEY: It has been hoped that it would be about November of this year.

Mr. STEWART: We are all sorry to learn of the serious illness of the chairman. Is it likely that he will be replaced, or will the commission carry on with its remaining members?

Mr. ILSLEY: The commission will, I believe, carry on without replacement of the chairman. It is at present intended that this will be the case.

Item agreed to.

Insurance — departmental administration, $174,490.

Mr. BENNETT: Is this repaid by the insurance companies, or is any part of it repaid? They pay, as the minister knows.

Mr. ILSLEY: Yes; that is all repaid.

Item agreed to.

Expenses of work in the interests of fire prevention, $20,000.

Mr. BENNETT: What is the nature of this work?

Mr. ILSLEY: This work is almost entirely of an advisory educational and consulting nature, maintaining records of fire losses, preparing data upon fire prevention legislation and fire prevention methods in Canada and foreign countries with a view to establishing reasonable standards of fire safety and the standardization of fire prevention measures throughout Canada. The vote provides for the salary of J. Grove Smith, $5,220, and for clerical assistance, also printing, stationery, travelling expenses, and so forth in connection with this work.

Mr. BENNETT: I thought Mr. Smith was an employee of the Ontario government.

Mr. ILSLEY: No.

Mr. BENNETT: Do we get any contributions from the companies in respect of this item, or is it all charged against our taxes?

Mr. ILSLEY: There is no contribution.

Mr. STEWART: I notice an amount of $4,320 for temporary assistance this year but no corresponding item last year. I wonder why the temporary assistance would be required this year when it was not last year.

Mr. ILSLEY: The amount of $4,320 is to provide for the salaries of an assistant fire prevention commissioner, $3,600, and of a stenographer, grade 1, $720.

Item agreed to.

Royal Canadian Mint, including the Dominion of Canada assay office—further amount required, $4,088.

Mr. STEWART: What is the further amount required for?

Mr. ILSLEY: The $4,088 is made up as follows: Reclassifications granted to twenty-one employees, $2,100; special equipment of alloy steel to be used for drawing the copper precipitate, also insulating with asbestos the duct drawing hot gases from the fine silver surveys, $1,988, or a total of $4,088.

Item agreed to.

Miscellaneous grants and contributions—Federal district commission—to provide for improvements of parks and driveways under the control of the federal district commission—further amount required, $31,000.

Mr. BENNETT: What is this for?

Mr. ILSLEY: Plans, surveys and estimates for proposed alterations and improvements to the confederation square area in Ottawa. This is a revote of funds provided last year, under the special supplementary estimates, amounting to $25,000, which was not used; also for the purchase of part of the water lots adjoining the driveway on the Ottawa river in the vicinity of the Royal Canadian Mint. These water lots are required for works to strengthen the retaining wall and for the city of Ottawa for sewer outlets to the river, the cost of the sewer, $12,000, to be shared by the commission and the city, $6,000 each.

Mr. BENNETT: What was paid for the plans?

Mr. ILSLEY: None of this has been paid for.

Mr. BENNETT: What will it cost? I thought the minister mentioned plans. The item itself says, "to provide for improvement of parks and driveways."

Mr. ILSLEY: The $25,000 is to cover the cost of plans, surveys and estimates for proposed alterations and improvements to the confederation square area in Ottawa.

Mr. BENNETT: The item as it reads is to some extent misleading. How much of this amount will be payable for the plans? The whole $25.000?

[Mr. Stewart.]

Mr. ILSLEY: We do not know. I do not think the matter is settled. Certainly nothing has been paid. I shall be glad to inquire if we have a bill for it, but I do not think we have.

Mr. STEWART: Would it be out of this item that the plans of the celebrated French landscape artist will be paid for? I understand that his work was done and a report made some time ago.

Mr. ILSLEY: My information is that payment for the work done by Mr. Greber will be made by the Department of Public Works.

Item agreed to.

Special—National battlefields commission—continuation of park development, $100,000.

Mr. BENNETT: In view of the fact that we have just voted $100,000, this seems to be a special item. It concerns the city of Quebec, I take it, but I do not know where the money would be spent there.

Mr. LAPOINTE (Quebec East): It is to complete the entrance to the park there.

Mr. BENNETT: We vote $100,000 a year.

Mr. LAPOINTE (Quebec East): The vote is $75,000 a year for maintenance and general administration. In addition, we spent $100,000 last year and will spend $100,000 this year to complete the work around the park.

Mr. BENNETT: Is that about the entrance to Wolfe's cove?

Mr. LAPOINTE (Quebec East): The entrance near the St. Louis gate. This had not been done.

Mr. BENNETT: I thought we did not spend anything on it last year, that there was no item for it.

Mr. LAPOINTE (Quebec East): Oh, yes. Last year we spent $100,000. It was spent through national defence.

Item agreed to.

Insurance — departmental administration, further amount required, $3,600.

Mr. BENNETT: This is paid by the insurance companies?

Mr. ILSLEY: Yes.

Item agreed to.

DEPARTMENT OF JUSTICE

Yukon territorial court — administration, $8,000.

Right Hon. ERNEST LAPOINTE (Minister of Justice): We were discussing this item at six o'clock.

Mr. BENNETT: When the house rose at six o'clock I was directing attention to the next item, which is statutory, covering judges' salaries and travelling allowances, amounting to $2,041,600. I was referring to what I consider the undesirability of the appointment to the bench of an official who is the defendant in a lawsuit. He was appointed to the bench on about the thirtieth day of the trial, in the midst of his cross-examination. His appointment has certainly subjected the appointing power to a great deal of criticism. The action was brought against him alleging lack of authority in the delivery up of 275,000 shares of capital stock in one company and a larger number in another. On discovery he admitted he had no authority under the provincial statute to do this. He was a party defendant. The action was tried by, I believe, Mr. Justice McTague, and it lasted longer than any trial in the history of Ontario, so counsel for one of the parties said in a public statement. It seems to me to be rather an improper exercise of the appointing power to name a barrister who was one of the defendants in an action, under the circumstance that he was standing in the witness box in the midst of his cross-examination when the appointment was announced.

Mr. LAPOINTE (Quebec East): I am not supposed to have known that.

Mr. BENNETT: But I am bound to say, as one of my correspondents who is uninterested says, it is pretty difficult to think it was not known at least to those from that province whose business it was to advise the minister with respect to it. He might not know it. But it does embarrass a judge in the trial of an action to have a witness in the midst of a cross-examination promoted to be his brother on the bench. It is still more embarrassing to those who have to conduct trials of actions hereafter before that very same gentleman, to find themselves in the midst of the cross-examination confronted with a new justice of the high court, he having been, when he took the witness-box, a plain member of society, known by another title, and sued in his personal capacity.

Mr. LAPOINTE (Quebec East): He was defendant in his personal capacity?

Mr. BENNETT: Oh, yes, he was defendant in this action.

Mr. ILSLEY: As securities commissioner.

Mr. BENNETT: He was sued, and it was alleged that he acted beyond his authority and was personally liable. He admitted on discovery that he had no authority under the statute to do what he did, and in the midst of his cross-examination he suddenly became a justice of the high court. It made it very embarrassing alike for judge and counsel to face that situation.

Mr. McLARTY: Might I ask my right hon. friend a question? I know he has as high regard as I have for the dignity of the judiciary of Canada, and I wondered if it would not be fair to state that it was in the official capacity in which the gentleman acted at that particular time that the question to which my right hon. friend now refers was asked.

Mr. BENNETT: No. My learned and hon. friend, in a most unusual manner, has not appreciated my point.

Mr. McLARTY: I tried to.

Mr. BENNETT: It is very unusual for him not to appreciate it. The reason is probably my lack of clarity and not his lack of understanding. What I desired to make clear was that the gentleman who was appointed to the bench was the defendant in an action, and it was alleged that he was occupying a position under a provincial statute—

Mr. McLARTY: May I suggest to my right hon. friend that the fact that he was defendant in the action was possible only by reason of the official position which he occupied at that time.

Mr. BENNETT: If my learned and hon. friend will possess his soul in patience, and not manifest some impatience, I shall answer him. This gentleman was a defendant, and it was alleged—properly or improperly I do not say—that he acted beyond the scope of his authority. On discovery he admitted that he had no authority to do what he did do with respect to 275,000 shares of one company and a larger number in another. The question at issue was whether or not he had made himself personally liable. In the judgment of the court different dates are given as to the duration of the trial. One of them says it lasted nine weeks; but as I understand the matter, nine weeks would include all days of the week, and the court did not sit every day of the week. The trial lasted about forty-one days, including the argument. At the end of about the thirtieth day, in the midst of his cross-examination, he suddenly became a justice of the high court, and counsel found himself

cross-examining, not a securities commissioner, but a justice of the high court, which, of course, made the situation a little difficult alike for judge and counsel.

Mr. McLARTY: Might I suggest to my right hon. friend that judgment has since been given in connection with the particular action to which he refers, and that judgment is in favour of the one who was appointed.

Mr. BENNETT: The action was dismissed. That has nothing to do with the matter. It is as remote as the moon, and the hon. gentleman knows it, because an appeal can be taken. The difficulty is that in the midst of the cross-examination of the witness he is appointed to the bench, he himself is a party defendant, and is charged with doing something which rendered him, according to the statement of claim, personally liable. I was asked to bring this to the attention of the minister. I believe that if the Minister of Justice had known of these circumstances, he would not then have made the appointment. My long experience with him induces me to believe that he would not have made it; he would have delayed it until such time as the action was out of the road.

Item agreed to.

Penitentiaries branch—branch administration, $85,040.

Mr. LAPOINTE (Quebec East): It is the usual vote.

Mr. BENNETT: This is one of the two items referred to this afternoon?

Mr. LAPOINTE (Quebec East): Yes.

Mr. BENNETT: Criticism will have to be deferred to another occasion.

Item agreed to.

Operation and maintenance of penitentiaries, including administration, construction, purchase of land, supplies and equipment, and maintenance and discharge of inmates, $2,679,561.

Mr. BENNETT: Those two items are the items mentioned this afternoon on the penitentiaries bill.

Item agreed to.

Pensions and other benefits—William Tatton, $564.

Mr. LAPOINTE (Quebec East): This is a pension which has been continued since 1902.

Item agreed to.

J. Langlois Bell, $600.

Mr. LAPOINTE (Quebec East): This is in the same category.

Item agreed to.

[Mr. Bennett.]

To provide for publication of Canadian constitutional decisions of the privy council, 1929-1937: Payments may be made notwithstanding anything contained in the Civil Service Act, $3,500.

Mr. BENNETT: Probably the minister will give some explanation of this item.

Mr. LAPOINTE (Quebec East): Really it is the officers of the department who have recommended this. It is a very useful work.

Mr. BENNETT: Cartwright's cases. There were four volumes of them, and then we used to publish them. Then we had Cameron, volumes one and two. The later cases have not been brought up to date.

Mr. LAPOINTE (Quebec East): No; they are not up to date.

Mr. BENNETT: I take it that this is intended to provide for what would be volume three of Cameron?

Mr. LAPOINTE (Quebec East): That is right.

Mr. BENNETT: I think that is desirable.

Item agreed to.

To hereby provide for the payments of gratuities to the widows or to any dependent children, of judges who die while in office, $15,000.

Mr. BENNETT: The minister might make a short statement.

Mr. LAPOINTE (Quebec East): It has long been the practice, when a judge of the high court dies, to pay two months' salary to his widow.

Mr. BENNETT: This is the item that covers that.

Item agreed to.

Royal Canadian Mounted Police—general administration, $227,368.88.

Mr. STEWART: There is an increase of $14,000.

Mr. LAPOINTE (Quebec East): In the three items that follow there is a large decrease of $72,000.

Mr. BENNETT: At this point the minister might make a short statement indicating the position of the mounted police with respect to the several provinces of Canada. It has been pointed out to me that in Nova Scotia there has been great laxity in the enforcement of the law in connection with what has always been a source of trouble, namely, smuggling. The complaint is that in that province at the present time—I daresay the minister has seen it in the press—alcohol is doctored, bottled

and sold as rum; that regular routes are established, and that this has been injurious to the well-being of the community at large, the practice having, moreover, become so prevalent that the present force is unable to cope with it.

Mr. LAPOINTE (Quebec East): As regards policing the provinces, we are doing only our own work in British Columbia. In Alberta, Saskatchewan and Manitoba we are doing provincial work.

Mr. BENNETT: Under the agreements that have been in force for some time?

Mr. LAPOINTE (Quebec East): Yes. In Ontario and Quebec we have our own work under federal statutes, and under agreement we are doing work in New Brunswick, Nova Scotia and Prince Edward Island. I am aware of the trouble that has taken place in Nova Scotia and the complaints that have been made regarding the enforcement of statutes, especially in connection with liquor smuggling. I am advised, however, that during the last few months there have been more seizures and convictions than at any previous time, and a reorganization is being effected. I do not know whether Mr. Mead has been appointed yet, but the intention is to send him to that province. He has been doing in Montreal effective work of the kind that is necessitated in Nova Scotia. He is going there some time this summer to take charge, and it is hoped that he will do the same excellent work that he has done in Montreal.

Mr. BENNETT: I think that covers the question which I asked. My information is that there are fifty-two cases, of which I think I could give evidence if required, in which liquor has been landed at ports in Nova Scotia, having been really smuggled in. The minister says that he has been aware of the complaints, just as I am, and probably from the same source. For my part I should think that what he proposes to do in an endeavour to remedy the situation should be given the needed opportunity to demonstrate its usefulness, and if it is not effective, then will be the time for further criticism.

Mr. LAPOINTE (Quebec East): Of course, the fact that we are sending the chief of the Montreal branch to that province is no reflection upon the officers there.

Mr. BENNETT: It is prima facie evidence of an intention to do the best one can.

Mr. MacNEIL: Some time ago the minister indicated that it was the intention to investigate the complaints of espionage activities in Canada under the cloak of fascist organization. I have seen photostat copies of letters placed in the hands of agents of the Royal Canadian Mounted Police showing that operatives are active within Canadian borders and to some extent linked up with espionage activities recently exposed in the United States. There has been considerable evidence to show that an attempt has been made to smuggle small arms into Canada, and all this has been done under the cloak of fascist organization. Can the minister make a short statement?

Mr. BENNETT: Before the minister answers, I should like to say a word. A large number of documents have been sent to me, and if they are accurate they indicate clearly that there have been great activities in this dominion extending from the central provinces west. The peculiar activities touch perhaps more closely the Department of National Defence. It is not that it is regarded as likely that any effort will be made, for instance, to deal with the man power of the country, but is rather to prevent the industrial activity of the country from being made productive in munitions of war in the event of our having to produce such munitions. It is clear, for instance, that the turn of a screw might put out of commission an extremely valuable machine and render it impossible for that machine to function. The removal of a very small piece of machinery might render the whole incapable of work for a considerable time. Whether I can attach credence to these documents in their entirety I do not know, but certainly there must be considerable activity emanating from Chicago and spreading over this country dealing with conditions in Ottawa and Montreal, showing a desire to obtain information having to do with conditions in this city, with our aircraft activities, with the work that has been done in our factories. It occurs to me that we should take steps to the extent of our ability to deal with that situation. I was much impressed, when the great war came, with the fact that we laughed at the idea of any such thing as espionage in this country, and we did not take it seriously. Yet within a short time a bridge was destroyed. We were able to trace the matter and ultimately take proceedings in connection with it. The destruction of that bridge indicated a close and accurate knowledge of general conditions in this country. The placing of an explosive at a particular point wrecked the bridge. My information is that a great deal of activity is being carried on; that cameras are very much in use.

In the case I mentioned the other evening respecting a particular individual, I gave such

information as I had to one department which was looking into the matter for another purpose. It is clear that the gentleman had a map case, a camera and binoculars, which largely constituted his stock in trade. He worked on a farm in Ontario, and the farmer with whom he worked wrote to me. He then transferred his activities to Montreal. It is not necessary or desirable that I should at this time enter into a discussion of what he did there; that had to do with another branch of the activities of our friends.

If the evidence is to be relied on—I do not wish to say it is wholly reliable—certainly photostat copies of documents which came to me clearly indicate that we have in our midst in this country a condition which we should not tolerate. I trust the minister will see that the police take every step in their power to prevent this from continuing. We should cooperate as far as possible with the United States, because it is reasonably clear that the master minds that control activities there are also controlling them here. The communications to which I refer were directed to Chicago, and the difficulties that had to be overcome to obtain the information were great. It is desirable that we should not have any condition prevailing which would render ineffective any measures we might desire to take, or which would cripple our hands if we desired to use our army or air force for our own defence in time of peril. I was struck by reports as to what had been done in some of the great industrial organizations. No one thinks for a moment that there is an effort to cripple our man power in the large sense, but there appears to be an effort to cripple those productive machines on which in mechanized war the people must rely for their defence.

Mr. LAPOINTE (Quebec East): In answer, first to the hon. member for Vancouver North (Mr. MacNeil), I may say the communications he has received have also been received by me and by the department, and inquiries have been made. This allegation that people in Montreal who call themselves fascists were drilling and having arms arose, first, through statements in the press from boastings on the part of the so-called leaders, seekers after publicity more than anything else, that they had 25,000, 30,000 and, some were cheerful enough to say, 75,000 adherents. The number is much less than that. Well-intentioned people, even eminent gentlemen, by believing that sort of thing and giving expression to fear about it, are rather playing into the hands of those so-called fascist leaders who seek publicity. It is the same with the communists; they want publicity; if they do not get it they disappear. They live on it. We found that there was nothing as far as those allegations as to arms are concerned. Some of these people congregate in large numbers with all the paraphernalia, shirts—I do not know whether black or brown; it is foolish anyway—and make gestures and that sort of thing. They do, fifteen or twenty or twenty-five of them, what they call military exercises, just stand at attention and walk. There is nothing very dangerous about it, except that they make inflammatory speeches, denouncing many public men, particularly your humble servant. One of them said at a meeting that when they take office the first Jew that will be expelled from Canada will be Ernest Lapointe. But this does not prevent me from sleeping at night.

As far as reports that they were importing arms are concerned, these were sent to us by certain gentlemen, who were found by the agents of the Royal Canadian Mounted Police to be members of the communist party. We followed the hints and suggestions that were given to us from those men, but at the last moment the people were always disappearing, and the police officers who went to the places indicated discovered that there was nothing there. So the denunciations of those gentlemen will not be taken very seriously in the future unless they are supported by something more definite.

My remarks in that regard apply both to communists and fascists. They live on publicity, notoriety; they like it to be said that there are 50,000, 100,000 of them; that they are going to have candidates everywhere at the next general election—

Mr. BENNETT: That may account for the Kingston riots.

Mr. LAPOINTE (Quebec East): It may. But I implore my fellow citizens not to be alarmed by these reports which are given to the press and at meetings by people who want to be considered big men and important factors in the national life. If we judged by press reports, Montreal is a place where we are in serious danger from both sides, fascists and communists. Let me tell hon. members that we are not afraid of them there. The population is too sane to be carried away by those crazy appeals. On the other hand I may assure the committee that the police and the secret service of the Royal Canadian Mounted Police have the situation well in hand. If anything of a serious nature, or suggesting any danger, should happen, these people will find that Canada is not a place where such things can be carried on without interference by the police.

Mr. BENNETT: That does not touch my question.

Mr. LAPOINTE (Quebec East): In reference to the subject matter of the remarks of my right hon. friend, while it would not be in the public interest to divulge what steps are being taken, or by which department, there again I can assure him that the situation is being looked after and is well in hand. I do not and we do not minimize the possible danger of the situation which my right hon. friend has depicted; we will collaborate and are collaborating not only with the United States but also with the British authorities in that respect.

Mr. MacNEIL: I am not attempting to exaggerate the importance of the fascist organization; but the situation took a different turn when a number of individuals were indicted during the grand jury sessions in the United States recently where, as I am informed, it was definitely shown that there was a relationship between those activities in the United States and similar activities in and around our important airports in Canada. I am asking the minister to exercise some restraint on organizations professing fascism, but which actually are commonly used as a cloak for espionage activities on the part of agents of foreign governments. May I ask if there has been some cooperation between the departments of Canada and the United States in this regard?

Mr. LAPOINTE (Quebec East): Yes.

Mr. MacNEIL: So that these individuals may not cross the border and embarrass us with their activities?

Mr. LAPOINTE (Quebec East): I quite understand what my hon. friend has in view. For a time this session I considered the introduction of legislation similar to that enacted in Great Britain a couple of years ago, prohibiting parading in uniform for political purposes. I did not recommend it to the government, however, because I thought really it was giving too much importance to these people. There is some danger of doing that, and it is just what they want. If necessary, however, I shall be pleased to submit legislation of that kind to parliament if this movement increases; but in spite of the boasts appearing in their own little newspapers, my information, based upon facts ascertained by our agents, is that, instead of the movement spreading, the leaders find it difficult to gather at their meetings the same number of people who were attracted there by curiosity at first. However, we are looking after the matter.

Mr. BENNETT: If it were not for the fact that I think every member of the committee should have a clear appreciation of the possible seriousness of the matter to which the hon. member for Vancouver North has referred, as well as the statement I have made, I should have been content merely to leave it to a private conversation with the minister. But I think every member of the committee should have some conception of what I regard as the seriousness of the situation.

Mr. LAPOINTE (Quebec East): The subject matter of the remarks of my right hon. friend is much more important.

Mr. BENNETT: I must say that in the main I do not disagree with the minister in the other matters to which he has referred; but with respect to the question of espionage and spies, in the Niagara area, shall I say, the evidence submitted to me indicated that an effort was being made to bring over three hundred revolvers, and the person named upon whom they were to rely to effect the transfer across the border enjoyed the reputation of a well known bootlegger and smuggler, whatever that may mean.

I mention that now in this committee not because I do not think the minister is seized with the seriousness of it, or because I do not know that at least one other department, if not more, is concerned about it, but because I think it desirable that every member of the committee should hear the statement the minister has made, and that the members of the committee, when they leave here, should have a clear appreciation of just what may be involved. I think the statement of the minister will do much to help all of us realize, as we in this country should realize, that there is a possibility of this becoming a serious matter, though in the main we have always treated these questions as being unworthy of very serious attention. From what has taken place in the United States it now appears that something of the same sort is going on in at least some parts of this country, and if once we make it known in this public way that this is not to be permitted to continue with impunity, I think that in itself will have a very salutary effect; for I am satisfied that if the police and other branches of government departments take the matter in hand, we can adequately deal with it.

Mr. WALSH: I want to assure the hon. member for Vancouver North that what the Minister of Justice has said in connection with the fascist movement in the district of Montreal and the province of Quebec is quite correct. The so-called leaders of that

movement, particularly in the district of Montreal, are in no way leaders in the real sense of that term. They are men of very ordinary talent who love to wear a uniform of some distinctive character; and finding no other possible way of wearing such a uniform except through the medium of a movement such as this fascist movement, they don that uinform and pretend to be leaders. Now they are even quarrelling among themselves as to which is the actual leader and which the captain of this so-called movement, which has very little significance in the province of Quebec. It has been given wide publicity outside that province, much to the detriment of Quebec, but conditions have been very much exaggerated even in comparison with what they were at the maximum of their intensity.

A year or two ago I think we instituted something in the way of a cadet scheme or a training system for prospective members of the Royal Canadian Mounted Police. I know there is a training school at Regina; but this system was introduced in order to train young men as prospective members of the police, or at least to give them the training which would be necessary to permit them to become established in that force. I was wondering if that effort had been pursued to any great extent. I think it was an excellent move. Even if it is not possible to absorb these young men into the Royal Canadian Mounted Police, they have been excellently trained for other purposes, and may be trained to such an extent that they could find places in the service of a provincial or municipal government, or even with industrial plants. The training they would receive under a cadet system or the training system of the Royal Canadian Mounted Police would not only fit them for that force, but fit them admirably for a position elsewhere in life. I was wondering if that system, instituted at one time, was meeting with any favourable progress, or whether it had been discontinued.

Mr. LAPOINTE (Quebec East): I agree with what the hon. member has stated with regard to the excellence of the initiative taken to train some young men as prospective members of the Royal Canadian Mounted Police. Last year at a certain time there were 300, and I believe the average was about 175 or 180. I am not sure that this will be done this year, as the money at our disposal is being used for additional reinforcements in some parts of the country. However, the idea is not at all abandoned, and the hon. member may be sure that not only are his remarks taken in good part, but when occasion arises they will be acted upon.

[Mr. Walsh.]

Mr. BENNETT: What are the present numbers of the mounted police, all ranks?

Mr. LAPOINTE (Quebec East): There are 2,500.

Item agreed to.

Land services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses, $5,036,172.87.

Mr. MITCHELL: In connection with allowances for married men in the Royal Canadian Mounted Police, is special allowance given a married man in a division who is living in a city, and not on detachment?

Mr. LAPOINTE (Quebec East): The matter is being seriously considered, but no decision has yet been reached.

Item agreed to.

Land services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses—further amount required, $23,000.

Mr. BENNETT: Why was this additional amount required?

Mr. LAPOINTE (Quebec East): It covers repairs to a boat in the far north.

Item agreed to.

DEPARTMENT OF THE SECRETARY OF STATE

Chief electoral officer—salaries and expenses of office, $16,960.

Mr. BENNETT: Was it in the office of the chief electoral officer in which an assistant, who has nothing to do, was placed, at a salary of $3,000?

Hon. FERNAND RINFRET (Secretary of State): May I point out that this vote and the one coming later in connection with the dominion franchise commissioner will be affected by the legislation adopted this afternoon. These offices have been operating since April 1, and after careful consideration we have decided to leave the estimates as they are. The bill provides that an additional three months will be required before the new measure can be enforced and the forms printed. Another section of the bill provides that some parts of it may be enforced only after proclamation. So it is expected that for at least two-thirds of the fiscal year the offices will be kept separately. Of course the major salaries are not voted, but are statutory. When the section carrying the new salary of the chief electoral officer is in force, the salary will automatically be increased from $6,000 to $8,000. In the same way, when the dominion

franchise commissioner's office has been dispensed with, the salary and other statutory provisions will be eliminated.

So far as the salaries to be voted are concerned, we expect the chief electoral officer, for the few months he may be left alone, will be able to carry on with the money asked for in the present vote. If necessary, we may meet an emergency.

Mr. BENNETT: I asked whether the assistant to the chief electoral officer is still continuing in office. That is the officer who, during the term of the last government, was not appointed, and there was no necessity for him during the three years prior to 1930. But shortly after the last election in 1935 an appointment was made. What has he been doing since?

Mr. RINFRET: I must say that statement is correct; but at the time I took the stand—and I still take it—that this office being composed of a small staff, it was desirable that the chief electoral officer be represented in his office by an assistant, should the chief officer find it necessary to be busy outside the office. At the time Mr. Castonguay made strong demands for an assistant, and was able to convince me that one was necessary.

Mr. BENNETT: I think it was the other way about.

Mr. RINFRET: During this session Mr. Castonguay has been busy before the committee on electoral matters, and I know the fact that the office has not been closed because Mr. Castonguay was called outside has been appreciated.

Mr. BENNETT: I see; there is a staff to keep the door open.

Item agreed to.

Dominion franchise commissioner—salaries and expenses of office, $11,680.

Mr. STIRLING: What does the government propose to do with those civil servants who were occupied in the franchise office, from the commissioner himself and his assistants down?

Mr. RINFRET: I am sorry I cannot give a precise reply to that question; but as regards the smaller offices, I have no doubt it will be very easy to absorb these employees either with the chief officer if the work demands it, or in other departments of the government. As to the dominion franchise commissioner, I am very sorry I am not in a position to say what the government will be able to recommend, but I might point out that the disposition of that office is not with the government but with parliament through its committee.

Item agreed to.

Public archives—general administration, and to provide, notwithstanding the terms of the Civil Service Act or any other act or law, for payment of an honorarium of $1,000 to J. F. Kenney as a recognition of his services as acting dominion archivist—further amount required, $4,000.

Mr. MALLETTE (Translation): I have a question to ask the minister and a bit of advice to offer him, if he will kindly listen to me. The Public Archives Department publishes each year a most interesting report, but in addition it publishes from time to time special reports which should be better known to the public. I refer particularly to the work entitled Constitutional Documents whose authors are Messrs. Short and Doughty. These volumes have been published three times. The first English edition was brought out in 1907, with a French translation in 1911; the second English edition was published in 1914, with a French translation in 1915, and the third and last edition was printed in English in 1918 and in French in 1921. I have tried to obtain copies for every school in my constituency, but I was told that the quantity available did not permit of a public distribution. I managed, however, to get three copies of the series—one English and two French. I placed them in three of the principal schools of my constituency.

It is my opinion that this work should be reprinted with a view to being placed in the hands of all educators and of all citizens who take an interest in Canadian history. I do not expect the minister to promise this very evening to have these volumes reprinted immediately, but I ask him to give favourable consideration to my request in order that copies may be obtained next year.

Mr. RINFRET: I thank my hon. friend for his compliments which I shall convey to my departmental officers. As to his request, I have to point out to him that the books to which he refers are somewhat important and fairly expensive. However, I shall consult my officers and see what can be done to meet my hon. friend's request.

Mr. BENNETT: It is a very dangerous precedent to establish, and one which we have hesitated during all these years to establish, namely, that when an official during a vacancy discharges the duties of chief, he

should be compensated when an appointment is made by giving him some further amount. We have steadily taken the opposite view; but now and then where very arduous work had to be looked after, involving great responsibility, such a provision has been made. I can, however, recall many cases in which it was refused on the advice of those who had to deal with matters of this kind, that it was a dangerous precedent to establish. I think, if the item had been worded differently, it probably would have more correctly and adequately expressed the facts.

Mr. RINFRET: I can only say that I was glad that my recommendation in this instance was accepted by the government.

Mr. BENNETT: It would be difficult to justify it on that ground.

Item agreed to.

Public printing and stationery—distribution of official documents, $44,100.

Mr. BARBER: Why the increase in this item?

Mr. RINFRET: In the new form of preparing the estimates, two clerks, who were usually shown under the general vote, have been transferred to this vote, so it is not really an increase. My hon. friend will find there is a decrease, not quite so large, in the departmental administration vote, but the difference is accounted for by the restoraation of the five per cent salary deduction.

Item agreed to.

Printing and binding official publications for sale and distribution to departments and the public, $40,000.

Mr. BARBER: What is the revenue from the sale of these publications ?

Mr. RINFRET: I regret that the king's printer is not here. Perhaps my hon. friend will allow the item to pass, and I can give him the information in the morning. This is the usual amount voted every year.

Mr. BARBER: In the details I see an item of $32,363 for "printing, etc., for sale," and I was wondering what the receipts were.

Mr. RINFRET: The revenue for the ten months prior to January 31, 1938, from the sale of publications to departments, was $4,720.18, and from the sale of publications to the public, $32,725.31. The sale of publications to the departments is rather a bookkeeping item than an asset, but the revenue from the public is $32,725, so the service practically pays for itself.

Item agreed to.

[Mr. Bennett.]

Public printing and stationery—Plant—repairs and renewals—further amount required, $20,000.

Mr. BENNETT: Did the plant become obsolete between the date of the main estimates and the supplementaries?

Mr. RINFRET: No. For two or three years we have voted only $10,000 a year for repairs to carry on the plant. In the old days the vote for repairs and renewals was from $25,000 to $30,000 and even more. Naturally we have reached a point where we find that we must renew certain of the machines of the printing bureau, and this vote is destined to meet that need.

Mr. BENNETT: I hope it reaches its "destiny."

Item agreed to.

Naturalization branch, $62,180.

Mr. RINFRET: The small increase in these different branches is mainly due to the restoration of the five per cent salary deduction and the statutory increases.

Mr. BARBER: What was the increase in the naturalizations?

Mr. BENNETT: How many were naturalized last year?

Mr. RINFRET: There are four new clerks in the branch. The amount for temporary assistance has been reduced by nearly $3,000.

Mr. BARBER: The question I asked was, What was the increase in the number of those naturalized in the past year? Perhaps the minister could give the numbers by nationalities.

Mr. RINFRET: There are different sections under which naturalization is granted. The main one, of course, which provides the normal procedure, is section 4. In 1936 there were 17,339 naturalizations; and in 1937, the last year for which we have figures, 15,831. Naturalizations under section 5 numbered eighty-nine in 1936, compared with seventy-two in 1937. Those are special cases. Sections 6, 7 and 8 apply to small numbers. As regards section 13, dealing with the naturalization of women, in 1936 there were 5,914 and in 1937, 7,590. This is one of the sections effected by an amendment of the act some years ago requiring the separate naturalization of women.

Item agreed to.

Companies branch, $48,360.

Mr. BENNETT: Have any steps been taken by the government looking towards the supervision of companies as indicated in some of the addresses which were made in 1935?

The minister will recollect that under orders in council certain powers were entrusted to administrative officers, and I desire to know whether any action has been taken looking towards a more effective supervision of companies and their capital structures.

Mr. RINFRET: I understand we have in the supplementary estimates an amount covering that, establishing a special bureau.

Item agreed to.

Bureau for translations, $281,130.

Mr. RINFRET: The large increase in the translations bureau item is due mostly to the fact that, carrying on the policy—I will admit—of the former government, and of the present one, we have transferred quite a number of translators from other departments to the bureau for translations—three from labour, two from mines and resources, six from national defence, three from trade and commerce and one from transport; in all, fifteen translators and clerks connected with translations, which accounts for most of the increase in that branch. The activity otherwise of the bureau has been very great on account of the number of reports which have issued from different commissions during the course of the year. I think this item will commend itself to the committee inasmuch as it is not really an increase as much as a transfer from other departments. I just wish to add that if you find occasionally in estimates of other departments the word "translator," it relates mostly to cases where the translation work is mixed with some other work. For instance, the patent records has an auditor who is still voted for under the caption of translator, but he is not really a translator. The same applies to one of my archivists in the archives branch. It is the policy of the present Secretary of State and the government to transfer under the bureau for translations all translators in the service, and when possible to give a different name to those who, not being translators, should not be designated as such.

Mr. BENNETT: It is another striking instance of hon. gentlemen opposite having found, in office, the utility of the legislation passed when they were in opposition and which they opposed. It is gratifying.

Mr. RINFRET: This is again an occasion upon which I am glad that I have been able to convince some of my colleagues.

Mr. BENNETT: Quite. I would think the minister's time is mostly taken up in convincing his colleagues of the justice of his recommendations.

Item agreed to.

Canada Temperance Act, $5,000.

Mr. BARBER: Will the minister explain this item?

Mr. RINFRET: The Canada Temperance Act? I thought everybody knew that. This is an old act which is still on the statutes but is of application now only in three or four counties in the dominion. One is in Quebec—the city of Thetford Mines, I think it is—one in Ontario, Manitoulin, and a couple of counties in Manitoba. The amount is voted because in one of these counties the desire was expressed to have a referendum to do away with the operation of the act in that county. As I say, this is to provide for that, but there has been no expenditure in that direction for the last few years.

Mr. BENNETT: And no difficulty in convincing the minister's colleagues on that point!

Item agreed to.

Patent and Copyright office—branch administration, $34,285.

Mr. RINFRET: There is no change.

Item agreed to.

Patent division, $143,000.

Mr. BENNETT: Has the minister made any arrangement in connection with the patent office? He will recall that I mentioned to him some time ago—and doubtless he has convinced his colleagues of it by this time—that it was desirable to make some necessary changes there, or at least to provide for additional help to take care of the overcrowded office in which patents were pending, including patents for providing estimates for the public service.

Mr. RINFRET: I have given special care to that matter. If it were not for this late stage of the session, I have here a voluminous report from which, if I quoted from it, I would appear very wise. I have visited the patent office, and I may say, not for the sake of myself or the government so much as on behalf of the officers, who are loyal, that I found there was no vault in the patent office. They are cramped for space, and instead of there being a very large room in which all the patent records could be contained, some are downstairs, some are on the first floor, others even in the corridor, and therefore it takes a longer time to get at the different numbers required. For the same reason it has not been found possible to increase the number of clerks to the extent that we would

have desired, although we had three new ones last year and are providing for two or three this year.

Mr. BENNETT: Nowhere to put them.

Mr. RINFRET: That is exactly the point. We have been in communication with the Minister of Public Works and are securing an additional place in the adjoining building, but that will be only a temporary remedy. When the Post Office Department moves into the new building I hope it will be possible to accommodate the patent office as adequately as it should be. We have been gaining ground, and without going into detail I may say that I am giving to that particular branch of the service my very best attention.

Mr. ROWE (Dufferin-Simcoe): The minister might explain the increase of $10,000.

Mr. RINFRET: That is to meet the required number of additional clerks that I have indicated, but part of it is due to other items.

Item agreed to.

Companies branch—further amount required, $6,800.

Mr. RINFRET: This is to establish a new branch of securities information, to which I alluded a moment ago.

Mr. BENNETT: What is the proposed nature of that branch? This becomes important, and I should be greatly obliged if the minister would indicate the plans he contemplates.

Mr. RINFRET: This new division of the companies branch is to deal with the compilation and interchange of information relating to corporations, and issues of securities, also assistance and cooperation in connection with securities fraud legislation. At the meeting of the dominion-provincial committee on company law convened by the Secretary of State on Tuesday, November 3, 1936, it was unanimously recommended that such a bureau be established. The next year that desire was expressed again in the following terms:—

There should be established by the government of Canada a central bureau for the collection and distribution of information relating to promotions, records, persons and administrative activities in respect to securities. To this bureau each provincial body administering its securities act will report refusals, suspensions and cancellations for cause, with its reasons, and other relevant data. As the object is to secure interprovincial and provincial-federal cooperation for the prevention of fraud in this field, it is recommended that steps be taken to secure the exchange of views and information and to make other cooperative arrangements between the proposed bureau and the securities and exchange commission of the United States.

Mr. BENNETT: The point which I had hoped might be dealt with is not covered either by the memorandum the minister has read, or by this appropriation. The question I raised was as to the exercise of some effective supervision over the issue of securities by companies. This only locks the door after the horse is stolen; it only enables the department to maintain a bureau for the interchange of information. What we were seeking was a statement as to the attitude of the department towards effective supervision of the issue of the securities themselves by dominion companies. As the minister will recall, that matter has been the subject of much discussion, regarding the type and nature of securities that must be issued. It is clear that this item does not cover that, but deals rather with the establishment of a central clearing house of information in accordance with the recommendation made by the members constituting the body known, I believe, as the commission on uniform legislation and interprovincial laws, which meets at the same time as the Canadian Bar Association.

Item agreed to.

Bureau for translations—further amount required, $8,460.

Mr. STIRLING: There was a very large increase in temporary assistants in the main estimates, and now the minister is asking for $8,000 more. Will he explain that?

Mr. RINFRET: As I said when we were on the main item, there has been a vast amount of translation going on this year, and we have not been able to catch up with the work although the bureau has been working very hard. This is all intended for temporary assistance, printing and sundries, and is not meant to be added permanently to the bureau for translations. It is merely to conclude the work of the present session.

Item agreed to.

Adjustment of war claims, $12,000.

Mr. BARBER: The minister might explain this.

Mr. RINFRET: This is not, as might be surmised, for the payment of additional war claims. That office was closed years ago. The amount is asked for by the Department of Justice to meet possible legal fees in an appeal lodged before the supreme court in the famous case of Rex v. Logan. It may or may not be expended, but the department has

asked us to provide the amount in case it is. The appeal being against us, naturally we have to respond to it.

Item agreed to.

DEPARTMENT OF MINES AND RESOURCES

Indian Affairs branch—Medical Indian hospitals and general care of Indians, $1,218,916.

Mr. PERLEY: There is an increase in the vote. I understand there is a request to build an addition to or to make improvements in the hospital at Fort Qu'Appelle or else at Le Bret. Can the minister make a statement?

Hon. T. A. CRERAR (Minister of Mines and Resources): There is nothing in the vote for increased facilities at the hospital mentioned by the hon. member. The increase is due almost entirely to the increased amount appropriated for the treatment of tuberculosis among the Indians, looking to a program of eradication. That explains the increase in the vote, but it is not intended this year to increase facilities at the hospital in question.

Mr. PERLEY: Is it proposed to increase facilities at Le Bret in connection with the Indian school or to take care of suspects or carriers?

Mr. CRERAR: The matter is under consideration, but there is nothing provided for it this year. It may receive consideration next year if it is found possible.

Mr. COLDWELL: I am glad to see the increase for this purpose, but could the minister tell us briefly the nature of the increased services to the Indians for the eradication of tuberculosis?

Mr. CRERAR: That is done in cooperation with the provincial departments of health, and consists mainly of surveys in Indian schools, particularly in the older settled communities. Those surveys are made largely by the clinics of the provincial governments. That work was started a year ago on a very modest scale; the increased vote this year permits an extension. If there is more than sufficient money to care for the program in the schools, the work will be extended to some of the more necessitous cases on reserves adjacent to white communities.

Mr. BARBER: Is it under this vote that buildings are erected or provision made at the different schools to take care of cases which are under suspicion?

Mr. CRERAR: The vote covers Indian hospitals.

Mr. BARBER: The minister told us that this had to do with inspection of schools; that the provincial authorities send out their medical men and carry on these clinics at the Indian schools and settlements. Is provision made at each of these schools to take care of suspects?

Mr. CRERAR: I did not get the import of my hon. friend's question before. The matter presents some difficulty. An effort is being made where possible to segregate Indian children who are active tubercular cases where they can receive treatment and possibly some instruction at the same time. We hope to make some progress this year, perhaps by taking one school and centring the active tubercular cases in it for treatment. But it is not intended under this vote to build institutions for the care of tubercular cases.

Mr. BARBER: Is it not being done at the present time and for the past two years at Coqualeetza school at Sardis, and St. Mary's school at Mission City?

Mr. CRERAR: There are a few cases where preventoria have been built. These are for cases that may be potential spreaders of the disease among other children. These cases are isolated in the preventoria. That may be extended in a few instances this year.

Mr. BARBER: I understand that has been very successful at these points. As soon as a child in the school is under suspicion, it is removed to the preventorium, and in discussion with the medical men they speak very highly of the policy and recommend that it should be continued and extended.

Mr. CRERAR: There will be a few of those preventoria opened again this year for that purpose. I think there is one at Alert Bay, British Columbia, and one at Fort Alexander in Manitoba.

Mr. McCANN: The problem of tuberculosis among the Indians is one which, I am sure, is engaging the attention of the department. It has for a long time engaged the attention of the Canadian Tuberculosis Association and of organized medicine. I should like to place before the committee a memorandum setting out the viewpoint of organized medicine with reference to the problem of tuberculosis particularly among the Indians.

Last year in Canada there were 6,763 deaths from tuberculosis. Of that number 748 were among the Indian population. That is, 11 per cent of the deaths in this country

from tuberculosis occurred among the Indian population. That figures out at twelve times as many per 100,000 of population among the Indians as among the white people. That means that the Indian death rate, which was ten times as many in 1936, has now risen to twelve times as many per 100,000 as among the white population. This is the memorandum:

The medical services of the Indian Affairs branch, however complete they may be and deserving of commendation in other ways are singularly lacking and inadequate in the matter of control of tuberculosis. A more aggressive policy is absolutely necessary to solve this problem. A comprehensive and progressive program is long overdue. These observations are based upon the following facts:

1. The Canadian people have failed in their duty to 112,000 Indians as long as they are denied facilities for the diagnosis and treatment of tuberculosis to the same degree as they are available for the white population.

2. The failure to control tuberculosis in the Indian population is hampering the program among the white population. Canadian provinces have assumed responsibility for tuberculosis control in their white population and they are complaining of the handicap due to the lack of an aggressive policy on the part of the dominion government for the Indian.

3. The provincial health departments feel that it is unfair and inexcusable that a menace is allowed to exist in a section of the population within their boundaries which is not subject to the same measures of control that the provinces have found necessary to establish for the remainder of their people.

4. Considerable sums of money are spent every year on education, relief and general medical services for Indians, but little is spent on tuberculosis, the Indians' chief cause of death, and by far the greatest cause of illness in the Indian population.

There are two reasons why a policy of tuberculosis control has not been initiated. We propose to discuss these and to suggest in a general way their remedies.

1. Sufficient money has never been voted by parliament to make a worth while program possible. It is urged that the usual appropriation be supplemented by a sum of $300,000, the minimum required for a general tuberculosis program, and that in addition $200,000 be voted for a two year construction program to provide accommodation in areas where no facilities are available.

2. Those under whose jurisdiction the Indians fall have told us that a reasonable long term policy with respect to Indian tuberculosis has not yet been enunciated. We would like to state that methods of control of tuberculosis in the white population are now clearly outlined and accepted and are being followed with outstanding success. The methods that should be followed in the Indian population can be no less clearly outlined. Their application may require some adaptation to Indian conditions, but the fundamental principles are the same.

In the campaign against tuberculosis in the white population it has become necessary to

[Mr. McCann.]

define clearly the relative importance of predisposing and exciting causes of tuberculosis. It is our belief, that in the past, undue importance has been attributed to racial susceptibility, climate, diet and other environmental factors. This has served to becloud the real issue, namely that tuberculosis is a communicable disease, in the same way that leprosy, typhoid fever or smallpox are communicable diseases.

Measures to improve the housing, diet and other environmental status of the Indian are worthy of commendation but these measures will fail unless the communicable nature of the disease is recognized, and measures taken to control the spread of infection. The tubercle bacillus, always was, is and always will be the cause of tuberculosis, and hence direct measures are necessary to localize or segregate the germ. These measures will have far more value than indirect methods which are unavailing in the presence of massive infection by tubercle bacilli. Tuberculosis comes from tuberculosis.

We believe that the main reason why the Indian is polluted with tuberculosis is because he is conceived, born, educated, lives and dies in an atmosphere of tuberculosis. This atmosphere of tuberculosis infection was grafted upon the Indian by his first contact with white settlers and has continued ever since.

When one realizes that the white population of this country has been the source of tuberculosis among the Indian population, it becomes clear and definite that the obligation is upon the government of this country to see to it that the Indians, who are their wards and for whom we have a contractual and moral obligation, are given the attention which they deserve for this disease in particular.

Whatever possibilities of escaping from this menace were possible when the Indian lived an open, nomadic life, were removed when he became firmly established on reserves. The faults of environment which have developed may have served to aggravate but are not the real cause of tuberculosis.

It is common knowledge that the Indian has never been given the means to protect himself from this menace in the same manner that has been afforded the more fortunate white population. A policy of tuberculosis control should recognize these facts as fundamental and the lines to be followed based on the most practicable and reasonable manner in which this lack can be overcome.

The policy of control should proceed from two premises:

1. That the recognition or diagnosis of the disease is necessary wherever it exists in the Indian population. It was imperative that these diagnostic facilities be developed for the white population. This service should be made available for the Indian population also. Provincial clinics are even now available and are being utilized in a limited way but could be made more useful by proper organization. This requires the addition of trained personnel on the staff of the Indian affairs branch to coordinate and organize these diagnostic facilities.

I just wonder if any progress has been made during the last year towards the setting up of any such branch in the department.

It requires the addition of one or more physicians trained in tuberculosis to organize this work among the Indians in Canada. It is suggested that it requires one for the east and one for the west.

Such a system would lead to the proper notification and recording of tuberculosis on the Indian reserves. This is the foundation for a tuberculosis control program for any community or group of people.

2. The next is that some action be taken in regard to cases of tuberculosis that are found to exist. This should be done by training, supervision, treatment or segregation.

We believe that in by far the greater number of recognized cases, some action could be taken that would gradually lessen the incidence of infection. This might be brought about in several ways and we offer the following suggestions that could be followed depending on the type of case that is found to exist:

1. In the school. The age of greatest incidence of tuberculosis in the Indian is in the 'teen age group in contrast to the white where it is greatest in the 20-30 group.

I would direct that particularly to the attention of the minister, that the greatest incidence of tuberculosis in Indians is in the school age group, whereas the greatest incidence in the population other than Indian is between the ages of twenty to thirty. That clearly brings to mind the necessity of tackling this problem in the schools.

For this reason coordinated diagnostic services of the provincial tuberculosis clinics and the trained diagnostic staff of the Indian affairs branch should regularly examine the school children at yearly intervals. Cases of tuberculosis would thus be recognized and dealt with in two ways:

(a) By removing open spreaders to a sanatorium or hospital.

(b) Minimal early cases who are potential spreaders could be economically cared for in separate schools or divisions of existing schools where their education could be continued. They do not require expensive care.

In this connection this policy is already in operation by the Indian affairs branch in a limited way. It is found to be feasible, and has already shown evidence of controlling and reducing tuberculosis in the school population. It is the one bright spot in an otherwise dark picture. But it cannot be successful without further measures to control infection on the reserves. In the past some of these children have been sent back to the reserves to receive further infection and in turn to infect the pre-school population.

2. On the reserves. Extension of the diagnostic services will bring to light the extent of the problem in the general reserve population. Cases that are so discovered should then be dealt with. Surveys are useless unless followed up. It seems reasonable that these will fall into several groups:

(a) Those that cannot be dealt with in any way but on the reserves. These will be the older members of the band in whom old customs and traditions are so strongly ingrained that they either cannot be persuaded or that it would be inhumane to suggest that they be removed from the reserve. Some determined effort must be made on the reserve by Indian agents, medical officers, or health nurses, to provide as much segregation as possible. We recognize the old objections that will be raised that it is impossible but it can and must be done as it has been done even in slum areas in the white population. This requires a particular type of nurse with aptitude and training. In this connection, public health officials and tuberculosis officers maintain that there is a field for public health nurses and that they can make a contribution to this problem at a relatively small cost. They maintain that the limited staff of nurses employed by the Indian affairs branch prior to 1932 were doing creditable and worthwhile work. It is our belief that this avenue of attack should be further explored.

(b) The actual segregation of those in which this line should be followed. The segregation of tuberculous patients is a weapon believed to be most powerful in controlling tuberculosis in any community be it white, black or Indian. It is our considered opinion that the Indian affairs branch should treat and maintain in tuberculosis institutions that have been established, or that are feasible to establish, a reasonable number of tuberculous Indians for the protection of the whole Indian population. Experience will determine the number that should be so treated, but for the present a minimum of two hundred should be segregated. This will first include cases from those parts of Canada where the Indian population is in close contact with white people, and hence will contribute to the solution of the problem in both the white and Indian communities.

This group will include young Indians who are at present health minded and are asking for such treatment, cases from large families where there are numbers of contacts, hopeful cases that can be cured, intelligent Indians whose education and sanitary habits will have some effect in raising the standards of the Indian generally. To deny that this is possible is a negation of the assumption that there is any use whatever in the policy of the Indian affairs branch of education of the Indian in any capacity.

The question of where this segregation should be given is an important one. It is natural and logical, just as it is in the white population, that this treatment and segregation be carried out as near as possible to the population it serves. This leads us to the question of reserve hospitals, or small so-called cottage sanitoria. If the Indians were in sufficiently large groups that these institutions might be practicable or economically possible this would undoubtedly be advisable. Its value has already been demonstrated by the Indian hospital at Fort Qu'Appelle, and other Indian hospitals easily accessible to reserves where already a certain number of tuberculous patients have been successfully segregated, and have been persuaded to remain for treatment with a minimum of difficulty. A satisfactory number of these cases have made a successful recovery. It is possible that in some instances this could

be adopted where there are large aggregations of Indians, but it is also true that where there are large aggregations of Indians beds are available in provincial sanitoria, such as Ontario and Saskatchewan, and a policy of duplicating these beds might receive serious objection as to the advisability of spending public funds in their construction. For the many scattered small Indian reserves local cottage sanitoria would seem to be out of the question.

Some general observations which would appear to influence to some extent the policy of treatment and segregation might be made. One is that considerable differences exist between the Indians east of the great lakes and those to the west of the great lakes. Those east of the great lakes have been longer in contact with the white population, there is a greater admixture of white blood, they approach more nearly to the standards of white man, and what is more important their tuberculosis death rate is less than half of that which obtains in the western provinces.

Nothing could more clearly demonstrate the usefulness of the program which has been carried on east of the great lakes and the lack of program which has not been carried on west of the great lakes.

Some hon. MEMBERS: Carried.

Mr. McCANN: There is plenty of time. This is a very important subject, and if this country is going to perform a moral and contractual obligation to the 112,000 Indians in the country, then it is well worth giving some time to the consideration of their health.

For them, segregation and treatment in the white men's sanatoria would seem to be preferable where this can be obtained. There is also the general observation that control policies will be more difficult to apply to the northern Indians, as they are so much in contact with the white people. For this reason, policies of control should be instituted first in those parts of the country where the Indian is in contact with others.

It is our firm conviction after years of thought and discussion that such a policy as we have outlined, if pursued over a period of years, would substantially reduce tuberculosis among the Indians. It would remove the growing criticism of the Indian affairs branch and of the Canadian government for what is generally considered a breach of trust in our obligation to a submerged and conquered race.

I should like briefly to summarize the financial requirements for such a program. The figures can be summarized under the following headings: Additional medical personnel, $15,000; extension of nursing service, $20,000; cost of continuation and expansion of school surveys and general diagnostic work, $75,000, and treatment of tuberculous Indians in sanatoria or hospitals, $190,000, making a total cost of $300,000.

These figures have been detailed with respect to the various provinces.

[Mr. McCann.]

I wish to emphasize the importance of this particular problem. If one wished to take a selfish view it would be this, that the white population is being continually re-infected from the Indian population, where they are in close contact with one another. The death rate among the Indians is twelve times as great as among the white population. Statistics for last year show that the number of deaths in Canada was 6,763, whereas among the Indians it was 748. In other words, approximately twelve times as many Indians per 100,000 of population died of tuberculosis as died among the whites. Two years ago there were only ten times as many, so that, instead of lessening, the problem is gaining headway.

The Canadian Tuberculosis Association and organized medicine from one end of the country to the other feel, as I said a year ago, that the splendid work which has been done through the years by the organization is being nullified through lack of work on the part of the Indian Affairs branch. I am not criticizing the minister or his officials particularly. I know they find it difficult to persuade the Minister of Finance and other members of the government as to the importance of the problem, and find further difficulty each year in obtaining an appropriation sufficient to combat the disease.

All I do at this time is to lend a word of encouragement to the government, and to express appreciation of the work which has already been inaugurated in the Indian Affairs branch in connection with this phase of the matter. I would wish the minister continued success, and would hope that from year to year he might attack the problem more vigorously and might be successful in obtaining a greater appropriation to carry on the work. I would hope that he might extend the personnel of his department to include trained and efficient experts in tuberculosis, so that he might render a first-class service to those under his care, and so that he might give that measure of protection to the white population living adjacent to the Indian reserves to which they are entitled and of which they are deserving.

Mr. CRERAR: As the hon. member for Renfrew South (Mr. McCann) has said, the problem is an extremely important one, and I am grateful to him for the statement he has just made. In view of his experience I am sure any observations from him will be found useful in the department.

When I succeeded in inducing my colleagues to increase the medical vote for the Indians, I did so for the purpose of making an attack on tuberculosis among the Indians. The importance of the problem has not been over-

emphasized by the hon. member. As the committee will recall, a year ago there was a small appropriation for a preliminary survey in some of the Indian schools. That survey revealed an appalling state of affairs in many of the schools.

The vote this year is approximately $300,000. When we gave consideration to the question of how it could be most effectively spent, the department called into consultation the best tuberculosis authorities that we had in each of the provinces, and I wish to state publicly my appreciation of the services that they rendered. The line of attack which the department is now following carries with it the endorsation of these medical authorities who have had to do mainly with tuberculosis problems among the whites in each of the provinces. That program is directed, first, towards the schools where surveys are made, and active cases of tuberculosis, as well as potential spreaders, removed to sanatoria that may be adjacent to the schools. Every effort is made to segregate those who may be a source of infection. The program extends also to treatment in sanatoria of the more active cases from the reserves.

The allocation of the expenditure for this year falls roughly under three or four heads which pretty well coincide with the suggestions made by the hon. member for Renfrew South. It is proposed to add a tuberculosis trained man to the medical staff in the head office administration at Ottawa. The expenditure for medical men and public health nurses associated with the control of tuberculosis amounts to over $14,000; travelling expenses amount to between $10,000 and $11,000. Fees for diagnostic specialists and clinics employed in tuberculosis surveys, on the basis of ten thousand Indians to be examined, account for $30,000. There is a further provision for the examination of pupils who are found to have minimal tuberculosis in the Indian schools, a small allowance, amounting to $45,000 is made for their extra care and for food, over and above the tuition fees. For the maintenance of existing sanatoria and hospitals for Indians suffering from active tuberculosis there is the sum of approximately $190,000. I think it may be said that this is the first definite attack which has been made upon the problem among the Indian population.

As I said a moment ago, we have had the fullest cooperation from the provincial authorities, and certainly my conception of the method to be followed is to work in the closest cooperation possible with the health authorities in all the provinces who have more immediately under their charge the treatment of tuberculosis among the white population. I think we have made a fair start. It is quite true that more funds could be used if they were available, and it may be found possible to increase the vote next year based on the information we gather in regard to this problem during the present year. I would hope so, because there is no doubt that tuberculosis among the Indians has a definite relationship to the health of the white population. I hope, indeed I am sure, that we shall get satisfactory results from the expenditure we are making this year.

Item agreed to.

Medical—grants to hospitals, $5,320.

Mr. PERLEY: What hospitals receive part of this grant?

Mr. CRERAR: This amount is to pay the salaries of nurses engaged in Indian medical care in the northwest territories.

Item agreed to.

Welfare and training—welfare of Indians, $975,315.

Mr. BARBER: Would the minister explain this vote?

Mr. CRERAR: I have not the break-down of the item, but it has generally to do with welfare work among the Indians, the provision of relief all over Canada for the Indians, food and, in some instances, ammunition, nets for fishing, and the like.

Mr. BARBER: In the details given on page 126 of the main estimates I notice an item "repairs to buildings," for which the amount this year is $28,572, whereas last year it was $3,935; also another item "structures and parts (new construction)", for which the amount this year is $29,948, whereas last year it was $8,500. Where are these repairs and construction taking place?

Mr. CRERAR: Last year the corresponding items appeared in the special supplementary estimates. It is just the normal expansion of the work, but last year the item was carried in the special supplementaries, and this year the amount appears entirely in the main estimates.

Item agreed to.

Indian education, $584,508.

Mr. BENNETT: How is this money to be used?

Mr. CRERAR: It is mainly for day schools.

Mr. BENNETT: On what basis?

Mr. CRERAR: For the payment of teachers and supplies for the schools, and, in some instances, the building of new schools.

Mr. BENNETT: I thought that came under the other vote.

Mr. CRERAR: Hon. members will find the details at the bottom of page 126 of the main estimates: Salaries and wages, $304,456; supplies and materials, $79,500; travelling expenses, $13,000. Another large item is assistance to ex-pupils, $24,000; repairs to buildings, $49,688; structures and parts (new construction), $68,920.

Item agreed to.

Grants to residential schools, $1,335,975.

Mr. CRERAR: The grant varies in different schools. In some instances it is as low as $150 per school, and in others as high as $200. It depends somewhat on the location of the school. The higher grant is necessary in the northwest territories. Many of these residential schools are in the more remote northern parts of the western provinces, and some in the northwest territories, where the expenses are higher.

Mr. BENNETT: Can the minister give the committee a list of the schools there and the amounts allocated to each?

Item stands.

Progress reported.

SUPPLY—CONCURRENCE

By leave of the house the resolutions reported from committee of supply this day were read the second time and concurred in.

It being five minutes after eleven o'clock the house adjourned, without question put, pursuant to standing order.

Thursday, June 30, 1938

The house met at eleven o'clock.

ELECTIONS AND FRANCHISE

Third report of the special committee on electoral matters.—Mr. Bothwell.

INTERNATIONAL BOUNDARY COMMISSION

REPORT ON DEMARCATION OF BOUNDARY FROM GULF OF GEORGIA TO LAKE OF THE WOODS

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I wish to table a copy of the joint report of the International Boundary Commission upon the survey and demarcation of the boundary between Canada and the United States from the gulf of Georgia to the northwesternmost point of lake of the Woods, together with the atlas containing 59 joint maps to accompany the report.

PETITION

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I wish to present to the house a petition protesting against the "padlock law," signed by some fifty thousand people, together with resolutions from some one hundred and eighty different organizations.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

GATINEAU POINT, QUE., RETAINING WALL

Mr. PELLETIER:

1. Has the government made any contribution towards the cost of building a retaining wall or dock at or near Gatineau Point, Quebec?

2. Why was the project undertaken, and under the authority of what statute?

3. How much has been spent yearly since 1935 on this project?

4. Was the work given out by contract?

5. Were tenders called? If so, how many tenders were received, and what was the amount of each tender?

Mr. CARDIN:

1. No contribution made, but the federal government constructed the following works: (a) A protection wall on the bank of the Ottawa river at Gatineau Point village. (b) A protection work on the Gatineau river above Gatineau Point village.

2. To protect the bank along the highway from erosion. (a) Under item No. 75 Public Works Construction Act 1934, and continued under item No. 9 Supplementary Public Works Construction Act 1935; (b) under item No. 75 Public Works Construction Act 1934.

3. 1934-35 (a) construction, $10,742; (b) construction, $4,987. 1935-36 (a) construction, $13,873.26. 1936-37 (a) repairs, $162.97; (b) repairs, $599.75.

4. Yes.

5. Local tenders invited and the following received: (a) Rodolphe Moreau, $12,257.50 revised to $10,437; Rene Beaudry, $12,702.75; Ed. Brunet, $13,117.50; Boucher Freres, $13,284.50; Antonio Patry, $13,315. (b) Rodolphe Moreau, $4,990.75; Hector Fortin, $5,895; Rene Lavigueur, $6,028.

CANADIAN WAR MEMORIALS

APPRECIATION OF SERVICES OF CANADIAN BATTLEFIELDS MEMORIALS COMMISSION AND DESIGNER OF VIMY MEMORIAL

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, after the great war, parliament felt it desirable and fitting that the service and sacrifice of Canada's forces in the war should be commemorated by the erection of appropriate memorials on the fields of battle. With this end in view, the government established, by an order in council of September 2, 1920, the Canadian Battlefields Memorials Commission, consisting of the following members:

Major-General the Hon. S. C. Mewburn.
Hon. Rodolphe Lemieux.
Lt. General Sir R. E. W. Turner.
Lt. Col. R. W. Leonard.
Hon. J. G. Turriff

General Mewburn was designated chairman of the commission, and Colonel H. C. Osborne was appointed secretary. To this body, the task was entrusted of clearing war-torn ground, of planting trees and beds of flowers, of selecting the designs for the different memorials, and, generally, of supervising their construction. For more than a decade and a half the commission has carried on its labours with public-spirited enterprise. Under its auspices eight memorials, comprising the entire group as contemplated at the outset, have been brought to completion. Of these, three are located in Belgium—Passchendaele, St. Julien and "Hill 62," or, as it became known, "Sanctuary Wood." The other five are located in France, at Dury, Bourlon Wood, Courcelette, Le Quesnel, and at Vimy Ridge. In addition, plaques have been placed in the City Hall at Mons and St. Nazaire.

Only three members of the commission, General Mewburn, Hon. Senator Lemieux, and General Richard Turner, together with Colonel Osborne, the secretary, lived to see the completion of all the memorials. Since that time Senator Lemieux has also passed away.

To those who have been privileged to view the memorials, no word of explanation will be required with respect to the resolution now before the house. The members of the commission, serving entirely without remuneration, gave unstintingly of their time and energies to a task which called for the most careful and patient effort. It will be agreed, I believe, that their endeavours merit the recognition of parliament.

Of exceptional significance is the great memorial on Vimy Ridge, of which Mr. Walter S. Allward, of Toronto, is the designer and architect.

Hon. members who were in the house in 1923 will recall a resolution which was passed during the session of that year—a resolution which I had the honour of introducing—expressing the gratitude of the Canadian parliament to the French republic for the gift of 250 acres of land on Vimy Ridge. This gracious act on the part of France ensured that the monument, which Canada proposed to erect on that historic site, might stand on Canadian soil.

The efforts of the Canadian Legion, over a period of two years, in organizing the visit of eight thousand pilgrims to Vimy Ridge for the unveiling of the memorial on July 26, 1936, and the ceremonies incidental thereto, will still be present to the minds of hon. members, and will long be remembered by the Canadian people.

The Vimy memorial fulfils a twofold purpose. It commemorates the valour of our countrymen throughout the long years of the war, and the sacrifice of those who gave their lives in the conflict. It constitutes, in particular, a memorial of the heroic endeavours of the Canadian troops, and of their British and French brothers-in-arms, who fought upon the ridge at Vimy. On the monument are inscribed the names of Canadian soldiers who lie in unknown graves in France.

The monument at Vimy has been described as, perhaps, the most beautiful and striking of the memorials of the great war. Mr. Allward has given unsparingly of his artistic genius to interpret and commemorate the spirit and ideals of those who bore arms for Canada in the war. In the memorial he has achieved for the dominion, as for himself, a place of high distinction in the realm of sculpture. Not only has he given to the world a great work of art; he has caught, in an impressive manner, and preserved for our own and succeeding generations, the true significance of Canada's participation in the war. It is most appropriate, therefore, that an expression should be given by the parliament of Canada of its appreciation of Mr. Allward's services, an appreciation which will be shared by the people of Canada generally.

Accordingly, I desire to move, seconded by the right hon. the leader of the opposition (Mr. Bennett):

That this house desires to record its thanks to the members of the Canadian Battlefields Memorials Commission, who served without remuneration over a period of years, and whose endeavours ensured the erection in France and Belgium of appropriate memorials of the valour and sacrifice of Canada's forces in the great war;

And, that this house desires particularly to express its appreciation of the services of Mr. Walter S. Allward, who, as the designer and

architect of the memorial at Vimy, has given to the world, a work of art of outstanding beauty and character. Through the years to come the Vimy memorial will remain the symbol of Canada's efforts in the war, and its tribute to those who, on the field of battle, sought to preserve the free institutions of mankind.

Right Hon. R. B. BENNETT (Leader of the Opposition): I regard it, Mr. Speaker, as a great privilege to associate myself with the right hon the Prime Minister (Mr. Mackenzie King) in the motion that you have just read. I do not propose to do more than state my entire agreement with the sentiments that have been so eloquently expressed by the Prime Minister, because at this time it would be out of place to make any extended observations.

The truth is that honouring the memory of the dead is a matter of very great importance. One of our own great Canadian statesmen, Joseph Howe, in stanzas which I think will live as long as his memory is preserved, has indicated why we should remember the glorious dead. To do so fittingly when our beloved dead rest in far distant lands was an extremely difficult task. When the Canadian Battlefields Memorials Commission was set up they cooperated closely with the British commission headed by General Sir Fabian Ware; and anyone who has visited the battlefields will agree, I think, that the work done has been magnificently conceived and certainly executed in a manner worthy of the highest praise.

Rich and poor, high and low, whatever may have been their place in civil life, find exactly the same memorial in these great cemeteries in France and Flanders. It is fitting that it should be so, because these crosses not only commemorate the valour of our immortal dead but tell the tale of sacrifice forever associated with the cross. I cannot do more than express deep regret that there remain but two, if my memory serves me rightly, of the original members of that commission which was appointed only a few years ago. It is a singular commentary on the brevity of human life.

The conception of this great memorial at Vimy Ridge was that of Mr. Allward of Toronto. The competition, I believe, was open to the world. The problem was how to interpret in stone the genius of a people and to commemorate at once the valour of brave men who gave their lives as a sacrifice for their country. I think it can be said of this memorial that it does interpret the genius of the Canadian people, and every Canadian who looks upon it will be filled with justifiable pride. Let us hope that in future years Canadians of those days will look upon that ridge and read the names of the men who perished and were buried in nameless graves, but marked for all time on the base of that great monument.

War is a hateful thing, and yet I sometimes feel that however hateful we may think it the fact remains that it has developed those great qualities in men of which we are so proud and of which we speak so often in praise and in recognition of their bravery, their courage, and their sacrifice. All these high qualities are exemplified in war, and the horrors of war. I repeat, I sometimes wonder why it is that in no field of history do we find such evidence of the great qualities of mankind as we find in the tales of their heroism, devotion and sacrifice in time of war, whether it be the Spartans at Thermopylae, or those who died on Vimy Ridge. Yet in our great memorial we have a magnificent work of art, some compensation for the disfiguring results of war.

So I regard it as a privilege to join with the Prime Minister in commending the efforts of the Canadian Battlefields Memorials Commission and in congratulating them upon the splendid service they have rendered to this country, and upon the fitting character and beauty of the memorials they have builded in various parts of France and Flanders, and that future generations may know that this Canadian parliament had a proper realization also of the splendid work done by Mr. Allward, sculptor and artist, in so fittingly interpreting the loyalty, courage and devotion of those who died on Vimy Ridge that we might live.

Mr. J. H. BLACKMORE (Lethbridge): There are before the minds of men to-day several things of priceless value. Perhaps the first of these is democracy. Following that are peace, prosperity and virtue. In order to achieve in the highest degree, and to preserve for the generations yet to come, these precious things, there are in my opinion two great necessities. The first of these is the unity and greatness of the British Empire. The second is the unity and greatness of Canada as part of that empire. The men whose memory we to-day are holding in reverence gave freely for democracy, peace, prosperity and virtue, for the unity and greatness of the British Empire, and for the unity and greatness of Canada. It has been truthfully said, "They served till death. Why not we"?

I have always been thrilled by the words which I understand have been placed on a great memorial to them. With those words I should like to close:

Their name liveth for evermore.

Motion agreed to.

COMMONS CHAMBER

QUESTION AS TO UNSATISFACTORY LIGHTING CONDITIONS

On the orders of the day:

Mr. N. J. M. LOCKHART (Lincoln): I should like to direct an inquiry to the Minister of Public Works (Mr. Cardin). Possibly it has already been drawn to his attention, but I refer to the very unsatisfactory condition of the lighting across the back row of this chamber. Will he look into the matter and have it remedied before the next session of parliament?

Hon. P. J. A. CARDIN (Minister of Public Works): The question was brought to my attention a few days ago by His Honour the Speaker, and I have asked the officers of my department to look into the matter and try to improve the lighting on that side of the house. I am under the impression that it has been better on this side since improvement has been made. The reason for preference was that the conditions on this side of the house were brought to my attention first.

Mr. LOCKHART: Possibly there is more need of light on that side!

FARMERS' CREDITORS

REQUEST OF UNITED FARMERS OF MANITOBA FOR EXTENSION OF TERM OF OPERATION OF ARRANGEMENT ACT

On the orders of the day:

Hon. T. A. CRERAR (Minister of Mines and Resources): Last evening when the Farmers' Creditors Arrangement Act was under discussion in the house the hon. member for Portage la Prairie (Mr. Leader) asked me if my attention had been drawn to the fact that the United Farmers of Manitoba had asked for an extension on the term of operation of the act, and had opposed the amendment offered in another place. I replied that as far as my memory went I had not received any such representation. I find on inquiry that a representation did come in on Tuesday from the secretary of the United Farmers of Manitoba to the effect that his organization was opposed to the termination of the act as proposed in the amendment. Owing to my absence until yesterday afternoon it was not drawn to my attention until yesterday evening after I had spoken in the chamber. I desire to make this explanation in fairness to the hon. member for Portage la Prairie.

CANADIAN TUNNELLING COMPANY

QUESTION AS TO SPECIAL PAY IN RESPECT OF OVERSEAS SERVICE

On the orders of the day:

Mr. MATTHEW MacLEAN (Cape Breton North-Victoria): I wish to address a question to the Minister of National Defence (Mr. Mackenzie). In view of new and recent evidence submitted to the minister in reference to special pay to members of tunnelling company, is he now in a position to make a statement to the house in connection with this matter?

Hon. IAN MACKENZIE (Minister of National Defence): In view of additional evidence which has recently come to light the whole question is being reinvestigated by the department.

RADIO BROADCASTING

REPEAL AND REVISION OF RADIOTELEGRAPH ACT—CONCURRENCE IN SENATE AMENDMENTS

Hon. C. D. HOWE (Minister of Transport) moved the second reading of and concurrence in amendments made by the senate to Bill No. 52 respecting radio in Canada.

He said: The senate has made a number of amendments to Bill No. 52, none of which seriously change the purpose of the bill. There are several amendments to the definitions, and one or two new definitions. I think if anything these definitions have been improved by the changes.

Clause 5, which provided that the governor in council had power to exempt receiving stations in automobiles owned by bona fide tourists in Canada, has been changed by the senate, so that the act itself provides for exemption of such radios in automobiles of tourists, with the proviso that the minister may, when public welfare requires, suspend the operation of that clause.

Then the penalty clause has been divided into two parts, one part applying to private receiving stations, that is covering the operations of the ordinary listener, who has one or more radios installed in his home and uses them legitimately, but has not paid his licence fee. In that case the penalty is a maximum fine of $25 on summary conviction. The provision covering illegal use of receiving or transmitting sets has been made a separate clause, which provides a penalty of $50 on summary conviction and $500 on indictment.

I think that covers the changes, and I have no hesitation in moving concurrence in the amendment.

Motion agreed to; amendments read the second time and concurred in.

NATIONAL HOUSING ACT

MEASURE TO ASSIST IN THE CONSTRUCTION OF HOUSES—CONCURRENCE IN SENATE AMENDMENTS

Hon. NORMAN McL. ROGERS (Minister of Labour) moved the second reading of and concurrence in amendments made by the senate to Bill No. 145, to assist the construction of houses.

He said: The amendments made by the Senate to this bill are of a grammatical nature and do not affect any of the essential principles of the legislation. I accordingly move concurrence.

Motion agreed to, amendments read the second time and concurred in.

JUDGES ACT AMENDMENT

PROVISION FOR ANNUITIES ON RETIREMENT AND REDUCTION OF SALARIES OF SUPERIOR COURT JUDGES RETAINING OFFICE AFTER AGE OF SEVENTY-FIVE

Right Hon. ERNEST LAPOINTE (Minister of Justice): I desire to withdraw this resolution. It was introduced for the purpose of remedying a situation, but having conferred with my right hon. friend the leader of the opposition (Mr. Bennett) who is an honorary life president of the Canadian Bar Association, apart from his other official capacities, I have come to the conclusion that it is better not to proceed with it. But I desire to say that I feel some responsibility in respect of the situation which exists, and I shall try to find some other way of remedying it.

Right Hon. R. B. BENNETT (Leader of the Opposition): I have a very strong opinion about this matter, and I congratulate the Minister of Justice upon having withdrawn the resolution. I hold the view, which I have expressed in this house frequently, that any member of the legal profession appointed to the bench is assumed to be an expert in law, that it is one of the implied conditions of his appointment that his fitness shall be a continuing fitness, and if for physical or other reasons he is no longer able to maintain his fitness as an expert he should retire. The Judges Act provides that he may retire and receive financial consideration as therein provided. During my term of office we introduced a measure, providing for the retirement of judges who had attained the age of seventy-five years or more, but it was defeated in the senate. Subsequently I was approached and told that if I so desired certain members of the bench would retire if we would enact legislation providing them with their full salaries. I declined to entertain the proposal, which was submitted to me by members of the profession, some of whom I think felt that they might be likely successors to the positions thus vacated. I took the view, which I still hold, that that was a very improper proposal. I took the view that for the judges of this country to suggest to the government of the day that if they were given their full pay they would retire and make way for someone else was something so scandalous as not to be entertained by any self-respecting government in Canada. I took that view then and I still hold it very strongly, and I congratulate the minister upon not having yielded to that sort of proposal. I was going to call it a threat, but it is worse than that. It is worse than a suggestion. It is—

Mr. POWER: Blackmail.

Mr. BENNETT: Well, that is a word one always hesitates to use, but it comes so close as nearly to express it. I therefore compliment the minister, as I say, for withdrawing this resolution; but I should remind him also that there appears to be ample provision in the statute as it now stands to deal with the situation. When it becomes known from the observations made by the minister that he does not propose, even for the purpose of creating an opportunity to appoint fifteen new judges, to yield to the suggestion made and ask the taxpayers to provide full compensation for judges retiring at seventy-five, probably they will take the hint and vacate positions which their very proposals indicate they themselves realize they are no longer able efficiently to fill and the duties of which they are no longer able effectively to discharge; I repeat that there is an implied condition in their contract of service that when that state of affairs is reached they will retire and vacate their office. If they do not do so, this parliament is powerful enough to see that they do.

Resolution withdrawn.

SUPPLY

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

DEPARTMENT OF TRADE AND COMMERCE

Electricity and gas inspection service, including administration of the Electricity and Fluid Exportation Act, $259,890.

Mr. BENNETT: You get all this money back, I take it?

Mr. EULER: Yes, that pays for itself.

Item agreed to.

Exhibitions and fairs, $438,720.

Mr. BENNETT: What is the reason for the increase?

Mr. EULER: It is because of the exhibition proposed to be held next year in New York.

Mr. BENNETT: Does that include Glasgow?

Mr. EULER: Yes, and Glasgow.

Item agreed to.

Precious Metals Marking Act, $12,900.

Mr. BENNETT: Do you get the money back for this service?

Mr. EULER: No.

Item agreed to.

Publicity and advertising in Canada and abroad other than in the United Kingdom and Europe, $56,920.

Mr. BENNETT: Here it seems to me we have great duplication. We have the estimates of the Department of Agriculture that deal with this matter; we have these estimates, and we have the commercial intelligence service, the vote for which has been just increased by $10,000. Could nothing be done to prevent this duplication? Could there not be a central bureau that would issue the publicity that is necessary in connection with these matters?

Mr. EULER: Mr. Chairman, I think the criticism of the leader of the opposition is justified. I may say that the government has under consideration the coordination of these services, and a committee has been appointed to deal with it.

Item agreed to.

Publicity and advertising in the United Kingdom and Europe, $356,580.

Mr. BENNETT: Does this expenditure come within the statement the minister just made? I ask that because the Department of Agriculture has given us the story as to what it was going to do in connection with advertising. We now have this enormous sum, and we have the money for advertising purposes which in days gone by was dealt with by the high commissioner. In the aggregate they amount to a substantial sum of money. I have always thought that we should be able to put in one document Canada's case for her products in the markets of the world. It would be issued by the government of Canada, and we should not bother so much about what department does it. If what the minister has said respecting the other items may be applied to this one, which amounts to some $356,000, obviously the matter should rest there until the government has had an opportunity to see what can be done to bring about what I regard as essential and what I believe the people of Canada regard as imperative in connection with the expenditure of money for advertising purposes. As the minister once said, what we are endeavouring to do is not advertising of departments but advertising of the products of Canada. We are trying to place the Canadian position, not that of any department, before those who would be the large customers of our country.

Mr. EULER: It is the hope of the various departments to coordinate all these services.

Mr. BENNETT: Including this item?

Mr. EULER: Yes. I can make no definite promise as to what will come out of this, but it is the hope of the government that the work can be coordinated.

Mr. PERLEY: I notice the item provides for an expenditure in connection with an advertising campaign put on by the wheat board. I have in my hand a folder which was distributed—

Mr. EULER: I do not wish to interrupt the hon. member unnecessarily, but I would point out that that has nothing to do with the item.

Mr. PERLEY: Then what item would it come under?

Mr. EULER: I am not sure that it comes under any item, because it is an expenditure which was undertaken by the wheat board itself. It does not enter into our vote at all.

Mr. PERLEY: It was a campaign of advertising which was put on; surely some department of government had something to do with it.

Mr. EULER: The wheat board has done it out of its own funds.

Mr. BENNETT: And without legal authority, I may say.

Item agreed to.

Weights and measures inspection service, $439,325.

Mr. BENNETT: We get the money back in this case.

Mr. EULER: Yes, we more than get it back; there is a surplus.

Mr. DOUGLAS (Weyburn): What prosecutions have there been during the year under this branch?

Mr. EULER: A total of 239.

Mr. DOUGLAS (Weyburn): What was the result of the prosecutions?

Mr. EULER: There were 144 prosecutions for short weight, 89 for the use of unjust scales, and 6 under other sections. There were 213 convictions, and 10 dismissals. Eight cases were withdrawn and there are 8 pending.

Item agreed to.

To provide for expenses of the royal grain inquiry commission including, authority for payment of honorarium to Doctor T. W. Grindley, secretary, $15,000.

Mr. BENNETT: What has been the total cost of the commission to date?

Mr. EULER: The vote of last year was not all expended, but it is estimated that the total amount will be in the neighbourhood of $100,000.

Mr. BENNETT: It looks as though it would be somewhat larger than that.

Mr. EULER: I think not.

Mr. PERLEY: The money we are now asked to vote is to cover the final payment in connection with the expenses of the commission. I regret to say that although the commission was set up two years and two months ago to make the inquiry, the report was not brought down until late this session. It was tabled on May 9, and since then we should have had an opportunity to discuss it. A discussion of this matter should not have been left until the last hours of a five months session. Certainly this was an important commission, and hon. members should have had an opportunity to discuss its findings.

The origin of the inquiry, the report of which covers some 259 pages, is set out at page 11 of the report. I quote:

The origin of the inquiry is to be found in a report of a special committee of the House of Commons concurred in by the house on June 17, 1936. This report, after dealing with the matters which had been specifically referred to the committee, concluded with the following recommendation:

"The committee further gave general consideration to the whole problem of the production and marketing of Canadian wheat and other facts pertaining to the wheat problem. Because of the gravity of this problem, and because your committee has neither the time nor the facilities to make a comprehensive survey of the situation, we recommend the appointment by the government of a royal commission to make a complete survey of the production, grading and distribution of Canadian grain, including the methods of marketing."

[Mr. Douglas.]

And then under paragraphs (a), (b) and (c) are set out the various methods of marketing. I claim that that is not the real origin of the commission. The final report of the special committee, which was tabled on June 11, 1936, a day or two before the close of the session, is a short one, and sets out the names of the witnesses who were heard. We find there were only three, namely Mr. Darby, Mr. Fowler and Mr. Murray. The order of reference of the special committee was to inquire into Mr. Murray's action on December 13, 1935, to see whether or not the charge that he had protected shorts was correct. The second paragraph of the report is in these words:

While there was a short interest in the Winnipeg wheat market in December of 1935, no evidence was produced that would warrant the conclusion that speculative short interests were protected by the board in that month. As the committee finds it impracticable to obtain conclusive evidence on this point, we recommend that this matter be referred for further investigation to the royal commission, the appointment of which is recommended in this report.

There was the origin of the commission—because the committee could not agree. When we heard the evidence of Messrs. Darby, Fowler and Murray, certain members of the committee asked that further witnesses be produced. We were refused. We asked that certain documents be produced, and were refused. It was then in a meeting in camera that the question of the general marketing of grain was considered. No witnesses were heard with respect to that matter, and the question of coarse grains came before the committee only through general discussion. It was decided that at some future time towards the end of the sittings of the committee there might be a discussion of that question, but that discussion was never had.

For these reasons I claim that the committee did not discuss or give any general consideration to the marketing of wheat or wheat products, other than in a meeting in camera. I must point out, however, that that meeting in camera was held after the committee had decided that we were to refer the matter to the royal commission. That is the first order of reference. I have the order of reference before me, but it is not necessary to read it to the committee. I have the statement here which was made by myself with respect to certain documents in the form of offers and acceptances that I had asked to have produced. Request was made also for the names of certain witnesses, but these were all refused when the committee was meeting in camera.

There have been seventeen grain inquiries during the last thirty odd years, the last four being the most important. On May 1, 1923, a royal commission was appointed headed by Mr. Justice Turgeon, two other gentlemen being associated with him. This commission took evidence in 1924 and reported in January, 1925. They took nearly two years to make their investigation. Then the Stamp commission was appointed by order in council dated April 10, 1931, and reported nineteen days later on April 29. I might say that Sir Josiah Stamp acted without remuneration and this inquiry was carried on at very little cost. I have his report before me.

Then the present Turgeon commission was appointed. It was decided on May 4 that it should be set up and the commission was appointed by order in council dated June 17, 1936. Evidence was taken in 1937 and the report was made more than two years after the commission was appointed. I claim that the cost of this commission was an unnecessary and useless expenditure. The review of the period prior to 1930 set out in this report is similar to the review contained in the report of the Turgeon commission which sat from 1923 to 1925, and the review of the Stamp commission. These summaries are all very similar, and all that was necessary to be done was to review the period since 1930, when the pools began to find themselves in more or less difficulty. In 1929 and 1930 the provincial governments were called upon to implement certain guarantees which they had made. They could not do this, and the federal government was brought into the picture. They took over the carry-over, and then finally in 1932 Mr. McFarland was called upon to carry on what were generally spoken of as stabilization operations. These operations resulted in an increase in the price of cash wheat from 42 cents, which was the lowest in many years, to 86 cents.

This present report gives credit to Mr. McFarland for the service that he rendered to the country and to western Canada in particular. The report states distinctly that these stabilization operations meant a great deal to the farmers of western Canada and that they received considerably more for their wheat than they would have received if the operations had not been carried out. That was something that we all knew in 1935 when a committee was appointed to consider the wheat board act. Mr. McIvor appeared before the committee and he was asked the results up to that time of the operations carried out by Mr. McFarland. He told the committee that the farmers of western Canada had been able to sell 1,700,000,000 bushels of wheat during the four year period at a price that he considered to be ten cents a bushel more than they would have received if these operations had not been carried on

This report sets out to the people of Canada the real service that Mr. McFarland rendered. I ask hon. members who were members of the house from 1930 to 1935 to recall the many occasions upon which the Hon. Mr. Ralston, who was seated in this immediate vicinity, attacked the government and Mr. McFarland. The government was charged with providing Mr. McFarland with funds to speculate and gamble in the wheat market. Let me remind hon. members that Mr. McFarland had to go on the market day after day to buy millions of bushels of wheat in order to maintain the price. He did this at a time when he knew the big interests were making raids on the market. On July 21, 1933, he was forced to buy 15,000,000 bushels of wheat. Compare what Mr. McFarland was up against with the action taken by Mr. Murray. On December, 13, 1935, 22,000,000 bushels of cash and option wheat were sold when it was known that prices were likely to increase. During July, 1937, Mr. Murray sold 62,000,000 bushels of wheat, not more than half of which went into export.

Following the change in government in 1935 there was a change in the personnel of the wheat board. Mr. McFarland and one of his associates were let out. Mr. McIvor was retained, and Mr. Murray was appointed chairman. From the very outset of their appointment this board started to pursue what is commonly spoken of as a fire-sale policy. Marketing conditions in other parts of the world at that time indicated that there would be an increase in price in the month of December, yet, as I said a moment ago, on December 13 that board, under the chairmanship of Mr. Murray, sold 22,000,000 bushels of wheat. Apparently that sale was made under an agreement that had been made on December 11 with a committee of the grain exchange.

Early in 1936 charges were made in the house in connection with that transaction. It was stated that a considerable part of that sale had been made for the purpose of protecting the short interests. It is stated on page 205 of this report that in 1935, when Mr. Murray took over from the McFarland board, there was a total of 177,682,000 bushels in short options. From the commencement of the appointment of the new board Mr. Murray carried on his fire-sale policy, which led to certain charges being made in this house. The main reason for those charges

was an article that appeared in a Wall Street journal. I have in my hand a copy of that article, but I do not propose to read it all. It refers to the transaction of December 13, to this extraordinary action on the part of the wheat board. It says:

The Canadian grain board showed its co-operation with exporters, particularly the small ones that had made definite price contracts over night, by allowing them to take in their hedges at one-quarter cent over the market's close. Had this not been done, the small shippers would have been in a plight, for Winnipeg wheat futures opened up the permissible three cents limit on the following day. Thus exporters who had sold wheat overnight would have been hard pressed to cover their hedges.

Then comes this important paragraph:

As yet no Canadian government, irrespective of its political complexion, has recognized any obligation to succor the grain trading interests. The action of the Murray board, accordingly, constitutes an interesting precedent which is scheduled to be the subject of an important airing at the session to come.

I therefore claim that the leader of the opposition and myself were justified in making the charges that we did on the thirteenth of February, I think it was, and which resulted in a committee being set up. I have already referred to the order of reference to that committee. Mr. Murray was called before this committee and examined, and finally the committee, not being able to find conclusive evidence in either direction as to whether he had or had not taken certain measures, decided to refer the matter to a royal commission.

I want now to refer to some of the evidence given by Mr. Murray before the commission, and to show that from the very first, after he accepted the chairmanship of the board, he pursued a dictatorship policy not only in the selling of wheat, where he apparently did just as he pleased, but in other matters as well. I quote from page 9191 of the evidence, where Mr. Murray was being examined by Mr. MacPherson, counsel for the pool:

Q. As a matter of fact you never had occasion as chief commissioner to confer with the advisory committee at all?

That is the advisory committee to the board which the act provided for, and which was done away with when Mr. Murray accepted the position.

Mr. EULER: It was not obligatory.

Mr. PERLEY: The question was:

Q. As a matter of fact you never had occasion as chief commissioner to confer with the advisory committee at all?
A. No.

[Mr. Perley.]

Q. Was that your recommendation, or was that, again, a matter of governmental policy?
A. I stated that I would not accept the position of chief commissioner with any advisory board.
Q. So that your appointment was really contingent on the determination of this committee's life?
A. As far as I was concerned.
Q. And consequently you were appointed chief commissioner and the advisory committee as provided in the act ceased to exist?
A. Yes. The government had the choice, of course.
Q. Oh yes, I am not questioning that. That was during pleasure.
A. No, but I mean they had the choice of getting some one else for chief commissioner and keeping the advisory committee.

Then comes this last question:

Q. Yes. They had the choice of either taking you without the committee or getting somebody else with the committee?
A. Yes.
Q. I am submitting this, that you as a matter of principle refused to act as chief commissioner of the wheat board with the advisory committee as provided for in the act?
A. Yes.

I make this comment, Mr. Chairman, that had the advisory committee been there, Mr. Murray never would have sold the 22,000,000 bushels on the morning of the thirteenth when the market price of Argentine wheat had also gone up that same morning. That is proof that Mr. Murray dictated terms, and I believe that all the time he was operating he proved himself to be a dictator.

I could quote further from his evidence, if I desire to take the time, to show that he was also very inconsistent. I should not like to refer to him in the terms in which he referred to some hon. members of this house, but I could cite evidence to prove that he was in a similar position himself. In fact he stated on page 162 of the 1936 evidence, on April 28, "that the agreement that was made with the exchange was purely a verbal one." I myself had asked him whether there was any written statement or agreement, and he said no, it was purely a verbal one.

At page 259 of that evidence, on May 1, the leader of the opposition read into the evidence the agreement that had been made with the members of the exchange. In answer to the leader of the opposition Mr. Murray admitted that the agreement was made on the twelfth, and he stated that the suggestion came from the members of the Winnipeg grain committee. The concluding part of the paragraph reads:

The board agrees with the suggestion made by the exchange.

On page 196 of this report, in answer to questions put to him by Mr. Ralston, Mr. Murray admitted that he himself had made

the approach and been the first to suggest that there should be a meeting with the members of the exchange, and further that he was the only member of the board who was present at that meeting when the agreement was made. Reference is made on page 196 to the meeting with the exchange and that Mr. Murray was the only member of the board to meet with the members of the grain exchange.

At page 198 of the report Mr. Murray refers to the fact that the board knew what was likely to take place in connection with the Argentine government. They had known, for several days before, of the action of the Argentine government, and they knew also on the morning of the thirteenth what action the Argentine government had taken, and they expected the increase—there is no question about that.

I should like to remind the committee at this point that what are known as the Big Three, that is Dreyfus and Company, Bunge and Company and the Continental were operating very extensively in the Argentine. Bunge and Dreyfus controlled practically all the wheat at that time before it was taken over at the price fixed by the Argentine government. Is it not fair to assume, then, that they would know what was likely to take place when the government of the Argentine was taking over the wheat and setting the price? It is only reasonable to suppose that they would know. They had acquainted their branch office in Winnipeg with the fact that word had come from the New York office, and no doubt their representatives in Winnipeg knew of it. I myself have seen a letter—I do not propose to give the name right now—written by the manager of a large United States firm, complaining that they were not being tipped off like some of the other large firms, and stating that they knew certain gentlemen had been dispatched from New York to Winnipeg to negotiate with their firm there and to acquaint many of the Winnipeg firms with what was likely to take place. All sorts of evidence could have been produced to show that they knew.

On page 197 of this report Mr. Murray was giving evidence and he admitted to Mr. Ralston that the agreement made with the exchange was new and quite unprecedented; that there was no precedent for it at all. Here is the evidence:

Q. Was an arrangement of this kind new as far as you know in the history of the grain trade?

A. Yes, it was new as far as the government was concerned.

Then he goes on to say:

In so far as it was an arrangement entered into with all people who were interested in the grain business.

There was no precedent for such an arrangement. In my opinion, if they had called certain witnesses, they could have proved that there was knowledge of what was going on. When the question was before the committee Mr. Murray was the only witness heard, and we asked for proof of sale so far as the grain firms were concerned, but no evidence was produced before the committee. I believe the minister will recall that he himself asked me whether all the evidence I had asked for as to proof of sale had been produced, and I said no. I said that the offers and acceptances, which were the main proof of sale, had not been presented to the committee. He must remember that.

Then we had the auditors' report—I have it here—which definitely states that in their search of the records they were unable to find proof of sale of 703,000 bushels. With respect to several hundred thousand bushels there was never any proof of sale, and it was delivered by the board to the grain people. The auditors' report is conclusive proof also that wheat was delivered without real proof of sale. What I am about to say is, I think, important. It is this. When Mr. Murray was being examined with regard to this transaction, as will be seen in the evidence, they only asked him two or three questions. First, they asked him whether he knew that there was a short interest in the market, and his reply was that he was not concerned whether there was or not. They asked him whether he knew, when he made the sales, that he was protecting the short interest, and his reply to Mr. Ralston, on page 190 and page 200 of the report, was that he did not know. Those were practically all the questions asked him—that is, pertinent questions.

Then Mr. McIvor was called. He was an accomplice in the crime, so to speak, and he was asked similar questions. He was asked, "Did you know there was a shortage?" And his answer was, "No." Then they asked him, "Did you know they were protecting the shorts?" And his answer was, "No." The other witness was Dean Shaw, that innocent chap from Saskatchewan. He was called in and asked the same questions. These three witnesses were all asked the same questions, and their answers were, "No." I contend that, though they did not have any more witnesses than the wheat committee had, we got just as far. We had Mr. Murray and we asked him these questions, and we had more proof of the fact that he knew that there was a short interest than Mr. Ralston apparently was able to bring out. I would remind the

committee of the attitude of Hon. J. L. Ralston when he was accusing Mr. McFarland. When he was in opposition he tried to hang Mr. McFarland, so to speak. He tried to pin certain charges upon him. Here we have him, this hangman, in a different role. He has three prisoners before him and you can almost see the hangman's rope under his gown and the noose sticking out. But on this occasion, speaking to the prisoner, he says: "Did you think when you were clubbing this fellow that you were murdering him?" What would you expect the prisoner to say in reply? He asked Mr. Murray, charged with protecting shorts, "Did you think that you were protecting shorts when you sold the wheat?" What would anyone expect Mr. Murray to say? It was the biggest farce ever perpetrated on the people of Canada, and the people are asked to pay for it.

An hon. MEMBER: That is strong language.

Mr. PERLEY: Yes, but it is a fact. They should have called the members of the large grain companies whom we had asked to have before the committee, and there should have been a proper accounting of the books to trace the sales. If they had done that they would have got somewhere. But simply to call these three men and ask them the questions I have indicated was certainly a farce.

There were other questions that were referred to the commission but I do not think it is necessary to take up much time discussing them. There was the Saskatchewan oat deal. The problem was definite: who was responsible for the loss? This report sets aside for all time any difficulty in that connection inasmuch as it places responsibility for the loss of $163,000 upon the government of Saskatchewan during the time that the Minister of Agriculture (Mr. Gardiner) was premier. The evidence shows that they were speculating. They bought eight millions of options, two millions more than it was estimated that they would require, and they knew it; and they paid Gordon Brown $4,500 to manage this operation in which they took a loss of the sum I have stated, $163,000.

The question of a barley corner was referred to the commission, but I will not discuss that. The statement in the report is not correct that barley advanced only 10 cents in the month of December, because it advanced 29 cents. As regards the Saskatchewan oat deal, it might have been interesting to call the Minister of Agriculture, because he knew more about it than any other man, and his evidence might have thrown some light on the subject.

There is a certain recommendation with regard to the continuance of the board, and the recommendation is also made that small pools be set up. Well, we know what happened to the small pools, and we know what happened to the main pool. When there is competition with the strong interests, the recommendation of small pools is ridiculous because they could not operate at all.

I suggest that the inquiry should have been more thorough than it was. When the committee was set up we asked that a thorough investigation be made, and on March 30, 1937, dealing with the matter in the house, I myself asked the Minister of Trade and Commerce if he would see to it that the inquiry made should be full and complete. The right hon. leader of the opposition also made certain statements along that line, and we had a reply from the minister that he would endeavour to put the case before the commission and let us know what happened. I have certain correspondence here, too long to read in its entirety, but it is so important that I feel justified in reading some of it. The Minister of Trade and Commerce was good enough to say to me on March 30 last year that he would endeavour to see that the inquiry was as thorough as possible and that the case was placed before the commissioner, which was done. I asked for this correspondence at the opening of this session, and it was tabled, so it is all on the record.

The first letter is from the deputy minister to Hon. W. F. A. Turgeon, Royal Grain Inquiry Commission, and dated April 5, 1937, as follows:

Dear Judge Turgeon:

Mr. Euler has asked me to forward to you the enclosed copy of Hansard for Tuesday, March 30, commencing on page 254 of which you will find the discussion that took place in the house with reference to an item "Expenses of the Royal Grain Inquiry Commission" in our supplementary estimates for 1936-37.

You will observe the remarks by Mr. Perley (Qu'Appelle) and by the Rt. Hon. Mr. Bennett in regard to the oats deal by the Saskatchewan government in 1935, a reference to the corner on barley and a direct inquiry by the Rt. Hon. Mr. Bennett as to whether the commission would investigate the grain and elevator companies that acquired stocks of grain at the lake ports and their profits. Mr. Euler stated that he would bring these comments to your attention.

Will you kindly let me know, for the information of the minister, whether or not these matters have been or are likely to be dealt with by the commission and if not, your views in that connection?

There is a lengthy reply addressed to the deputy minister, dated April 16. There are some important paragraphs. It acknowledges

receipt of the letter of April 5 and enclosed copy of Hansard, and states that the delay in reply was due to the fact that the letter was sent to Vancouver and had to be returned to Edmonton. It states that the commission is authorized to inquire into and report on—

All transactions since the year 1930 pertaining to the handling of grain for relief and seeding purposes in the provinces of Manitoba, Saskatchewan and Alberta under the dominion government guarantee, or otherwise.

And continues:

It is anticipated that evidence will be taken on this phase of the inquiry when the commission sits in Regina, probably early in May.

Secondly, there has been some reference in the evidence already taken to what Mr. Perley mentioned as a "corner on barley."

They say they are going to take evidence with respect to that when they get to Winnipeg. The reply continues:

Thirdly, I am not quite clear regarding the nature and scope of the Right Hon. Mr. Bennett's proposal that we should investigate the "grain and elevator companies that acquired stocks of grain at the lake ports and their profits as was done in the case of the textile companies and ascertain what happened in connection with the rest of the crop that was sold in connection with which there was a loss of $15,000,000, though there appears now to have been a profit of $8,000,000."

Then he says Mr. Bennett expressed the view that the commission should—

"investigate the various grain companies that acquired from the grain board, presided over by Mr. Murray, the wheat that was at the lake ports and should ascertain who owned that wheat, the visible supply in Canada at the present time."

And following Hon. Mr. Euler's question: "Any particular time?" Rt. Hon. Mr. Bennett replied:

"At this time, before the opening of navigation. The commission should ascertain who owns the wheat and should investigate the accounts, showing the profits with respect to these transactions."

Then a further paragraph:

The proposal quoted appears to involve following through the grain and futures disposed of by the board and ascertaining what amount of such grain now constitutes part of the present visible supply in Canada and by whom it is owned, and the financial result of the transactions so far as the purchasers from the board are concerned. It is not considered that such an inquiry is contemplated by P.C. 1577.

But quite apart from the order in council it would appear that such an inquiry would be altogether impracticable as it would involve an attempt to trace through and segregate the ultimate results of individual transactions respecting parcels of wheat or futures which, up to July 31, 1936, aggregated upwards of 100,000,000 bushels and covered, even up to that date, a period of about 200 trading days.

The CHAIRMAN: Order. I regret to have to interrupt the hon. member, but I must inform him that he has exhausted his time.

Mr. PERLEY: I should like to finish this.

Mr. MACKENZIE KING: This will serve as an interruption, and the hon. gentleman may go ahead.

Mr. PERLEY: Thank you.

In addition to segregating the transactions in these parcels from purchases by the individuals concerned from other sources, there is the factor that in following through to ascertain the financial result to the purchaser the wheat covered by the $15,000,000 and $8,000,000 referred to would have to be distinguished in the purchaser's accounts from 1935-36 crop wheat purchased from the board, and it seems apparent that this could not be done. An attempt to follow through specific transactions in futures would seem to be even more futile.

Then it winds up:

For the reasons given above such an inquiry is not contemplated, any more than it is contemplated that the financial results to purchasers from the pools or the central selling agency would be gone into. Without, of course, prejudicing the matter, it would rather seem as if the transactions might be more logically appraised by conditions existing and reasonably to be forecast at the time of the transactions than by post hoc developments.

Now there is a statement by Judge Turgeon himself that he did not propose to make a thorough investigation.

I have numerous other letters here. That letter was acknowledged; the minister suggested to Judge Turgeon that he would like to refer the letters to Mr. Bennett and myself, and he got consent to do so. The letter directed to myself, dated April 22, 1937 reads as follows:

I am directed by the minister to forward you herewith for your information copies of correspondence between Mr. Justice Turgeon and myself, relating to questions asked in the House of Commons on March 30 last by the right hon. Mr. Bennett and yourself with respect to certain phases of the inquiry.

Attached is a copy of my letter of April 5 to Judge Turgeon, and copy of his reply, which is dated April 16. The right hon. Mr. Bennett has also been provided with copies of this correspondence.

That is from the deputy minister. I have the answer that the Right Hon. Mr. Bennett made to a similar letter addressed to himself dated April 26, in which he said:

I am wholly dissatisfied with the answer made by Judge Turgeon and you may so inform him. If he could deal with the balance sheets of the textile companies as he has he certainly could deal with the balance sheets of the elevator and other grain companies so as to show what, if any, profit was made by them through the acquisition of grain from the wheat board, assuming that the grain so

acquired has since been disposed of. No one was suggesting that he should investigate the handling of the 100,000,000 bushels of grain, and I doubt if anyone knows that more clearly than he does himself. I merely suggested that he apply the same principles in dealing with the grain companies as he did in dealing with the textile companies. There was a large quantity of grain owned by grain companies east of Fort William over the winter season of 1937. When was it bought, from whom, and what profit was made on it? Those questions really cover what I had in mind when I was speaking in the house.

I have the correspondence that took place between Colonel Ralston and myself. I replied to that letter setting out what I intended when I asked that the inquiry be thorough. My letter was also referred to Colonel Ralston, and I have here a two-hundred word lettergram from Colonel Ralston. The final words are:

> If there are further matters which you think are within scope of commission and are not already being covered, would you kindly write giving definite particulars of what you have in mind.

In reply I sent a five page letter, which I am not going to take time to read, but which I can summarize in this way: I said I thought the inquiry should be thorough; that they should proceed along the lines that had been followed in connection with the textile commission, where Judge Turgeon was also commissioner. I cited what the implement committee had done in connection with sending auditors to the head offices of the implement companies in order to audit their books and bring the statements back to the committee. I also told Mr. Ralston that from my experience with him on two important committees of this house he was beginning to know the grain business pretty well; that he had the ability and that, if he so desired, he could assist the judge in making this a thorough inquiry. In reply I received a statement from the auditors. Colonel Ralston stated that Price Waterhouse and Company had audited certain books of the exchange. They made reference to certain paragraphs in letters from myself and the leader of the opposition, as well as the books of certain firms. But really there were no official audits made. They went and asked these companies to show them their books and accounts, and finally stated to the committee that they did not think a further audit was necessary, that it would require quite a period of time and that it would involve following through the different accounts. Then they made the statement, in regard to the sixty-two million bushel transaction that I have cited in July, in order to show how difficult it would be to trace those sales, that during the month of July there had been 640,000,000 bushels traded in. In other words, the whole crop had been bought and sold three times during that month.

So, Mr. Chairman, I think there is proof conclusive that they never intended to make this a thorough inquiry. Certainly they did not examine the members of the exchange as we desired. In one of my letters I suggested that they might examine the books of the "big three," to see what influence they had on the market, and also that their transactions might be traced.

Now I desire to take just a little time to deal with the recommendations and suggestions that have been made. As I stated a moment ago the commission recommended that small pools be set up to carry on and that the wheat board stand by. When they made the recommendation concerning the wheat board I say that was an admission of failure, as far as the Winnipeg Grain Exchange was concerned. Let me say here that Mr. Richardson, Mr. Sydney Smith, Mr. Milner, and others who gave evidence before the committee in 1935, suggested that somebody should stand by with a basket to take up the slack in case of an emergency, as Mr. McFarland had done. Now the commission recommends that the board stand by, for this season at least, in case of an emergency. Then the recommendation is made that there be some supervision of the grain exchange. Practically all the witnesses agreed on that. At page 9242 of the evidence Mr. Murray said there should be some machinery for supervision, similar to that recommended by the Stamp commission. Mr. Paul Mehl, senior agricultural economist, at page 11211 of the evidence, said at Chicago that exchange self-government did not meet the situation in the United States, and that there should be some control. Mr. Darby, secretary of the grain exchange, speaking for the exchange, said that supervision such as the Stamp commission recommended would be good. Mr. Taggart, a farmer from Gull Lake, Saskatchewan, said there should be some supervision of the exchange to prevent raids on the futures market. Mr. Mathieson, speaking of Chicago, said Chicago was no more difficult to trade in than Winnipeg, yet Chicago had supervision. Mr. McFarland, dealing with the type of supervision suggested by the previous witnesses, at page 7626 stated that he did not think it would be of any use whatever, that a supervisor of that kind would be like a guest in the clearing house.

With regard to the need for supervision, evidence was given of raids, by the "big three" in particular, on the Winnipeg exchange. The Stamp commission took evidence with respect to the amount of trading carried on during a given period, and also with respect to raids made from time to time on the market. In that evidence an interesting fact was brought out. They took the year 1929, which was considered an average crop year, when we had 304,000,000 bushels of wheat in western Canada. They found that during that year there had been 7,200,000,000 bushels of wheat traded in. The period taken was from May 1, 1929, to March 31, 1930. Taking that as including some three hundred trading days, there was an average of about 24,000,000 bushels traded in each day. The crop, as I have said, totalled 304,000,000 bushels. That year the pools handled 121,000,000 bushels which did not need to be hedged and did not go through the market. There were 50,000,000 bushels retained for seed, so the hedgeable grain from that crop amounted to only 133,000,000 bushels. The carry-over from the previous year was 91,000,000 bushels, of which a certain amount was controlled by the pools, leaving only 43,000,000 bushels available for hedging purposes. This gave a total of 176,000,000 bushels of wheat available for hedging during that period in 1929, but the grain exchange traded in 7,200,000,000 bushels. In other words they bought and sold the crop forty-one times.

I just want to ask any hon. member of this house in his right senses, particularly any farmer member, if he thinks it is necessary to have an organization that will buy and sell a crop forty-one times in order to market 176,000,000 bushels of cash grain. I do not think it is necessary, and I think they were wise when they suggested some supervision and control.

Now I want to refer to the question of speculation and the cost of hedging, in connection with which a number of witnesses were examined. Sir Robert Robson appeared before the Stamp commission and said that as a result of speculators losing money gambling in wheat in Chicago, he thought the people in England got their grain much cheaper. Mr. Sydney Smith referred to speculating on the Winnipeg market. He said, "I think the great majority was held by farmers. Farmers are speculators, merchants are speculators;" everybody was speculating. I do not think that should be permitted.

Then there were numerous other witnesses who gave evidence as to what speculation costs Canada. Mr. Poloway, of the Dauphin district made a statement to the effect that the farmers of his district in the year 1929-30 had lost $970,000. We have the informed and the uninformed public among the witnesses who were examined. Mr. Murray himself said that Canada was only looking in its own backyard. Mr. Darby answered the question as to who would be competent speculators. He stated they would be the members of the Winnipeg exchange, and stated that the uninformed public were the farmers, stenographers and clerks.

Mr. Dowler gave evidence that they had to have these speculators in the market in order to set an average or proper price representing the value of wheat. I say you cannot have a fair market or a fair price when you have a market of speculators who, as has been shown by the evidence—and I should like to quote it further—are not competent judges. How is it possible that a price registration which depends upon an unknown volume of unintelligent speculators can be said to record as accurate an estimate of present values as can be achieved, as was suggested by Mr. Dowler of the exchange?

I have much evidence before me as to what would happen if the Winnipeg market closed. Mr. David Muir of Glasgow stated that he would see no difficulty if the futures market closed. Mr. Stoik of Antwerp, a broker, when asked what difference it would make to his purchases of Canadian wheat, could not see that it would make any difference; that it would be just one less to deal with. Snodgrass of Glasgow said that if the Winnipeg market disappeared and the futures market were to close, he could get along quite well without it. Mr. Bracey, an English buyer for the Scottish Wholesale Cooperative at Liverpool, said this would be a good procedure, and that the advantage would be to the producer.

There were many others whose statements I could give if I had the time. I submit the price of our wheat on the Liverpool market must ultimately prove to be a better basic bargaining start than the futures market. I should have liked to have time to deal with some other aspects of the matter. I should like to tell what the farmers who came before the commission said, when they stated their case. However, I do not wish to take too much time along that line.

I have some evidence before me in the report with respect to the operations of the "big three." I have evidence from a British witness who said that the "big three" had driven the small man out of the Liverpool market. I submit therefore that a business which is so important to the national life of Canada as is the marketing of wheat; which has been the subject of seventeen royal grain

inquiries in thirty-seven years; which is carried on under rules and regulations of an exchange subject to the control of nobody outside; which does not know the volume of hedging transactions as distinct from speculation carried on in its trading room; which does not know who operates on its market, or if there are any large manipulative traders; which refuses to divulge the volume of business conducted on its premises, and which is subject to outside investigation only by royal commission with respect to the conduct of its affairs—any such business must be a proper subject for strict and full governmental supervision.

I say the supervision recommended in the commission report does not go far enough. I regret at this session the minister is not even going to move concurrence in the report, or take action with respect to it to implement some of the suggestions made therein. I therefore make the following recommendations:

1. That a national grain board be put into force to operate under the Canadian Wheat Board Act, and that all coarse grains be brought under the operation of the act. I would even go so far as to suggest that the act be enlarged to take in all grain products.

2. That grain merchants and elevator companies operate as at present, doing a general grain business on the open market.

3. That there be supervision by a board of the operations of the exchange and the Winnipeg Grain Clearing house, in the following manner:

Said board to be a branch of the board of grain commissioners, and to be composed of three members—the chairman of the board of grain commissioners to be the chairman—and two other members, one of whom would be appointed by the producers and one by the grain dealers. This branch of the grain commissioners would have full control and operate the clearing house. They would license all members, grant a line of credit for trading purposes, set rates of commissions and clearing charges, and have control of the amount of future trades that could be cleared in proportion to the amount of actual cash grain handled by each individual trader.

In conclusion I submit that the grain act should be amended, and that the wheat board act should be put into full force and carried out at once. I protest against the failure of the Turgeon commission to bring out the facts with respect to trading through the Winnipeg clearing association, although we had asked that that be done.

[Mr. Perley.]

We are now being asked to vote a sum to meet the further costs of the commission which was set up more than two years ago and headed by Judge Turgeon, who receives a judge's allowance of $9,000 a year and $35 per day for living and travelling expenses. The commission retained Mr. Ralston at $200 a day and expenses, and paid an assistant $50 per day, and $10 per day for expenses. They had a very expensive staff. May I point out further that that is not the whole cost of the commission so far as the people of Canada are concerned. We know that the commission was followed by nineteen other counsel, four or five of whom were leading men such as Mr. Brockington, Mr. Pitblado and Mr. MacPherson. Certainly someone has to pay for that, and the payment will fall on the people of Canada.

After taking evidence in 1937 the commission filed a report on May 9 of this year. I say we should have had the report before us in time to deal with it properly at this session. The commission began their sittings in Ottawa, and then moved to Fort Wiliam, Winnipeg, Regina, Saskatoon, Edmonton, Calgary, Vancouver, then returning to the Atlantic seaboard. They went overseas and sat in London, Liverpool, Antwerp and other places. They sat and sat and sat and sat for almost two years. Who would not sit and and sit if he were getting $200 a day and expenses to tour Great Britain, the continent and all of Canada?

All this was at great expense to the pools. The pools had to send their representatives. What is the value of the report? What value can there be attached to a report on which no action is taken—a report I am inclined to believe that the wheat committee of this government reviewed and sent back a time or two.

Mr. EULER: What is that?

Mr. PERLEY: I believe the wheat committee reviewed the report before it was printed and before it was tabled, and reported it back to be revised.

Mr. EULER: Absolutely untrue.

Mr. PERLEY: I have anticipated the minister's statement. But reports we have received would lead us to believe that. I am led to believe that from the comments by members of the Winnipeg grain exchange the morning the report was tabled in the house, comments which lead us to believe that someone there knew something about it. However, that is something that possibly cannot be proved.

Mr. EULER: There are other things that cannot be proved also.

Mr. PERLEY: We are facing an emergency and we should have a statement from the minister before this vote passes as to what he proposes to do this fall. The pool representatives have been down here negotiating with the government. We have a crop in prospect but we are facing an emergency. We want the wheat board. We want a fixed minimum price of from 87 to 90 cents. We want participation certificates, and we want the personnel of the board changed so that it will have the confidence of the producers. We want an advisory committee set up. That was the one protection the farmer had, when he had four representatives on the committee. Why should fourteen or fifteen Liberal members of this house be going back to Saskatchewan with a promise in their vest pockets of a wheat board? Reports have been going around that these fourteen or fifteen members swallowed this promise and agreed to vote for the budget. They were given the promise that they were going to have a wheat board, and they are taking back that promise. We should have a statement made right here so that we will know what is to happen. The farmers have a right to know.

Mr. MACKENZIE KING: I think I should take exception at once to what the hon. member has said about any promise having been made to western members with respect to a wheat board. Nothing of the kind was ever suggested.

Mr. BENNETT: The western members made the promise.

Mr. PERLEY: I was led to believe that there was quite an interesting caucus held. If the reports I received were right—they may not be—but the western members understood that they were going to have a wheat board and they promised that they would come into this house and vote for the budget if they got a wheat board.

Mr. MACKENZIE KING: Apart from the impropriety of referring to what takes place in a party caucus, may I say to my hon. friend—

Mr. BENNETT: Personal and private letters are no longer private.

Mr. MACKENZIE KING: The subject was never discussed in a Liberal caucus. That is the answer to what my hon. friend has said.

Mr. PERLEY: Some of the Liberal members may have gained the wrong impression, because they have said they are going to have a wheat board.

Mr. EULER: The announcement was made by myself that there would be a wheat board, and it was said that the price would be fixed later on. That statement was made weeks ago.

Mr. PERLEY: I should like the minister to substantiate that by stating that we are going to have a real board functioning under the act. I want him to tell us that we are to have a minimum price, that we are to have participation certificates. If we are not going to have a wheat board, I think the pools should know so that they will have an opportunity of organizing.

Mr. EULER: The pools will not operate if there is a wheat board. There is going to be a wheat board. They knew that, and my hon. friend knew that.

Mr. PERLEY: I regret very much that we have not had an opportunity to discuss the 1936-37 report of the wheat board, signed on January 6, 1938. The time has been much too short.

Mr. EULER: You will have another opportunity if you want it.

Mr. PERLEY: In conclusion let me say again that the money spent on this report is absolutely wasted. We knew most of what is contained in the report long before they ever began to take evidence.

Mr. MOTHERWELL: I do not know whether I agree with what has been said by the hon. member who just sat down (Mr. Perley) as I did not hear much of it. I heard a few words like "McFarland," "carry-over," "shorts and longs" and "overages," but I did not hear anything about "fire sale."

Mr. BENNETT: The evidence of that is here also.

Mr. MOTHERWELL: We must use every shining hour, yea minute if we are to get out of here this afternoon. I am going to talk until one o'clock as a sort of cocktail before lunch. I do not take them myself, but I know some other hon. members appreciate them. As I understand it, there are two items before the committee, Nos. 372 and 373. I want to say a word or two on item No. 375. There are four items here that are identical and intertwined, one with the other, and I think they should be considered as one. I have my dope arranged in that way and I do not want to disarrange it. The chairman has assured me that I can make any reference to grain I desire under vote 372.

The first item refers particularly to the royal grain commission, and I think I can say what I think of that commission in two words, yes two letters, I think it is "N.G," but must as I go along give my reasons for so thinking. We all remember the remarkable unanimity there was in committee of the whole when the Wheat Board Act of 1935 was under discussion, and when it received its third reading. I think it would have been a good thing if that unanimity had continued. This matter has been ushered into the realm of politics by the order in council objected to. Why is so much being said about this problem now? It is due to the fact that while the present government was joint father of the wheat board act, it has committed infanticide or at least has mutilated the foster child to such a degree that it might as well be dead. This act is simply an ornament on our statute books.

Mr. BENNETT: It is an ornamental statute.

Mr. MOTHERWELL: I know some hon. members want a fairly good cocktail. This act received unanimous support at that time and I think every effort should be made to continue that feeling of unanimity. Certainly things should not have been changed to such an extent without the consent of this parliament. I should like to quote from a speech made by my right hon. leader at Calgary on September 30, 1935.

The CHAIRMAN: One o'clock.

Mr. MOTHERWELL: The cocktail is not worth a rap—too small.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Progress reported.

TRANSPORT COMMISSION

AUTHORITY TO CONTROL TRANSPORT OF PASSENGERS AND GOODS BY RAILWAYS, SHIPS AND AIRCRAFT —CONCURRENCE IN SENATE AMENDMENTS

Hon. C. D. HOWE (Minister of Transport) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 31, to establish a board of transport commissioners for Canada, with authority in respect of transport by railways, ships and aircraft.

He said: This bill has been returned with its tail-feathers rather clipped. It is not the bill which this chamber adopted; still, there is something left.

[Mr. Motherwell.]

In the interpretation clause several changes have been made. Two further definitions have been added. Waste paper loaded as full ship's cargo has been put in the list for exemption from regulation. To that there is no particular objection.

The changes are principally in part I, in relation to transport by water.

As a subsection of section 3 the following has been included:

(2) It shall be the duty of the board to perform the functions vested in the board by this act and by the Railway Act with the object of coordinating and harmonizing the operations of all carriers engaged in transport by railways, ships and aircraft, and the board shall give to this act and to the Railway Act such fair interpretation as will best attain the object aforesaid.

That is not material. However, section 5 has been changed by practically eliminating the convenience and necessity provision. It is provided that any boat that can indicate that at any time within the last ten years it has been engaged in carrying any item of package freight will be entitled to a certificate of convenience and necessity under the grandfather clause. Some forty boats are actually and exclusively engaged in package freight, and some 150 other boats are now eligible to engage in it, so that the certificate of convenience and necessity will not have any particular meaning with these amendments added.

Then an amendment has been added which exempts from the operation of the act shipping between the Pacific coast and the Atlantic coast. I think that that is unfortunate, because by putting this traffic outside the scope of the act, it does not enable those engaged in it to protest agreed charges which may affect the traffic of the ships in that service.

However, the bill has been reported with those changes. Aside from those I have mentioned there are, I believe, no material changes. As I have said, in my opinion it is not as good a bill as went to the senate, but after a good deal of consideration I have decided to ask the concurrence of the house in the senate amendments.

Motion agreed to; amendments read the second time and concurred in.

SUPPLY

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

TRADE AND COMMERCE

To provide for expenses of the royal grain inquiry commission, including authority for payment of honorarium to Dr. T. W. Grindley, secretary, $15,000.

Mr. MOTHERWELL: When the committee rose for lunch I was about to read the report of a speech made at Swift Current by the Prime Minister (Mr. Mackenzie King). But I think I will defer that for a moment, and deal with what, I believe, should come before that, namely, the ill-fated order in council with the worse than ill-fated rider thereon—

Mr. BENNETT: Hear, hear. Without authority of law.

Mr. MOTHERWELL: —which not only sterilizes the bill but caponizes it also. I pronounced "caponizing" with a long "a"; but no matter whether you use the long "a" or the short "a", it and "sterilizing" mean the same thing to the bill, because they render it innocuous.

It has been the most distressing experience of my whole life that a Liberal government should do this. Would to the Most High that it had been the Tories who had been responsible for it, or yon strange people in the corner. I could have put up with it, not easily, but at least without agony. What has come over the government? Wait till I read this fatal abuse of executive power. Well, it is too long to read it all.

Remember first that when this order in council was launched across the prairie it created such consternation and resentment that I have never seen the like of it. What was that about? Because an order in council had been passed which thwarted the will of this parliament—

Mr. BENNETT: Hear, hear.

Mr. MOTHERWELL: —and nullified it, —passed by a Liberal government, no less.

An hon. MEMBER: No more!

Mr. MOTHERWELL: I have not the patience to read the blamed thing. We have on our files 174 bills passed this year, or which will soon have been passed, by this house. If the executive can pass this kind of order in council and get away with it, not one of the bills which passed this year is safe from the dexterity of similar orders in council passed here by an expert hand. Why have these 174 bills been passed? What do we gather here for? Might we not just as well have a Mussolini and be through with it? Why this assembly at all? I have been down in the West Indies for a time recovering from one of this kind of fights. Down there the governor, of course, is boss. But surely in Canada the days of governor bosses have gone and we have something like democracy.

I do not know where to start, reading for most convenience, but I will quote the following:

The committee of the privy council have had before them a report, dated August 27, 1936, from the Acting Minister of Trade and Commerce, stating that under clause A of section 8 of the Canadian Wheat Board Act, 1935, provision is made that it shall be the duty of the Canadian wheat board, established under the said act, to fix the price to be paid to the producers of wheat delivered to the board as by the said act provided, subject to the approval of the governor general in council:

That the Canadian wheat board, established under the said act, has fixed a price of eighty-seven and one-half cents (87½ cents) per bushel for wheat graded as No. 1 Northern at Fort William, as a basis price for wheat for the 1936-37 crop year, effective from August 1, 1936, delivered to the board as provided by the said act, the price of other grades of wheat to be fixed by the board on the basis of the price for No. 1 Northern wheat delivered at Fort William as aforesaid;

Then for some strange reason it makes reference to the appointment of the royal grain commission. I do not think that it is necessary to read that; the committee will take it for granted. The appointment of a commission! The very thing that should have warned the government against meddling in this matter. And then the government take this important part—grain marketing—away from the commission and decide it themselves, when the problem is sub judice. I think, after all, I had better read it:

That the Honourable William Ferdinand Alphonse Turgeon of Regina, Sask., a judge of the court of appeal of Saskatchewan, was appointed a commissioner under part I of the Inquiries Act, being chapter 99 of the Revised Statutes of Canada, 1927, to inquire into and to report upon the subject of the production, buying, selling, holding, storing, transporting and exporting of Canadian grains and grain products, and other questions incident to such matters, and in particular, but without restricting the generality of the foregoing terms, to inquire into and to report upon:

The methods now or heretofore employed in marketing Canadian grains abroad, including government grain boards, cooperative or pool marketing, price stabilization measures and the open market or competitive method; and the effect of these various methods upon markets;

The measures which should be taken to retain and to extend the marketing throughout the world of Canadian wheat and other grains and their products.

The minister, therefore, recommends that the recommendations of the Canadian wheat board be not approved unconditionally but that approval be given only in the event of the closing market price for wheat dropping below ninety cents per bushel for wheat graded as No. 1 Northern at Fort William, in which event a price of 87½ cents per bushel as recommended by the board shall be approved, and this order in council be regarded as approving the same.

That is the rider that did the trick; that is the rider that defies parliament; and in my estimation it will be very bad for the authors thereof. The order in council last year was different; it left out the reference to the royal commission. Let me tell you the consternation with which this action was received throughout the prairies. I first heard about it on a Saturday night and I refused to believe it. I thought it was some fool report across the wires such as we sometimes get, some mistake; and it was not until Monday morning that I discovered when I went to deliver my wheat to the pool elevator for the board that I could not do it, after working hard with others to get this method of marketing satisfactorily established. I was not on the special committee, but outside I was helping to get the bill through in order that we might have a piece of legislation about which there would be no controversy. I am familiar enough with law to know that if you get all parties behind an act you are well away with the administration of it; but if the people are split in two, one-half bucking the other, then you will have difficulty in administering your law. The matter should have been left as it was until this parliament could make any change deemed necessary. It should not have been done by order in council or any such reprehensible method. It should, I repeat, have been done by this parliament and not otherwise. I have no language to describe the horror of the people, especially the Liberals. We were used to hearing these things about the Tories governing by order in council, and whatever the Tories do is always wrong anyhow—we are always safe, so it is averred, in that assumption. But regardless of politics, right across those stricken prairies, like a bolt from the blue went roars of indignation that can almost be heard to-day. I am trying to reverberate them a little. You do not need to be told about the popular indignation in the prairies, and I cannot adequately describe it.

Dozens and possibly hundreds of telegrams and letters were sent to the ministry. I myself sent three of them, and in those telegrams I left nothing unsaid. It would have cost the same to send a wishy-washy telegram or letter as to send a good one and the good one went. In addition to these messages all the municipal organizations, all the agricultural societies, within and throughout the prairies, the provincial government of Saskatchewan in session assembled, and the province of Manitoba —all these various bodies made representations against the emasculated wheat board. The province of Saskatchewan two years in succession passed resolutions on the question asking for a wheat board, and I believe that they had in mind not a sterilized but a real one. They did not designate. The province of Manitoba said that they wanted a real, live wheat board, one that would not hibernate twelve months in the year. Notwithstanding all this, in this democratic country, the government stood obdurate. We all like the idea that once a man has put his hand to the plough he should not turn back; but when you have put your hand to a plough with crooked handles the quicker one turns back the better and easier is the turning.

With such an order in council as that, look at the danger and likelihood there was in appointing a royal commission which would in all probability take its cue from that order. And that is what they did, and that is the kind of report we got. It was the will of the government expressed there in that order in council. Let me say a word about the appointment of the commissioner. A good many foolish people talk about the vast amount of money spent for the commissioner and his counsel, but if we had got value the price was not too high; if, on the other hand, we have not got value, then the money was wasted. I do not think it was fair to commissioner Turgeon to appoint him as sole commissioner. Ever since the first chairman of a royal grain commission was appointed, Judge Sinclair of Perth in the county of Lanark—my birthplace, by the way—ever since he was appointed to the first grain commission in 1898 or 1899, I forget which, there have never been fewer than three commissioners investigating these many sided grain problems until the last one of 1936. And even with the united efforts of all these we have never yet had a grain act that the grain mixers at the head of the lakes and elsewhere could not drive a coach and four through if they were any kind of teamsters at all. I do not think any living man alone can do justice to an inquiry of this nature with such extensive ramifications. I repeat. I do not think it was fair to Mr. Justice Turgeon. There was much to be inquired into about the technique of terminal elevators. I wonder if Justice Turgeon or any of his counsel were ever in a terminal elevator. They certainly got as far away as they could from the depredations that I am going to speak about presently; trying to investigate an elevator at the head of the lakes from Vancouver is a new stunt to me. That is all I will say about the commissioner, except to repeat that no man living can properly investigate a great

question like the grain trade with the doors of inquiry wide open, as expressed in the order in council.

And what about the counsel? Who says aught against the ability of Colonel Ralston? Not I. But I have a little to say about the propriety of both the giving of it and of his taking it. It is not considered good form—I may be getting on legal ground with which I am not too familiar—but the very last act of Colonel Ralston as reported in the proceedings of the special committee of 1935 on the Canada Grain Board Act was to move an amendment to the bill as section 10, namely:

The operations of the board shall not extend beyond the 15th day of August 1936 except for the purpose of sale and realization of assets, collections, payments, and generally for the winding up of the affairs and business of the board, unless on or before the first day of July 1936 the operation of this act be extended by order of the governor in council for one year from the date first mentioned in this section, in which event such operations with the exception above mentioned shall terminate on August 15, 1937, unless further extended by parliament.

That was Colonel Ralston's view. Anyone who has expressed himself so freely and publicly surely should not have been appointed counsel on the commission. If Colonel Ralston or any hon. member here present had been summoned to act on a jury, and had said as much about the subject before the jury as Colonel Ralston did about this, the other side would have challenged his right to sit on the jury. There is not a lawyer in this chamber who does not know that. Of course the claim may be made that this royal commission is not the same as a court. But it had all the frills and all the authority of a court. This order in council was passed when the question was sub judice before that court, and the government grabbed off a maximum chunk of it and decided it themselves pending the report of the commission. We have never heard the like in the history of Canada. If I am to hear and see much more like that I am not caring when I pass out. The disgrace to our country! Colonel Ralston is one of the finest men that you can meet in a day's journey, but this is not the place for him. His price is not of so much concern, the $200 a day, but it is the getting the whole thing in the hands of the government: one commissioner, one master counsel, and presto! you can get any kind of report you like. That is what happened anyhow.

Now that is something like the kind of indignation that was aroused when this whole distressing incident was first noised abroad. The Prime Minister is, I feel sure, averse to all this—and I want to say incidentally that I do not lay one iota of this at the door of the Prime Minister. But he cannot avoid his responsibility. He has some mighty bad advisers or rather a bad adviser around him in regard to the grain business. This is generally known to be true, but opinions may differ as to who constitutes a good adviser. This is from a press despatch report of a speech delivered by the Prime Minister at Calgary on September 30, 1935:

Farmers were just as much entitled to fixed prices for their products as labour was to fixed minimum wages. Mr. King said he believed in fixing these levels for the purpose of maintaining standards of living. But everything that was done for labour should be done equally for the farmer.

The Liberal members of parliament were responsible for the fixed minimum price for wheat.

And that was so. There was no fixed minimum price in the original wheat board bill. I do not want to disparage what the right hon. leader of the opposition did. He was the father of the bill, very much approved by the godfather, the present Prime Minister, who amended it, and incidentally crucified it later by his government.

Mr. Bennett did not propose this when he brought in his wheat board bill. Mr. Bennett could have settled the wheat question earlier had he not wanted to make an election issue, but there was no issue as the bill received the support of all parties.

If that is the description of that bill—and it was a true description—I think I have to absolve my right hon. friend the then Prime Minister of Canada from wanting to make an issue of it. He wrestled with himself there that last day in 1935—oh, it was like dragging a cat by the tail to get him to do what he did, play the game; but he did play it. And he got a bill that committed this house, unanimously supported—even by Colonel Ralston—and if the government wanted harmony at this critical time surely it was not by murdering this bill in this horrible fashion that this desired end would be attained. I have pleaded with the government on this thing for the last two years, but they would not listen. Now I am forced to do what I am doing. I have been asked since the luncheon recess when I would be through. I do not know. "Well, don't you know that his excellency is going to sail on Monday?" I haven't anything to do with when his excellency sails. Let him sail. My duty is to my constituents and to the people of Canada; and without any disrespect whatever, and although I would love to meet the wishes of his excellency, it shall not be at the expense or neglect of the people of Canada or of my constituents.

Mr. MACKENZIE KING: May I say to my hon. friend that I do not think his excellency's name should be brought into this discussion. As regards influencing the proceedings of parliament, no desire was expressed by his excellency with respect to his sailing or not sailing, nor was a word said by myself to the hon. member or to anyone else in regard to his speaking.

Mr. MOTHERWELL: Yes, you wanted to get that into Hansard, did you?

Mr. MACKENZIE KING: No, I wanted to have the record correct.

Mr. MOTHERWELL: Well I cannot hear what the hon. gentleman says. There was a colleague who lent me his ears the other day, but he and many others are not here to-day. Hon. members can guess why.

Now I have some simple notes here, but I never could follow notes. I am just going to follow the gleam. Here is the wheat board act. There were two little touches put to it by the senate afterwards, but they do not amount to a hill of beans, so we can take this as the act. I have it all marked and I know where to turn to anything; however it is getting so nearly worn out that it is not as easy as I thought. Here on the back of it are the notes I took at one meeting of mine in 1935. Here we have bill 98, passed in 1935, which in section 3 declares:

There shall be a board—

There was no "if" or "but" about it.

—to be known as The Canadian Wheat Board, which shall consist of three members appointed by the governor in council.

There are a good many important things in this bill, but these are the salient features:

7. The board shall undertake the marketing of wheat in interprovincial and export trade and for such purposes shall have all the powers of a corporation and without limitation upon such powers the following:

Surely anybody can understand that. You do not need to be an expert; you do not need to be the Minister of Justice. You hardly need to know anything at all to know what that means. Then it goes on:

(a) to receive and take delivery of wheat for marketing as offered by the producers thereof;

(b) to buy and sell wheat: Provided that no wheat shall be purchased by the board except from the producers thereof;

Is that not plain enough? If words mean anything at all, that board should have functioned continuously until parliament said no; not until somebody in the cabinet said no. I am sorry I was brought up such a stubborn Liberal, with the conceptions I have about democracy.

[Mr. Motherwell.]

Mr. THOMPSON: You were brought up in Lanark.

Mr. MOTHERWELL: I see the hon. member for Lanark smiling. I am not providing this entertainment for my hon. friend; it is at a heavy cost to me. I remember my father talking about William Lyon Mackenzie, that great man who challenged everything that was wrong at that time, including, to use his historian's very words, "the abuse of executive power." What a come-down that his grandson should exercise himself in the direction of abuse, great abuse, of executive power. It is time this tendency to fascism was stopped. You do not need to go to Montreal for communists and that kind of truck. I suppose I should not have said "truck," but what I have said I have said. I tell you, when you get a government interfering in such an important matter as this, then you have a grave abuse of executive power and we must see that we get rid of that abuse. We must get rid of it, or how can we talk about unity? Is this not the way to get disunity? I suppose we should get a little practice against the Mussolini men, against fascists, before we have to go to a real war, but we do not want to start it here. If we do not we had better beware what we do.

I am not going to read the rest of this bill; it is so plain that "a wayfaring man, though he be a fool, need not err therein." Then, as though to make sure there would be no doubt about it, look at (g):

. . . generally to do all such other acts and things as may be necessary for the purpose of giving effect to the intent and meaning of this act.

Mark that. That was just for fear some of us were too stupid to understand that the intent and meaning must be the guiding principle of the government that administered this measure. Is there anyone within sound of my voice who thought this bill could be crucified after a few months by an order in council? During the discussions in committee or elsewhere did anyone suggest, "Oh, well, the government can slip over an order in council"? Will anybody who thought that was in anybody's mind please stand up now and let us see what he looks like? No one stands up; then none have I offended.

Now let us go further:

8. It shall be the duty of the board:

(a) to fix a price to be paid to the producers for wheat delivered to the board as by this act provided, subject to the approval of the governor in council;

(b) to sell and dispose of from time to time all 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;

Oh, I think you know it all, but down in (j) I find this:

. . . 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;

I am sure the right hon. leader of the opposition will correct me if I am wrong when I interpret that to mean that it was put in to see that no one else ever held wheat off the market in the same manner that it was thought to have been held off by the pool and the grain trade generally in the fall of 1929. Who will say that they did not all hold it off? And I never heard a soul say at that time they were wrong. They just guessed wrong; that was all. This provision, I take it, is put in to make sure that whoever is administering this act will always remain in the market with their wheat, both buying and selling. I do not hear the leader of the opposition challenge that interpretation. I know that is what this provision was put in for. As I say, I was outside the committee, but I was constantly advised as to what was going on, and I helped a little bit at long range.

There are three provisions for the exercise of executive power in this bill. Sections 9, 10 and 11 provide for a compulsory wheat board if any government in power wants to have one. That power is granted in the bill. They also have the right to approve of a price for wheat as recommended by the board, or to modify that price. But the modification of the price was always thought to mean up or down, not laterally, as was done. Then there is another executive power found in section 14:

The governor in council may approve of the provisions of this act being made applicable to oats, barley, rye or flax produced in the provinces of Manitoba, Saskatchewan, Alberta and British Columbia, if the board recommends that such approval be given, whereupon the provisions of this act shall mutatis mutandis—

Whatever that means; I think it means "in the same manner." They might just as well have said so, but the lawyers always like to put in something classical.

—apply to such kind of grain as they apply to wheat.

That power in two instances out of three has not been exercised. Well, when this parliament defined three executive powers that could be exercised, am I not justified in coming to the conclusion that this was all they were supposed to exercise? If they were meant to kill the bill by stealth, parliament would have told them to steal up on it some dark night and put it out of business, but there is nothing like that here. I do not think there is anything like that in any act, but that is what has been done, while only one of these three provisions for the exercise of executive power has been taken advantage of, but with a bad twist in it.

There is the wheat board bill. I cannot imagine this order in council of the 90 cents a bushel racket being passed in total disregard of the plain language of that act, without its being referred to the Minister of Justice. I do not see him in his seat. I guess he is busy with the padlock law, and with those gentry away up near the foothills. But I do not see why he should confine his attention to them. Let him come here and give his reasons, which he must have given to his colleagues. I was in council long enough to know the procedure. If a minister of justice were passed up by the government you would soon be minus a minister of justice. No doubt the Minister of Justice passed upon this order in council. I do not know that he did; it may be that the rest of the cabinet turned around and did it without him. But they did not formerly do it in that way, in my day.

I will talk through you, Mr. Chairman, to my good old eastern Liberal friends. I was born in Ontario, and I could not help loving it, even if I tried not to. It is pretty hard to ride through it these June days and see the beauties of its landscape without loving it, even if one were not born here. I have the affiliations, the attractions of birth place, the traditions, the memories of neighbours, and the story of old Ontario dating back to the early eighties and far beyond engraved clearly on my heart. But, oh, it makes me feel sad when I realize the way some of my eastern friends look at this matter. "If we have a wheat board for the west, everyone will be wanting a wheat board—a board for onions, potatoes, cabbages, cheese and butter, etc. They will be clamouring from the Atlantic to the Pacific for boards, the same as the prairie farmers have."

That sounds logical and natural, superficially. That is the argument the Minister of Justice used on the second reading of the wheat board bill. I have too much truck on my desk to keep track of it. Read Hansard and see this, Messrs. Ministers, for yourselves! He spoke along those lines; I may not have the exact farm products mentioned, but that was the sense of it. That is the reason given why he wanted an emergent and very temporary board,—because everyone would be wanting one.

Now, let me answer that. During the war there were only two farm products which were

held down in price by the authorities of that day. One of them was wheat and the other was cheese. Those prices were held down officially. The price of cheese was held down to twenty-five cents a pound when there was no question that it would have soared sky high beyond that. I would say to members from the east: Instead of shutting up your hearts against the wheat board, which is admittedly for the west, why not claim your right for a cheese or live stock board? As I have said, during the great war you made sacrifices when the price of cheese was held down. Why not do now as I am doing? Why not claim the right to a board either for your cheese as an animal product, or for the animals themselves? That could easily be adjusted. Instead of wounding us in the west who in all conscience, need this in our business, why not claim your right, for reasons I shall show in a minute, to some assistance in the live stock industry or the live stock products industry, whichever you like?

That is a matter for yourselves. May I remind the government, and all members assembled here, that when the attempt was made to take the Crowsnest Pass rates from the west I pleaded with some of my maritime friends who are not here to-day that instead of trying to take that rate from us, something which had been obtained honestly and deliberately from Sir Wilfrid Laurier, they should get a little Crowsnest rate for the maritime provinces themselves. That is the way to do it, as I see it. If we are to live happily together it will be done not by snatching what the other fellow has, but by claiming the privilege of something similar on the principle of compensating adjustments for some other part of Canada. We cannot raise a family in this or any country without practising some give and take in order to promote peace within that family. That is what we must do if we are to promote peace and harmony among the nine provinces of this confederated country.

Well, they got their little Crowsnest railway rate in the maritimes, via the Duncan report route, and I think they were pretty happy about it. That would be my solution. Now, what did we contribute in the west to the bread-basket of the allies during the war? I do not know the facts with respect to cheese, because I never followed them up, and of course the figures would not reach such immense proportions as ours. But I have in my hand an extract from the proceedings of the royal grain inquiry, and I must give it credit where it is due for having brought out this fact. The information I have was sent to me, upon application, by Mr. T. W. Grindley, when I asked him to give me something I could use respecting the prices of wheat under the board of grain supervisors. I have not used this information in any public meetings, because I have not been in the best of shape recently. When one spends nearly forty years of one's life fighting for just such things as I am fighting for to-day, it grinds the stamina down pretty much. I became sick in 1929 on account of it; but I do not want sympathy on that account from anybody. I merely recite the fact for those not in the know. However I cannot help—

The CHAIRMAN: I am sorry to interrupt the hon. member, but—

Mr. MOTHERWELL: I want no mercy at all. But do you think it is all right for the hon. member for Qu'Appelle (Mr. Perley) to speak at such great length? I will stop right here.

Some hon. MEMBERS: Go on.

Mr. MACKENZIE KING: We are in committee, and if the hon. member will permit me I should hope he would regard these few words as giving him the opportunity to continue.

Mr. BENNETT: And I join in that.

Mr. MOTHERWELL: That is nice. I was not going to ask for it, because I am just not in the asking-for-favours—

Mr. BENNETT: Mood.

Mr. MOTHERWELL: Yes, mood. But you might as well let me have it off, anyway, because it is going to come off.

Mr. BENNETT: He knows he can do it, anyway.

Mr. MOTHERWELL: This is one time that the private members have a chance; I hope more of them will exercise it. I have before me an extract from page 762 of the evidence given on December 8, 1936. I find on looking over it the heading "Price limit," and following that heading this paragraph:

Above all, national selling held the price steady—

This was a reference to the board of grain commissioners.

—under conditions when, had there been no price control, the price would have been forced to an intolerable figure.

Yes, it would have been forced to an intolerable figure. Then Mr. Brockington, counsel for the elevator association, asked:

I take it that means that the price would have been forced upward to an intolerable figure?

Here is Mr. Ralston's statement:

I think that is what is meant there in the report of the board. In other words, national selling did effect a price limit. It held the price steady when, had there been no price control, the price would have been forced to an intolerable figure.

That is not what Colonel Ralston said in Regina hearings or elsewhere. I think I am justified in saying that I was so ill when giving evidence at Regina that I could not proofread my own statement, and it never was proofread. I would not recommend anyone to read what I said. As everyone knows, it is very difficult to take down a grain letter correctly, but it appeared to be particularly hard in this case. Colonel Ralston talked me out of the vast sum the western farmers contributed during the war, owing to held down prices, when I was giving evidence before him. There is the record. I have a copy in my office, and any hon. member can get a copy. He talked me out of it. But if I had had the following information then, I would have taken the fur off the colonel. I did enter into an altercation with him of which I was ashamed. That happened before the press and everyone else. I am not going to bottle up the information that I have until it ferments.

The average fixed price paid for wheat in 1916, 1917 and 1918 worked out at about $2.28 per bushel. Very little was purchased in 1916, but for convenience of estimation we will place the average price at $2.28. When you are dealing in hundreds of millions of bushels it does not make much difference. Here is another significant item. It states that about 350,000,000 bushels were sold in those years by the board of grain supervisors, for which the farmers got an approximate average of $2.28 per bushel. Put that figure down in your scribbling books. Many estimates have been made as to what the price would have gone to if there had been no board. It is stated here that it would have gone to an "intolerable" height. What is an intolerable height? It went as high as $4 at the Atlantic seaboard, which is about 12 cents per bushel more than at Fort William. Let anyone look up the press of that day and he will find that the farmers and others were prophesying that wheat would go to $5. However, the authorities got together and held the price down to an average of $2.28. I have here an estimate made by about as capable a man as anyone I know in that line of business, the late Dr. Magill. He was the secretary of the Winnipeg grain exchange, an authority whom I do not often quote. The following statement appears on page 197 of the proceedings of the committee on agriculture and colonization which met in 1922:

We had no information about the British buying, and I stated that if the United States and Great Britain were going to compete in our market for our hard red fife it would not surprise me to see our wheat anywhere from $3 to $5 per bushel.

It must be remembered that that statement was made under oath. I think that is as sound an authority as you can find. I have no doubt the price would have gone that high. A middle figure between $3 and $5 would be $4. By deducting $2.28 from $4 you arrive at the extra amount the farmers would have received had there been no board. That gives you $1.72 per bushel. Multiply that by 350,000,000 bushels sold, and you get a total of nearly $600,000,000. That is the amount the farmers of the west contributed to the breadbasket of the allies including Canada. I will not say they all knew what was going on, but I do say there was very little murmuring about making that contribution. The average price of $2.28 looked like a lot of money. I do not want to magnify this too much. There are the figures and there is my authority. When I put the top price at $4 I am down a little from what it actually might have been. There was great difficulty in obtaining wheat at that time from the Argentine and Russia which forced the allies to depend almost entirely upon North America for their supply. If there had been no control the price might have gone higher than any of these estimates, but it was held down.

Have you ever noticed how prompt governments are to act when they want to hold down farm prices? Without any prodding, without any urging, without any goad being used, they jump to keep prices down. That is what happened in connection with the wheat at that time, 1916, 1917 and 1918. When you want governments to hold up prices even a wee bit, when you want them to give you a wheat board, how reluctant they are to act! Reluctant is hardly the word to use; how determined they are not to do it! We hear a lot about the hardships of the farmers and the beneficence of governments in the matter of relief seed, etc. That will not do for me. I will not sell my independence even though I am fed, or even though my neighbours are fed. It may be all right to keep them alive like you would an ox so that you can get some work out of them, but that is not Christianity, it is not even decent. I appeal to this government, to my old companions and friends, not to continue snatching wheat boards from us by peculiar orders in council, but to go forward and do something Do not wait for weeks to pass before it is

put into effect. This order in council referred to was passed on August 27, 1936, twenty-seven days after it should have been passed as provided by law and then was no good. This is the time—almost the first of July—to set the price for the coming harvest. It should be set at 87½ cents basis Fort William, with no cussed rider to it such as burdened the orders in council of two years ago and last year. Is it done? Will it be done? The answer was made by the Minister of Trade and Commerce that in addition to what the Turgeon commission reported favourably on, we would have a board and a minimum fixed price. There was nothing in the Turgeon commission report, except by implication, that there would be a fixed minimum price. You have to read closely between the lines to see even that, so closely that the Minister of Trade and Commerce relieved the anxiety of the western people by telling them that there would be a fixed minimum price. Do you think that I have not now the right to urge that price? When is the minister going to set the price? If he uses the board and the people out west the way that they have been used since the 27th of August, 1936, what kind of price are we going to get? Are we as representatives going to disband from this house and run the chance of similar treatment this fall? Once bitten, not twice shy, but many more times shy. Do you think we should trust the government to do the right thing, not on the 27th of August, but now, or say a week from now, when we and they get away? Do you think we should complacently trust them after what they did in 1936? If you think that, then "I have not found so great faith, no not in Israel." They should not ask us to go abroad and take it for granted that they are going to do something in the way of a price which will be in any wise acceptable to the people. Why strain our confidence in that way? Why not "come across"? Why do not the government adopt the recommendation of the wheat sub-committee? I do not think it is any breach of confidence—if anyone thinks it is I will not say what I intend to say—to mention that this was not in council. The subcommittee of the government—four gentlemen, all capable men—met one from Alberta and the Liberal members from Saskatchewan and Manitoba, and without one dissenting voice the subcommittee was asked for a board and for a price such as I have suggested, and we wanted it before this house prorogued. They—the sub-committee—were not very anxious about acquiescing in that request, but after they had reported to the cabinet they came back and seemed quite agreeable.

Mr. EULER: Came back where?

Mr. MOTHERWELL: But that is as far as it has gone. It would look as though the ones who are most responsible are the remaining members of the cabinet other than the four members of the subcommittee. I cannot get at the bottom of that. I do not think we are going to be flim-flammed by that kind of treatment. The subcommittee will get away with it on the ground that they made a recommendation to full council, and the rest of them will get away with it in any way they can. They will be down here, anyway, where little sentiment for wheat boards prevails, so it will not make much difference to them politically. If I am exaggerating or going farther than I should, let anyone who likes cast a stone.

I have been identified with the subject-matter of this legislation since its inception and even during its pre-natal stage,—when the late Doctor Douglas introduced the matter in a private bill in 1898, and for ten years before that. I do not like to obtrude the "I"—that "I" did this and the other. You can imagine what I was like in those days, forty years younger than I am now. You may be sure that I was somewhere around when this Manitoba grain act subject was first discussed. We made pretty good progress until 1912—I will not say until the Tories came in, though things just happened that way, but the Tories were not a bit worse than we have been since. Then that precious sample market business was ingeniously worked into the picture, and the farmers bit like so many pikes—hungry ones too. To their astonishment they found that wheat grade mixing was ingeniously worked in at the request of Doctor Magill to the Minister of Trade and Commerce of that day; that is 1917. Anyone who wishes can look at the records; I have not them here. That was done through a minister of trade and commerce—I hope he is listening to this—

Mr. BENNETT: He is in heaven.

Mr. MOTHERWELL: I mean the present Minister of Trade and Commerce—who interviewed the Minister of Justice and got a decision that authority for a sample market presupposed mixing. What the grain trade cannot do when it comes to driving through the Grain Act is not worth talking about. But I must not dwell too long on that. I may mention what the farmers contributed—if you like, what they sacrificed—at that time to the cause of the allies. Will you not now let us check out a little bit on that credit—

not the stuff that is talked about up in the country of high altitudes; this credit of ours is a real credit—

Mr. BLACKMORE: So is ours.

Mr. MOTHERWELL: —so that we may get through this crisis without being told daily that we are "bumming" on eastern Canada. I admit that eastern Canada is helping us generously. We have been helped by both church and state, and we acknowledge it freely, but we are not selling our birthright because of that, or our conceptions of what is proper in these matters.

How would it be, Mr. Chairman, if we should now take recess? There is too much ammunition here to keep track of; my desk is full of it; hon. members want to prorogue; his excellency wants to sail; what am I going to do? I am going to stand by with this ammunition as long as I can stand up and deliver. I am going to call it half time with the hope and expectation of delivering the remainder of it some time to-day.

Hon. W. D. EULER (Minister of Trade and Commerce): It is not my intention to follow into all the by-ways traversed by the two previous speakers.

In the opening remarks of the hon. member for Qu'Appelle (Mr. Perley) I was surprised to hear him intimate that the appointment of the Turgeon commission was not the result of the meeting of our parliamentary committee or of anything that was said in this house with regard to certain charges against Mr. Murray. His further criticism was that there has not been sufficient time for the discussion of the wheat board and its activities. As hon. members know, the report was laid on the table the very day after Mr. Justice Turgeon delivered the first report to me; it was laid on the table even before it was printed. The printed report was laid on the table within two weeks afterwards. Therefore, at least so far as the government is concerned, there was no delay in presenting the report to members of the house. That it is not possible perhaps to give it full consideration is not the fault of the government, and it is because of the importance of the recommendations that are made in the report that the government finally decided not to bring in this session any legislation that would implement some of the recommendations made by the commissioner. There may be, and there has been, some criticism with regard to that, but I would ask the committee to accept it as the reason. It had been the intention of the government to bring in legislation amending the grain act to provide for supervision of the Winnipeg grain exchange; but, as I said before, for the reason that, the house being in session, we were not able to give the question full consideration, we finally decided, rightly or wrongly, that the whole matter should be left over until next session. Then possibly there will be a complete revision of the grain act, and whatever may arise out of the report may be incorporated in that act.

The hon. member for Qu'Appelle complained about the length of time taken by the commissioner in the investigation and the submission of the report. He made a comparison between Judge Turgeon and Sir Josiah Stamp. No proper comparison is possible, because, if I remember rightly, Sir Josiah Stamp reported on just one question, that dealing with futures on the Winnipeg grain exchange, and that required only a few weeks. The order of reference to Judge Turgeon was vastly wider than that. Not only did it necessitate inquiries in Winnipeg and in every grain centre in the west, but the commissioner had to proceed to Europe and Great Britain, and as a natural consequence the report was delayed. I might give as another reason, though it may not be accepted as a good one, the fact that Judge Turgeon was the commissioner in charge of the investigation into the textile industry. For those reasons the grain report was somewhat delayed.

The hon. member for Qu'Appelle dealt with three or four definite points. In the first place he criticized the delay in bringing in the report, and second—I am not using language that is too strong—his criticism was a defamation of three estimable gentlemen who have served the country well. One of these gentlemen is Colonel Ralston, who, the committee will admit, was one of the most valuable and reputable members of this house. Another was Mr. Murray, former chairman of the wheat board. The hon. member also criticized Mr. McIvor, the present chairman of the wheat board, a man who was associated with Mr. McFarland, and I believe my hon. friend had a great deal of confidence in Mr. McFarland whose name he mentioned to-day. He used these terms, which I took down, and he will correct me if I am wrong. I believe his reference to Mr. Murray was as a criminal, and he referred to Mr. McIvor as an accomplice in crime.

Mr. PERLEY: That is figurative language, and the hon. gentleman knows it.

Mr. EULER: I am glad to hear my hon. friend say that. In another instance he spoke of the hangman. I leave it to the judgment of the committee whether that is

proper language to use, even in jest, of any reputable men who have served the country well. I was going to use strong terms in condemning the hon. member's language—

Mr. PERLEY: Why does the minister not address his remarks to the hon. member for Melville (Mr. Motherwell)? He spoke more disparagingly of Mr. Ralston.

Mr. EULER: I am not at the moment replying to the hon. member for Melville. The hon. member for Qu'Appelle made reference to men who are not in this house to defend themselves, and I say to him that if he puts himself in a position where they can defend themselves, they will take very good care of him. The other point of his speech was a criticism of the report itself, and finally he gave advice to the government as to the policy that should be pursued in connection with the wheat board for the coming crop year.

I am not going to go into all the ramifications of the charges made. The original charges against Mr. Murray as chairman of the wheat board were made in this chamber, as a result of which a parliamentary committee was appointed, of which the hon. member for Qu'Appelle and the leader of the opposition (Mr. Bennett) were members. I happened to be the chairman of that committee. These charges were investigated by that committee; the report which was made to this house was unanimous, and certainly there was in the report no condemnation of Mr. Murray or anyone else.

Mr. PERLEY: It did not exonerate him at all.

Mr. EULER: In the report the recommendation was made that a royal commission should be appointed to look into the matter of these charges, and of the whole question of wheat and the policy with regard to wheat. Judge Turgeon was appointed as royal commissioner; he made his investigations, and I need only say in regard to the charges made in that committee that the house can do nothing other than accept the report of the commissioner, with regard to the charges against Mr. Murray, that he had protected the shorts on a certain day; I believe it was in December, 1935. I will read one paragraph from the commissioner's report:

> In answer to the question arising out of paragraph 3 of the order in council, I find, on the whole of the evidence that the members of the board cannot be said to have protected speculative short interests in the Winnipeg wheat market in December, 1935. The board, in the exercise of its legitimate discretion, decided that it was advisable to sell. They sold without, of course, knowing what proportion of their sales would fall to speculators and what proportion to others: and I cannot see how a knowledge that short speculators were buying should have deterred them from selling, if they had such knowledge.
>
> This being my opinion, the second question as to the effect of any such protection does not call for an answer.

Mr. PERLEY: How many witnesses were called to prove that?

Mr. EULER: I was not present and I do not know how many witnesses were called, but there is the fact that the commissioner reports that no blame rests upon Mr. Murray.

Mr. BENNETT: It is not denied that they were protected by what took place; but the commissioner says that they did not intend to do it.

Mr. EULER: It is true the result might have been to the advantage of speculators, but it is an entirely different thing to say that the action of the chairman of the board was calculated to protect the shorts.

Mr. BENNETT: Every man is supposed to know the effects of his own acts.

Mr. EULER: Absolutely not. My right hon. friend might buy wheat to-day, thinking there would be an increase in price, and yet it might go down. The hon. member also described Mr. Murray as a dictator, and I refer to that particularly because, knowing Mr. Murray as I do, I consider it was a most unjust attack. It was intended also to be a reflection upon the government, that he dictated to the government.

Mr. BENNETT: So he did. He said he must hire his own people, and you remember what he said about taking office at all.

Mr. EULER: The action taken with respect to the advisory committee was due to the policy of the government and not to the desire of Mr. Murray.

Mr. PERLEY: What about Murray's evidence at page 191?

Mr. EULER: The hon. member made another statement, that there was a fire sale; that after McFarland retired from the board and Murray took charge, a fire sale was put on to the detriment of the wheat producers. I say distinctly that the policy which was adopted by the wheat board of offering wheat for sale at all times was not only what was called for very definitely in the wheat board act, put through this house by the then government, led by the present leader of the opposition, but was the considered policy of this government. We believed that this was the right policy to follow. I admit that there

is room for difference of opinion on that. No doubt my hon. friends on the other side believe that the policy followed by Mr. McFarland in accumulating almost 300 million bushels of wheat and keeping the whole wheat situation in a state of uncertainty may have been the right one. But this government thought otherwise, and Mr. Murray in offering wheat for sale at all times followed definitely the policy and desire of this government, with the result that we got rid of the wheat surplus.

Mr. BENNETT: And lost $11,000,000 on his operations.

Mr. EULER: But at one time we would have lost about $75,000,000 if we had followed the policy of my right hon. friend.

Mr. BENNETT: But the answer is he did not, and he made $25,000,000 out of McFarland's wheat.

Mr. PERLEY: The agreement was made without the knowledge of the government and was cancelled without the knowledge of the government the moment Murray met with the committee of the grain exchange. That is the evidence.

Mr. EULER: I do not know whether such an agreement ever was made.

Mr. PERLEY: Last year I asked for the return, showing whether the government knew of that agreement, and the answer was: No. I asked a second question: Did they know when it was cancelled? And it was cancelled without the authority of the government and was made without their authority.

Mr. EULER: Quite right, and in the language of the street, "So what?" Certainly the government did not dictate to Mr. Murray in regard to any of his acts. But Mr. Murray, generally speaking, was carrying out the policy of this government in offering wheat for sale at all times.

Mr. BENNETT: Read these documents.

Mr. EULER: And that is also the law laid down in the wheat board act.

Mr. PERLEY: He has done a number of things the government did not know.

Mr. EULER: The hon. member for Qu'Appelle criticises the recommendations made by Judge Turgeon. That, of course, is his privilege. One recommendation was that there should be legislation to provide for the supervision of the grain exchange at Winnipeg. I was a little surprised when my hon. friend read a great many opinions, including that of Mr. McFarland by the way, and, I think, of Mr. Murray and a good many others, that the Winnipeg grain exchange should be supervised. But he followed that up with a statement, or certainly the implication, that the grain exchange ought to be abolished altogether. I do not see the consistency of the two statements. I do not know what my hon. friend wants. Does he want the grain exchange supervised or abolished?

Mr. PERLEY: I said the grain exchange in the open market could continue with a board but under proper supervision.

Mr. EULER: I am afraid I misunderstood my hon. friend.

Another suggestion made by the commissioner is that wheat should be sold through the pools, and that the government should encourage the organization of pools to handle the sale of wheat, and, he said in so many words that ultimately he believed the government should get out of the wheat business altogether. With that I entirely agree. He also said that for the coming year—it was more or less a negative recommendation—the wheat board might continue. That answers the question my hon. friend asked this morning, or what I am going to say will answer it and also answer the hon. member for Melville (Mr. Motherwell). As a result of that recommendation the government announced some weeks ago through myself that there would be a wheat board to handle the crop for the coming crop year and that a price would be set at an appropriate date.

Mr. PERLEY: And participating certificates issued?

Mr. BENNETT: That is what the law requires.

Mr. EULER: I think it is utterly impossible under the wheat board act to set a price without participation; I think that naturally follows. What that price may be, I am not prepared to state, because the government had not considered that question. That will be done in due course.

There was another recommendation which at the moment I do not regard as of great importance, that there should be a wheat institute to promote the sale of wheat in Great Britain and on the continent of Europe. In regard to that the wheat board itself, in the last year and the year preceding, has been doing that work. My right hon. friend the leader of the opposition intimated that he thought they were spending that money illegally. I am not in a position at the moment to say anything as to that except

that it never occurred to me that they had not a perfect right to do anything they could to promote the sale of wheat, which it was their job to sell. Now that the wheat board is going to continue for the coming crop year, there is no doubt at all, because I spoke to the chairman about it, that he will continue those efforts to promote the sale of wheat both in Great Britain and on the continent.

In conclusion, just a word in regard to the demands of the hon. member for Qu'Appelle. He demanded that we promise him, I suppose, or the house, certain things.

Mr. PERLEY: The farmers of western Canada.

Mr. EULER: That we promise that we would have a wheat board with a fixed price and with participation, knowing all the time that the government had already stated their intention to do that very thing. But I suppose that would read well in the headlines.

Mr. PERLEY: I have not any more confidence in the government than has the hon. member for Melville.

Mr. EULER: I would not expect my hon. friend to have much confidence in anything. And as someone over here says, it is the first time he has ever followed the hon. member for Melville. He will probably follow him only when he feels in sympathy with him.

Mr. BENNETT: He did not follow the hon. member for Melville, the hon. member for Melville followed him.

Mr. EULER: Well, probably the two hon. gentlemen will follow each other; perhaps they are good mates. He also demanded that we declare the full policy of the government with regard to wheat board matters. He demands a price of 87½ cents. Here he and his mate are not quite in agreement; the hon. member for Melville was satisfied with 85 cents. They will have to get together and decide what they want.

As to what the price is going to be, I am not making any promise, for the simple reason that the government has not yet decided what that price shall be. In due course the price will be announced.

I do not know that I can say anything more in regard to policy. It seems to me that nothing more should, at this time, be demanded of the government by the committee. The committee is assured; the farmers of western Canada are assured, that there is going to be a wheat board operating during the coming crop year. They are assured that there will be a fixed minimum price. They are assured that there will be participation, because there must be if the wheat board act is continued.

Mr. BENNETT: The act is not repealed or amended.

Mr. EULER: Quite so; that is why I say that. If we had intended to do away with participation, it would be necessary to amend the wheat board act, and we have no such intention.

Mr. BENNETT: No; you did it by order in council the last two years. That is the point.

Mr. EULER: In conclusion, the policy of the government for the coming year with regard to the wheat board act is as I have stated it, pending decision during the coming year as to a permanent policy.

Mr. COLDWELL: I wish to make a few brief comments. First, I would refer to the hon. member for Melville (Mr. Motherwell). I have often found myself in disagreement with him. Indeed, on more than one occasion ideas which I hold have been subjected to his ridicule. But I realize that it took a great deal of courage to do what he did this afternoon, after so many years in this house, with so many associations with his party, to rise in his place and criticise the government and inferentially the party of which he has been so long—I say it quite sincerely—a distinguished member. This afternoon the hon. member for Melville answered something that I think we found it rather difficult to answer; that is, the suggestion that the agitation in the fall of 1936 against the government's action in connection with the wheat board was the result of political opposition to the government and particularly of the activity of some of us connected with this group. I think the former Minister of Agriculture demonstrated clearly this afternoon that this dissatisfaction not only was felt by people politically opposed to the party represented by the government but was widespread in the ranks of all parties, and included government supporters in western Canada. I was glad to hear the announcement made this afternoon by the Minister of Trade and Commerce (Mr. Euler).

Mr. EULER: That was nothing new.

Mr. COLDWELL: We were anxious to know definitely that there would be a wheat board; that it would operate continuously; that there would be a set minimum price, and that there would be participation certificates

during the coming year. I think that announcement made so categorically this afternoon will be welcomed generally.

Mr. EULER: Does my hon. friend not know that I made the same announcement some three weeks ago? Perhaps my hon. friend was away in Saskatchewan at that time.

Mr. COLDWELL: I did not realize that it was made quite so specifically. In common with a number of gentlemen supporting the minister I was, as he says, away in Saskatchewan when he made that announcement in the house. But it having been made this afternoon in this manner, I think it is much more satisfactory than I realized from the previous announcement.

With regard to the minimum price, I am in agreement with the hon. member for Melville when he says that our producers are entitled to minimum prices for their products. As I have said so frequently in the house, if our producers must buy in a protected market then the prices they get ought to be protected also; and from the votes taken in the house on the budget and the sub-amendment a short time ago, I think we may take it for granted that the government intends to maintain at least a certain amount of tariff protection. With regard to the set price, the minister stated that two previous speakers who had mentioned fixed prices had differed in the price suggested, but at the risk of making confusion worse confounded I am going to differ also and suggest to the minister that the proper way to fix a price is to take the results of investigations which have been made into the costs of production over a period of years. If the government will do that, I think they will find that the university of Saskatchewan has made fairly exhaustive studies of average prices and has stated rightly or wrongly—I believe rightly—that the cost of producing and delivering a bushel of wheat at Fort William amounts on the average, to $1.03, which is the figure suggested by Professors Allan and Hope of that university. Therefore, I say our producers are entitled to that consideration.

There is not much left for me to say after the announcement of the minister and particularly after the speeches of the hon. member for Melville and the hon. member for Qu'Appelle (Mr. Perley), but we shall hope that when the permanent policy is brought down it will place in statutory form, that cannot and will not be upset by government orders in council, a fair and just price for the western producer.

Mr. MACKENZIE KING: I have no desire to take up any of the time of the committee with reference to the general discussion which has taken place, but I do wish to deal immediately and precisely with the allegation that in passing the order in council that has been the subject of discussion this afternoon the government believed in any way whatever that it was nullifying in any particular any provision of the wheat board act. From what the hon. member for Melville (Mr. Motherwell) has said, one would assume that the government had deliberately sought to undermine the effect of an act which had been passed by this parliament, that we had tried to do by order in council what the statute would not permit us to do.

Two questions came up for consideration at the time the matter was being discussed in council. The first was that of the legal power of the government to take action along the lines it did. In connection with that aspect of the matter legal advice was taken by the government from the Department of Justice, and from the advice given us I was perfectly satisfied at the time, as I believe all my colleagues were, that under the provisions of the act we had authority to pass the order in council we did.

The other question that came up for consideration was whether or not our action in naming the price to which wheat would have to fall before it would be purchased by the board would meet with the approval of the wheat board itself. The wheat board was consulted before the figure of 90 cents was finally agreed to by the governor in council, and they approved it. The order in council was not passed, as I have said, until after we had reason to believe that we had full legal authority for what we were doing and also until we believed we were acting in accordance with what the wheat board itself considered to be the wise and right thing to do. There may be debate as to whether or not our judgment in the matter was right or wrong. I submit, however, that the record of prices from the time the order in council was passed up to the present shows pretty conclusively that our judgment was sound in the course we took. With respect to the powers we had, I think I have only to read the sections of the act that are pertinent and leave it to hon. gentlemen who wish to take a fair and unbiased view of the situation to say whether or not we were in their opinion justified in the view we entertained as to our powers under the act. Section 7 of the Canadian Wheat Board Act, which refers to the powers of the board, is as follows:

7. The board shall undertake the marketing of wheat in interprovincial and export trade and for such purposes shall have all the powers of a corporation and without limitation upon such powers the following:

(a) to receive and take delivery of wheat for marketing as offered by the producers thereof;

(b) to buy and sell wheat: Provided that no wheat shall be purchased by the board except from the producers thereof;

May I pause here to say that I am reading the powers given to the board. There is nothing in the statute which says those powers must be exercised. They are not compulsory. They are powers which the board has, but the statute does not say that the board must buy and sell wheat, except under such conditions as are specified elsewhere. Then I come to the other important section:

(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, according to grade or quality or place of delivery, as may be determined by the board with the approval of the governor in council—

The whole point is as to the meaning to be attached to the words "as may be determined by the board with the approval of the governor in council." There are two specific conditions that have to be met. First, the board has to determine the price; the board did determine the price at 87½ cents. Second, there is, in addition, the approval of the governor in council. The governor in council gave its approval of the price of 87½ cents, but it said that in its opinion that price should not be offered until wheat had dropped to 90 cents per bushel. The purpose of the act, as I gather it, is to protect the wheat growers against prices falling to a point which, as respects their sales, would be serious as far as the grain growers are concerned. The approval of the governor in council was given but with that one condition attached, namely, that the price of wheat should be at 90 cents before the board began to exercise its right and power to purchase wheat at 87½ cents. We believed as I have said, and were fortified in our belief by legal opinion, that we were entirely within our power to pass the order in council under the provision of the statute I have read. As to the condition inserted, I would point out that we inserted that condition believing the record would justify us in the step we were taking. I submit that the prices, which are a matter of record to-day, indicate that the judgment of the council in the matter was wise. I wish to make perfectly clear that at no time has this government sought directly or indirectly in any way, shape or form to override a statute by order in council. That is the last thing in the world any member of this administration would wish to do.

Mr. PERLEY: On what authority did he dismiss the advisory committee for which there is provision in the act?

Mr. EULER: It says only that there may be an advisory committee.

Mr. PERLEY: An advisory committee had been set up.

Mr. EULER: It was not obligatory.

Mr. BENNETT: It was set up, though.

Mr. MACKENZIE KING: I cannot answer the question, because I have not that information in my mind at the moment.

Mr. EULER: I am not a lawyer, but I would say it would naturally follow that if it is within the authority of the government to set up a board or not to set up a board, then there surely ought to be power to nullify action which had been taken.

Mr. PERLEY: It does not say "may."

Mr. DOUGLAS (Weyburn): I rise to ask two questions, but before doing so may I express my admiration of the courage and fine independence of spirit indicated this afternoon by the hon. member for Melville (Mr. Motherwell). Those of us from Saskatchewan who know about the fight he has put up for cooperative marketing to the advantage of the farmers of that province know how well he has shown his integrity this afternoon by carrying his views to their logical conclusion. As I heard him speak, I could not help thinking of what Tennyson made Ulysses say:

> You and I are old;
> Old age hath yet his honour and his toil.

My only regret is that the great party to which the hon. member belongs could not see fit to keep pace with him.

The statement has been made by the Minister of Trade and Commerce (Mr. Euler) and was made in Saskatchewan repeatedly by the Minister of Agriculture (Mr. Gardiner), that there would be a wheat board. Are we, from that, to understand definitely that the operation of the wheat board will not be contingent upon any price level? The Prime Minister pointed out a moment ago that constitutionally the government had the power to pass the order in council. I am not concerned with the constitutional aspect of the matter, but I am concerned with the fact that the effect of that order in council was to make the wheat board inoperative.

The minister says we are going to have a wheat board. We have a wheat board, but it is a wheat board which cannot take delivery of wheat until the price hits 90 cents. Are we to have that kind of wheat board, one which will operate only when the price hits a certain level? Will it be operative to-day and not operative to-morrow, operative this week and not operative next week? Is the minister prepared to assure us it will be a wheat board which will take delivery of wheat, irrespective of the price level? That is my first question.

My second question is this: Is the minister prepared to give us the assurance that a fixed minimum price will be announced within a reasonable period before wheat is being placed on the market by the producers? The farmers ought to know now what the fixed price is going to be. When I was in Saskatchewan a few weeks ago wheat was leaving the elevators as seed wheat, under a federal government guarantee, and farmers were signing notes for $1.45 a bushel. On the other hand wheat was going into the elevator at 72 cents a bushel. I was in a municipal office and saw a man signing a note for wheat which had been supplied to him by a mortgage company. That note was for wheat at the rate of $1.70 a bushel. That man will probably bring back three bushels for every bushel he received from the mortgage company. If prices continue at the average present level, he will bring back two bushels of wheat for every bushel received.

I say the farmers have a right to expect that long before they are drawing their wheat to the elevators they will know something about what the price will be. I would, therefore, ask the minister these questions: First, will the operations of the wheat board be contingent upon the price level on a particular day and, second, will farmers be given notice, within a reasonable period of time before wheat is being put on the market, as to what the fixed minimum price for wheat will be this fall?

Mr. EULER: I have already stated the government has not yet considered what the price should be. I would add that nothing in connection with the fixing of that price, or any modifying or restrictive price, has been considered.

With respect to the second question as to whether or not a decision will be made within a reasonable time as to the fixing of a price, the answer is in the affirmative. I might add that the decision with respect to the first question will also be made within a reasonable time.

Mr. DOUGLAS (Weyburn): In order that I might not misunderstand may I ask this: Do I understand the minister is not prepared to give the assurance that there will not be the same danger as before of an inoperative clause which will say that until the price hits a certain level the wheat board will not take delivery?

Mr. EULER: I cannot give any assurance, because the matter has not been discussed or decided upon by the government. That is my reason for saying I cannot give an assurance. It is a matter of policy, and I am not authorized to make statements with regard to policy. The matter has not been decided upon.

Mr. DOUGLAS (Weyburn): In other words, when the minister says there will be a wheat board he means there will be a wheat board with qualifications.

Mr. EULER: No; I am not saying that at all. I am saying there will be a wheat board and a minimum price, and the other matter in connection with it, as to what the price shall be, is to be decided within a reasonable time. I think that is quite clear.

Mr. DOUGLAS (Weyburn): I must differ with the minister; I do not think it is clear. It is clear there will be a wheat board and a fixed minimum price, but it is not clear that the wheat board will accept delivery of wheat.

Mr. EULER: No; that is not decided. My answer with regard to it is clear, that there will be a decision within a reasonable time.

Mr. COLDWELL: The minister said there would be participation certificates?

Mr. BENNETT: It is in the statute; he cannot help saying it.

Mr. COLDWELL: Yes; it is statutory. But that is only if the board takes delivery.

Mr. BENNETT: Yes.

Mr. COLDWELL: The inference which has been taken is this, that the participation certificate means that the farmer will be able to deliver to that board every day of the year, and will participate to the extent of the average price. That is the interpretation which has been and is being placed in western Canada upon the participation certificate. Now we learn that while it is statutory, there is no guarantee that the board will operate in the manner it is expected to operate by the farmers of the west.

Mr. EULER: It is statutory that if the board purchases wheat and sells it for a price higher than that at which it purchases, there will be participation.

Mr. BENNETT: No; when it buys it will give a participation certificate.

Mr. EULER: Yes, a participation certificate which will ensure that if the wheat is sold at a price higher than is paid for it, the producer will get the balance. Perhaps it may be difficult to satisfy all hon. members, but I do say that the decision with regard to price and everything connected with it will be made within a reasonable time.

Mr. BENNETT: There are certain facts in connection with this matter which cannot be gainsaid. All the talk in the world will not change them. They are written in the statutes of Canada. Briefly, without unnecessarily taking up the time of the committee, they are as follows:

1. This parliament by unanimous action passed a wheat board act.

2. That act could become operative only if the government of the country approved a price at which wheat was to be bought by that board.

3. The board did recognize a price of 87½ cents, which was approved by the government of the day, and the board functioned in the year 1935-36. It functioned under Mr. McFarland until the present government took office, at which time he was removed and someone else was put in his place. According to the figures which we now have, during that year a loss of something over $11,000,000 was made.

4. The present government approved a price of 87½ cents a bushel on the condition that wheat reached a price of 90 cents a bushel. There is no authority for any such conditional approval being given. That is elementary, and the Prime Minister (Mr. Mackenzie King), who has studied law as a science and not to practise it, realizes that it is incompetent for and wholly beyond the jurisdiction of any body or government to fix a condition which nullifies the operative effect of a statute. No one will question that.

Mr. MACKENZIE KING: It does not nullify the effect of the statute.

Mr. BENNETT: But it did. Not a single bushel of wheat was bought, or could be bought. That is what nullified the statute. Everybody knew that when they saw the order in council. The hon. member for Melville (Mr. Motherwell) put his finger on the point at once. He told us that the minute he read the order in council he knew it would not work. Why? Because it fixed the price to which wheat was to fall or to which it was to rise before the statute became operative. Not a single bushel of wheat was bought by the board.

Mr. MACKENZIE KING: If the price of wheat had fallen to 80 cents, would not the act have operated?

Mr. BENNETT: If it had fallen to 50 cents it would have operated, but the point is that you imposed a condition which prevented it from operating.

Mr. MACKENZIE KING: No.

Mr. BENNETT: There is no gainsaying that. Everybody knew that. Ask the farmer; ask the boy who knows nothing about it. The hon. member for Melville said that he saw at once that the act was prevented from operating by the order in council. That operated pro tanto as a repeal of the act.

Mr. EULER: It would not necessarily operate in that way.

Mr. BENNETT: But it did.

Mr. EULER: Nobody could see that it would.

Mr. BENNETT: Anybody could foresee that it was intended to operate in that way.

Mr. EULER: It was to prevent farmers from receiving prices at a ruinous point.

Mr. BENNETT: To prevent them from falling?

Mr. EULER: Yes, below 90 cents.

Mr. BENNETT: No; the intention was to prevent the board from buying a bushel of wheat, and it succeeded. It was intended to permit the grain trade to monopolize the business, as they did. Not a single bushel of wheat was bought by the wheat board. That is the answer. It is no good to be righteously indignant about this. The fact is that not one bushel of wheat was bought. The grain trade monopolized the business that was intended to be divided between private and public concerns. Read the debates in this parliament. Read the story of the debate that brought this wheat board into being. The story was simple. It was that the farmers of western Canada should have an alternate market; they were to have the public market or the private market. They could go to the wheat board, on the one hand, or to the private interests, on the other. But they were denied the right to go to the public board; they were driven to

the private grain trade. Every bushel of wheat sold by the farmers of western Canada since the expiration of the crop year in which the government came into office has passed through private hands.

Mr. EULER: They got a good price.

Mr. BENNETT: The fact that they got a good price is not the answer. The answer is that they were deprived of their alternate market. There is another answer, which is a complete one. It is the one made by the hon. member for Melville—the farmers did not share in the profit.

Mr. EULER: They got the going price.

Mr. BENNETT: Yes; they got the going price, but the private interests made the profit that should have gone to the farmer under the participation certificates. That is the point exactly. That is the whole story. That is the point made to-day by the hon. member for Melville. He complains because this board has not functioned. It has not functioned because an order in council was passed that rendered it impossible for the board to function. It is admitted that this is so. There is no denial of it. The profit that went to the private interests is a profit that would have gone to the farmers of this country under the participation certificates. That is the whole story.

Mr. CRERAR: They did not do that the previous year.

Mr. BENNETT: No one says they did. I am talking about 1936-37 and 1937-38.

Mr. CRERAR: Does my right hon. friend say that there should have been a guarantee of a profit on the board's operations in 1936-37 when there might have been a loss as there was in 1935-36?

Mr. BENNETT: Surely the minister realizes that no one is talking about guarantees.

Mr. CRERAR: My right hon. friend is talking about profits that were denied to the farmers.

Mr. BENNETT: Nobody was talking about guarantees. I want to make that clear to the minister.

Mr. CRERAR: There is no point in such a statement.

Mr. BENNETT: Yes.

Mr. CRERAR: There was no profit in 1935-36.

Mr. BENNETT: No. The farmers got 87½ cents, and the country paid $11,000,000.

Mr. CRERAR: I understood my right hon. friend to say there would be a profit.

Mr. BENNETT: That is what the Minister of Trade and Commerce (Mr. Euler) has just said, that there was a profit. I say that profit did not go to the farmers of the country.

Mr. EULER: Does my right hon. friend think the theory of the act should be that there should be a profit guaranteed to the farmers by the Canadian government?

Mr. BENNETT: I have not suggested that. I am not talking about the theory of the act; I am talking about the operation of the act. I am pointing out to the Minister of Mines and Resources (Mr. Crerar) that there was a great profit last year, but it did not go to the farmers. They would have derived the benefits of that profit had there been participation certificates.

Mr. CRERAR: My right hon. friend has no warrant for making such a statement.

Mr. BENNETT: I say they would have participated in the profits.

Mr. EULER: They got the market price.

Mr. BENNETT: They got the market price at which the wheat was hauled in, in the fall, but that is not the price which the ultimate consumer paid. The best answer is that there is a spread of 25 cents. What price is the farmer paying at the elevator for the seed wheat the wheat board took over? Under what authority did they take it? The farmers of Saskatchewan are paying $1.45 a bushel. At what did they take it from the wheat board? They took it at $1.24. By what authority? For what was the profit of 20 cents a bushel? What authority had they to do that? That is the figure given to me by the minister. He is the one who said that the wheat board sold at $1.45.

Mr. GARDINER: The price that will be finally charged to the farmer has not yet been set.

Mr. DOUGLAS (Weyburn): The minister himself said that the price would be $1.45.

Mr. GARDINER: I have never made the statement that the price was set at $1.45. Read the record.

Mr. BENNETT: The Minister of Agriculture (Mr. Gardiner) has said that the price has not been set, so that settles that. I was basing my argument on the statement that the price was $1.45. There is no getting away from the fact that this act was intended to be for the benefit of the farmers of west-

ern Canada. They complained of tariffs and this was to be the compensating adjustment. They were told that if there was a loss, the country would bear it. But the fact is that not a bushel of wheat has passed into the possession of the wheat board for two years. Why? Because the government passed an order in council that made it impossible.

Mr. MACKENZIE KING: Because the price of wheat was higher than the minimum.

Mr. BENNETT: Because the government passed an order in council that said it would not operate until wheat fell to 90 cents. I ask the government if they will give me a fiat to test that order in council in a court of law? I will take the case myself. Let me test the validity of that order in council. Let us have it referred to the Supreme Court of Canada. Let us find out whether the executive of this country has the right to pass an order in council that renders nugatory the provisions of a statute when there is no authority to do it.

Mr. MACKENZIE KING: That is not what was done here.

Mr. BENNETT: That is exactly what was done. There cannot be any difference of opinion about that because not a single bushel of wheat passed into the elevators for the wheat board in 1936-37; not one bushel—which is the test. I know farmers who went to elevators and were willing to take the risk. They said, "We will take a chance," and they wanted to give their thousand bushels of wheat to the wheat board. They were not concerned about the price. That was not a matter of importance. They wanted a participation certificate, to share in that rise in price. Could they do it? That is the test. Farmer A goes to-day to Okotoks with 1,000 bushels of wheat, as he did last fall, and asks to put it in the elevator for the wheat board. He cannot do so. Why? Because the price of wheat is not as low as 90 cents. He was willing to take the chance. He wanted the alternate market; he wanted a participation certificate; he wanted the opportunity, believing as he did that wheat was going to rise in price, to share in that rise. Could he do so?

Mr. EULER: What chance would he possibly be taking under those circumstances?

Mr. BENNETT: He was willing to take a chance by selling to the wheat board. He was bound then to get the very highest price at which the wheat was sold.

Mr. EULER: He was bound to get the price at which it was ultimately sold. He was not taking a chance at all.

[Mr. Bennett.]

Mr. BENNETT: He would take a chance on making some money. He would take a chance of participating in a rising market.

Mr. EULER: Exactly. The chances were all in his favour.

Mr. BENNETT: Exactly.

Mr. EULER: He could not lose out, because the government would lose if the price went below 87½ cents, and he must win if the price went above that. It was "Heads I win and tails you lose."

Mr. BENNETT: What is the difference between giving it to the farmer and giving it to the gambler?

Mr. EULER: That is not the point at all.

Mr. BENNETT: In one year seven billion bushels were handled in the Winnipeg grain exchange. Does the hon. gentleman mean to tell me that he can justify that? That one fact convinced me more than all other arguments together that we must have control. I ask every reasonable man in this house whether he does not agree, when he is confronted with the evidence that seven billion bushels of wheat were bought and sold on the market in Winnipeg in one year when the crop was hedged to the extent of less than two hundred million bushels, and when the total crop amounted to about three hundred and five million bushels. I ask, apart from partisan feeling and political differences, whether any member of this committee thinks that kind of thing can be justified.

Mr. THORSON: What did the Stamp commission say about it?

Mr. BENNETT: The Stamp commission said it should be supervised.

Mr. THORSON: No; on the matter of speculation?

Mr. BENNETT: I may say that I wrote the question, because I was anxious to have the opinion upon it of that economist, a disinterested man. The simple question was whether or not the sale of futures was advantageous or otherwise to the farmer, and the answer was that it was, but that there should be supervision.

Mr. EULER: Was there? Was supervision provided for?

Mr. BENNETT: I will tell the hon. gentleman. In the wheat board act we had a provision that would enable us to wipe that practice out altogether.

Mr. EULER: When was the Stamp report brought in?

Mr. BENNETT: In 1932 or 1933.

Mr. EULER: And the wheat board did not come into existence for three years after that. What action was taken to provide for supervision in the interval?

Mr. BENNETT: Not any.

Mr. EULER: Why?

Mr. BENNETT: Why? Because we were controlling the market. Against the efforts of those who are now the government, we were controlling the market. That is the reason. And that is the reason why the whole grain exchange was arrayed against the then government. I could, with respect to that, unfold a tale which would amuse the hon. gentleman. I know what I am talking about. I know what their efforts were. I know who conducted them. I know the contributions made to the end that the government should be destroyed. They were quite within their rights, because they thought they were fighting for their lives. That control was the reason it was not necessary to do more than make this adjustment. That was done, and 205 million bushels of wheat passed into the hands of Murray at the lowest price of the year.

Mr. EULER: There was hardly a permanent arrangement.

Mr. BENNETT: And there was put through this house a measure which provided for a loss which, under the order in council, was only to be estimated when the business was wound up. The Minister of Finance (Mr. Dunning) said there was no chance of its ever being other than a loss; yet I find that he has received $8,000,000, and according to the report I have under my hand, out of that same wheat a profit was made which wiped out the loss of $8,000,000 that Murray made.

Mr. EULER: Not quite. There is still a loss of over $2,000,000.

Mr. BENNETT: Well, I asked the minister, and he told me he could not give it to me.

Mr. EULER: The right hon. gentleman must remember—

Mr. BENNETT: I asked the minister if he could give me the amount. What does he mean now by saying it involves this sum of money, when he told me he could not give it to me until the adjustments were made?

Mr. EULER: I gave the right hon. gentleman absolutely everything I had.

Mr. BENNETT: What does he mean now by saying there was a loss of $2,000,000?

Mr. EULER: I will give the right hon. gentleman the answer in a moment.

Mr. BENNETT: He told me he could not give me the figures. I have under my hand the last report, up to June 18, and it shows that they still have some grain on hand. It shows the $11,000,000 as being paid out of the profits made by McFarland. It shows that $8,000,000 came to this government—

Mr. EULER: And $6,600,000 went back.

Mr. BENNETT: Went back where?

Mr. EULER: For the equalization.

Mr. BENNETT: Well, I hold in my hand a document containing a statement to June 18, 1938. It is the auditors' report. I turn to exhibit A, and here are the words of that document:

Funds on deposit with banks. . .	$ 4,642,430 90
Funds transferred to dominion government.	8,000,000 00
Due from No. 1 account re 1935 crop deficit.	11,858,104 18
Due from No. 3 account re 1936 crop deficit.	49,574 88
Due from seed and feed account.	152,573 88
Total.	$24,702,683 84
Less: Due on Saskatchewan government account.	50,570 00
Surplus on No. 2 account. . . .	$24,652,113 84

Mr. GARDINER: If I remember rightly, the $6,600,000 which was paid up on the 1936 crop was taken out of the consolidated fund. What the minister has just said is that if you wanted to get what would be the actual total regarding the whole wheat operation, that amount would still have to be taken into consideration.

Mr. BENNETT: I am only reading from the report of the Canadian wheat board. There is now on deposit with the banks $4,642,430.90. The dominion government have had $8,000,000 transferred to them, and they had a great deal more than that for quite a long time. But then it was transferred back. It was on deposit here, and given back, according to this report.

Mr. EULER: But this $6,600,000 never entered into the funds of the wheat board at all; it went out of the dominion treasury.

Mr. BENNETT: But it is recouped, and more than recouped to the dominion treasury.

Mr. EULER: Not if you take the 1935 operations.

Mr. BENNETT: We have nothing to do with the 1935 operations. The dominion

government has already had $8,000,000. There is due from No. 1 account; that is, they have appropriated, $11,000,000 of McFarland's wheat money to pay the deficit of 1935, making a total of about $24,000,000. The $6,000,000 which was paid out of the dominion treasury, plus the $15,000,000, makes $21,000,000; the total is $24,000,000. That is the position. These auditors certify that this does not take into consideration the $6,000,000.

Mr. EULER: The wheat board auditors had nothing to do with the $6,600,000.

Mr. BENNETT: Of course they had not.

Mr. EULER: But the government had to pay it.

Mr. BENNETT: And what is more, they made a profit. They have taken the $8,000,000—

Mr. EULER: The right hon. gentleman has already put that in.

Mr. BENNETT: But I say they have taken the $8,000,000 against the $6,000,000; they have got back the $15,000,000, and they have used it to pay the deficit of 1935. In other words, the compensating adjustment which we used to talk about to the farmers of western Canada, which was to be provided for, because they were to have the opportunity of an alternate market, which is now denied them, resulted in this terrible "burden" that was talked so much about. The auditors' report shows that McFarland had a surplus of $24,692,000. It shows also that quite a substantial part of it has not yet been disposed of. The minister informs me that it is in process of disposition, but he cannot give the exact figures until that process is complete. So that the Saskatchewan government has paid the wheat board $9,200,000 for wheat it has bought on account, and there has been delivered wheat for $8,983,299.10. This is according to exhibit No. 2. There is the result—a surplus of $24,692,000. That surplus is available to pay the $6,000,000. It is available also to pay the $15,000,000 which this country improperly paid, in order to make political capital, as a business man once said, probably the most discreditable operation that ever took place in parliament, in face of a written document which stated that payment should not be made until the ultimate liability was established. In the face of that, they paid it. Well, you add $6,000,000 and $15,000,000 and you get $21,000,000.

Mr. EULER: Do not forget the $11,000,000 loss in 1935.

[Mr. Bennett.]

Mr. BENNETT: I am not talking about that; I am talking about McFarland's operations. Here are the documents that show a surplus in these operations of $24,000,000, there being still adjustments to be made—a surplus which pays the $6,000,000 and the $15,000,000, leaving something towards the payment of the $11,000,000. I do not know how much that will be. When we get down to the 1935 operations, I have not time this evening to go over these documents; but they will be here, and if I am not here then, somebody else will be who will take these sales and analyse them. When you look at the sales for 1935 and 1936 you will understand why there was a loss. All you have to do is take the weekly reports. The law required them to offer wheat for sale, but if you analyze these reports you will know why the term "fire sale" is used. There is no trouble about that. Read the reports; I have read them all. I have seen the sales for June, 1935; I have seen the sales on single days, and I know exactly what is meant by the term. That is the reason why the discussion has taken place as to the benefits that accrued to certain interests. It is all very well for the commissioner to say that they did not intend to do it, but there are the documents and they speak for themselves. I ask any hon. gentleman to take the reports, which are given for every week in the year commencing in 1935, before this government came into office, and coming down to June 18, 1938, and to read those reports. If you will read them you will understand why there was a surplus of $24,000,000 on one account and why there was a loss of $11,000,000 on the other; for remember that during the crop period they were not selling McFarland wheat; they were bound not to, as a matter of fact; Mr. Murray made that clear before the committee.

If one did justice to this subject, one would deal with it methodically and carefully from beginning to end; but I realize that we are now at the end of the session and I do not propose to do more than state the propositions which I have put forward, which do not admit of denial. A farmer who desired to use the alternate market, having 1,000 bushels of wheat last fall, and to get the participation certificate, taking his chance, was denied that right by the passing of an order in council which renders nugatory the provisions of the wheat board act in that regard. I will ask any student of law whether or not any body given power to impose conditions can impose a condition that renders nugatory the operation of the statute under which they are given that power. That is the issue, shortly put. It is put in other

words by a layman, the hon. member for Melville, but I put it in this way to members of the committee who belong to the legal profession, and who know that the foundation of all our liberty lies in the fact that it is not competent for any body, in the exercise of a power conferred upon it, to impose a condition which prevents the exercise of the power for which it was created. That is elementary, and it is for that reason that I have objected to the orders in council of 1935 and 1936. When the minister says to the committee that the wheat board is to be made operative; that there is to be a wheat board, I tell him that there is a wheat board now. The statute has not been amended or repealed since we passed it in July, 1935; it still stands, and it can be prevented from operating only by an act of this parliament.

The hon. member for Melville has pointed out that Colonel Ralston at that time, on behalf of the opposition, endeavoured to have an amendment passed by which the act would lapse automatically. We objected; we said no. We said that parliament should act; that the government has no longer to pass a wheat board act because there is one on the statute books.

Mr. EULER: That is quite conceded. I did not intend to give the impression that the government could refuse to allow the board to act without repealing or modifying the act.

Mr. BENNETT: We are at one there. There remains, then, but one thing to be done. The government should fix a price so as to express approval or disapproval of the recommendation made by the board, because the responsibility rests in the first place with the board. As I pointed out, away back in 1935 the board recommended a price far in excess of 87½ cents, to which we would not agree, and finally after discussion and negotiation we reached 87½ cents, which they recommended and the governor in council approved.

Mr. EULER: Very reluctantly.

Mr. BENNETT: The hon. gentleman was not a member of that administration.

Mr. EULER: I have heard it.

Mr. BENNETT: He has not heard it from anybody within the government. The price of 87½ cents was approved because an effort was made to have a higher price, which the government did not regard as reasonable under the then existing conditions. The government now have to do only two things: one, to secure the recommendation of the board; two, to approve. They need not approve the recommendation if they do not regard it as satisfactory, but they cannot impose a condition which prevents the board from operating, and be within the law; for every farmer has a right to that alternate market which the order in council has denied him; and if he was willing to take his chance, waiting until the crop year ended, that he might have the value of his participation certificate determined, he should have been permitted so to do. The government prevented him from doing that. That is common ground, and it is for that reason I have suggested that the validity of the order in council should be referred to the supreme court. It cannot be litigated, but it should be referred to the supreme court, the simple question being: Can an order in council be passed that renders it impossible for a farmer to sell his wheat to the wheat board? That is the only question. This order in council prevents him from doing so. He was not bound to wait for 90 cents or 80 cents or 50 cents; if he wanted to, he could go and sell his wheat for 60 cents to the wheat board. Then he could get his participation certificate and wait until the end of the crop year. He might get 20 cents or 10 cents or nothing. But he judged, not the government; he determined, not the government; he was taking the chance of winning something on the increased price of wheat if there was one, and he took the chance of getting nothing if there was nothing.

Mr. EULER: He could not lose.

Mr. BENNETT: He might, if wheat dropped below 60 cents.

Mr. EULER: But he was to get 60 cents.

Mr. BENNETT: He could not get less than 60 cents, if that is what the hon. gentleman means. But he had a right to that alternate market, and that alternate market has been denied him. The essence of our whole effort in this house in July, 1935, was to provide the farmer of western Canada with an alternate market: private trade, public buyer—which? In the one case you take your money and say, "Good-bye, I am through"; in the other you take your money and your participation certificate, and you may get something or you may not.

Mr. EULER: Was it the intention of the government that the wheat board legislation should be of a permanent nature?

Mr. BENNETT: It was intended that if circumstances made it requisite, it was there. That is the reason why in committee I pointed out that a provision which would automatically lapse was unsound; that conditions in this world are so uncertain that we should have it there, and that if the time came

when it was thought desirable to repeal it we could do so. But parliament would do it, not we.

Mr. EULER: But as long as it was there, it would have to be operated.

Mr. BENNETT: Quite, until parliament repealed it.

Mr. EULER: But the intention in the first instance, I take it, was not that it was of a permanent nature. My right hon. friend said it would be there in case it were needed. So it necessarily follows that years might come when it would not be needed; then what becomes of the alternative market of which my right hon. friend speaks?

Mr. BENNETT: As long as the statute remained on the statute books, it was to be operated. We declined to consider the proposal made in the committee or in this chamber to make possible its automatic lapsing, believing that parliament itself must consider all the circumstances before the statute should cease to be part of the machinery of this country for dealing with the wheat crop.

Mr. EULER: I was merely trying to establish what was in the mind of the then government. Was this alternative market, of which my right hon. friend speaks so highly, always to be preserved for the farmer?

Mr. BENNETT: That was for parliament to consider. In the light of the conditions that then prevailed, we believed the statute should be continued until parliament decided otherwise; that is the fair way to put it.

Mr. QUELCH: At the first session of this parliament we in this corner moved a resolution urging the government to guarantee the farmers of western Canada a minimum price for wheat based on the cost of production. At this time we should like again to take the opportunity of urging on the government that they fix a price based on the cost of production of wheat. A little while ago the minister stated there would be a wheat board, there would be a fixed price and there would be participation. A little later he qualified that, saying that we might or might not have a wheat board in operation this fall; that is, the wheat board may be buying wheat or it may not. We may have a fixed price based on the cost of production, or again it may not be based on the cost of production. We may have participation, or on the other hand we may not have participation.

Mr. EULER: If the board buys wheat, you will have participation.

[Mr. Bennett.]

Mr. QUELCH: But you are not guaranteeing that you are going to buy wheat. In other words, the first statement really meant nothing. It means that there will be a fixed price, but there is no guarantee what the price will be, it may be only 20 cents a bushel. And there is no guarantee that the wheat board is going to operate. So we take this opportunity again to urge the government that the wheat board shall operate this fall, no matter what the price; that is, that the wheat board shall buy wheat irrespective of whether the market price falls below the fixed price; and, second, that the fixed price shall be definitely based on the cost of production.

Mr. McDONALD (Souris): I urge upon the government that when setting the price of wheat they do not forget durum wheat, because Manitoba farmers, and I believe many farmers in Saskatchewan, are very much concerned about the price they are likely to get for durum wheat.

I do not like the way in which the government handled wheat during the last two years, but I am sure the western farmers will be very much pleased to have the announcement made by the minister to-day. I know it was made before, but I believe it was more specific to-day. We know now that we are going to have a board and a minimum price, and that there will be participation certificates. When the government are setting that price I urge that they be not afraid to make it fairly high. I believe the government are afraid that we shall get a 400 million bushel wheat crop this year. The best thing that could happen to Canada to-day would be to get a wheat crop of that size. It would solve the railway problem and the relief problem—there would be no need of relief—business would be good; the revenues of the country would be greatly increased, and Canada would have much less trouble in financing than she has to-day.

I am sure western Canada would make this offer to all Canada, that if the tariff be done away with she will ask for no relief and no protected price on wheat. Let industry stand on its own feet and the farmers of the country will stand on theirs. I know western Canada is willing and able to make that offer. I hope the government will not forget the durum wheat growers of Manitoba and Saskatchewan.

Mr. MOTHERWELL: The old man has now got his second wind, and intends to use it. Pardon me if I take a minute or two to unlimber my ammunition wagon.

The things we have been speaking about this afternoon are as chicken-feed compared with what I should like to tell the committee if I can stick it out—and I am going to stick it out. I have my braces on; I left my belt off. But I have in its place, we hope, my shield and buckler.

Three years ago, more or less, I received from John Glossop, the superintendent of the old government terminal elevator at Port Arthur, a communication in which he made a large number of serious charges, and a number of helpful suggestions as well, with regard to the carrying on of that terminal elevator under the auspices of the McCabe Brothers, which had then been converted into a semi-public terminal. "Semi-public terminal" was always a misnomer; it is a mixing elevator, semi-mixing if you like, but altogether mixing now.

Glossop wrote me about February, 1935. There was no use in doing anything about those charges at that time, for the simple reason that you could not do anything with them successfully just before an election. It would always be cast up that it was an election dodge. Besides, I did not know then just what merit there was behind the charges, and not much about Mr. Glossop; although he had thirty years of experience in terminal elevators, and sixteen of those years were in the government owned terminal elevator. Therefore he was an employee of the government, and surely, holding that position for all those years, his statement should not be passed up carelessly. It came from him voluntarily; he had communicated first with Mr. Coote regarding the same matter. Mr. Coote could not see his way clear to take any action with the information, and before I had an opportunity to do so this grain commission was appointed. When they got into action I placed Mr. Glossop's charges in the hands of Mr. Ralston, counsel for the commission.

All I am going to tell hon. members now, or a great deal of it, has been placed before several members of the government, including the Prime Minister, the Minister of Trade and Commerce, the Minister of Agriculture, the Minister of Finance, and one other minister outside that grain sub-committee, whom I regarded very highly, and to whom I talked as man to man, as one privy councillor to another. I gave the same manuscript, the same statements regarding the administration of the grain act under the present chairman of the board of grain commissioners, to this minister, whose name I feel in honour bound not to mention, because I wanted to make sure that this information was getting to all the cabinet and not merely those to whom I had sent this evidence. I hoped that between what I supplied them with and what they knew of me they would believe I was in earnest, and I hoped also they would take the initiative, without leaving it to me to investigate these matters and seeing to it that these practices were discontinued.

With regard to Mr. Ramsay, the chairman of the board, I gave the information to one of his colleagues when he was here about two weeks ago. I told Mr. Hamilton personally some of the things I am going to tell the committee now, so that the information would go to Mr. Ramsay and he would not be unprepared. I gave the same information to another hon. member who, I knew, would send it to the Minister of Mines and Resources. I gave everybody warning, so that I could not possibly be accused of taking advantage of my position here to make these statements in parliament. I did everything I could think of becoming a man so that everybody would be given fair warning.

Why should it be necessary for me to go into these matters? I have not time to go into them minutely, but I will go into them sufficiently to convince hon. members that it is time somebody took action in Canada if we are to preserve the quality of our wheat in the markets of the world. I know I am thought a hobbyist on this question, but I also know that the quality of our wheat is the one asset in the west that keeps us out of the poor-house. Tamper with the quality, and you strike at the very root of successful agriculture in the west. As I said a short time ago, ever since this act came into force, or at least ever since 1912, it has been violated at every opportunity; and if there were not an opportunity, one was made. Now it is my duty to show one more opportunity that has been and is being taken advantage of right up to this day.

I think I will tell my story without this confounded volume of evidence before me. It is so messed up, with four lawyers questioning Mr. Glossop, that it is hard to know just what he was saying. Like myself, he was pretty well bushed in the ears; he had a poor voice as well, and was not a very good witness. But out of the mouths of babes and sucklings—and even the Mr. Glossops—sometimes comes wisdom. I have here some eighteen charges that he made, giving the dates, the boats and the mixtures that went out of this McCabe elevator, where the mixing of the four top grades was prohibited. These questions came before this royal grain commission, with all these lawyers, and this is

what was said by the commissioner himself, if you please:—

The board of grain commissioners is the proper tribunal to hear these charges. Whatever evidence is taken here or whatever other evidence need not be taken here should be forwarded to the board.

That is, the board of grain commissioners, whose conduct was under observation, and who would be sitting in judgment on themselves. Is that not a remarkable thing? Then Mr. Ralston said:

I was not going into these in detail, but I was going to have him speak generally of his knowledge of these transactions—

He is referring to Mr. Glossop now.

—reported here and then turn him over to my learned friends for any examination they may have.

That is, to Mr. Pitblado, Mr. Coyne and Mr. Haffner, the last gentleman representing McCabe Brothers. Then Mr. Glossop refers to the J. J. Donovan and two parcels of 10,000 bushels each.

That was one of the last parcels before you left?
A. Yes.
Q. What took place there?
A. An order for ten thousand bushels of No. 4 Northern was shipped in one hold. After the boat left the superintendent was told by the inspection department the grade was too low. Arrangements were made for the boat's return for an additional 10,000 bushels of 4 Northern. This second lot was made up of 3 Northern and Garnet tough 2 Northern, the average of the two lots making up the grade.

The particular offence charged here was allowing a boat, after it had received a grade, to come back and have that grade jacked up by the addition of other wheat. I think that was the outstanding offence here, because most people take it for granted that No. 1 cannot be mixed with No. 4, though in my opinion this is very doubtful. I merely refer to this to show the committee, as I will in another place also, that Mr. Ramsay, the administration of whose department was in question, according to his own evidence knew there was some reflection being made on him. But what a glorious prospect it is for a potential offender to be given an opportunity of reviewing and sitting in judgment upon his own conduct! I know of only one other case of that kind in history. We might well go on a jaunt and a jag if the officer in charge would hand us over to ourselves for condemnation or approbation, to adjudicate upon ourselves.

There is one notable example, however, of this being tried once before. There is no record of it, because the records all disappeared somehow, but it was the famous or, if you like the other word, the infamous Hyndman commission. Those who did not like that commission called it infamous; those who did like it omitted the prefix. That commission never reported. I searched the library in vain to find any vestige or trace of a report by the Hyndman commission. There is no doubt that it sat all through the west, right out to Alberta, through broad Saskatchewan and a little bit in Manitoba.

Then we find a man named Henderson occupying the same position in the United Grain Growers terminal elevator as Mr. Glossop occupied in the government elevator at Port Arthur for many years, until 1933, that of superintendent. The United Grain Growers were outraged at the thought that their business was being investigated. I have before me a resolution passed by the Canadian Council of Agriculture, and if necessary I can refer to another one drawn up by the vice-president of the United Grain Growers, whose name for the moment I have forgotten. In the document before me we find what they said about what they considered at that time to be an outrage.

But what was done last summer or last fall? In this instance, they handed over the charges to the one whose conduct was under observation and asked him to look into the matter—to look into his own conduct—and to report later to the commission. So that in the last instance we have the government passing the buck to the royal grain commission, and the commission passing the buck to Mr. Ramsay. Good Mr. Ramsay in due course passed the buck to Doctor Geddes, whose report will be recited in a few moments. This is what the resolution set out:

That to appoint as a member of the inquiry board—

And this was the Hyndman commission. Possibly I would do well to first give the names of the gentlemen who formed that commission. These were men of renown and of high standing in the community. Hon. members of the legal profession will know Mr. Justice Hyndman who, I understand, is now resident in Ottawa. Before I forget it may I say that a member of the library staff informed me he telephoned Mr. Justice Hyndman to ask where his report could be found, and said that it could not be found in the library. Mr. Justice Hyndman stated that he never did give a report. Well, now, that is funny—never did give a report. No evidence of Mr. Henderson which was taken before it!

Nothing daunted at my lack of success in tracing the history of this wonderful commission—and I do not say that in any offensive way—I found this information in the Canadian Annual Review of 1921. That is not

necessarily an official document, not at all; but it is usually fairly authentic. If any hon. member or minister thinks he is unjustly dealt with in this matter, he will have an opportunity to say where the record is wrong. It is the only record I can find. If the real record is not to be found, I cannot be blamed for taking the next best. I want to get at the facts, and to find the precedent for the present chairman of the board of grain commissioners being handed an opportunity of trying himself and of reporting back to the commission. This is what is contained in paragraph 2 at page 469 of the Canadian Annual Review:

That to appoint as a member of the inquiry board one who for nine years (Mr. Staples) has sat as a member of the board of grain commissioners, and whose failure properly to administer the grain act would constitute the principal ground for appointing a board of inquiry, is a fundamental breach of the principles of any inquiry conducted in the spirit of British law, and, therefore, is highly undesirable in the public interest.

If we apply that language, which was expressed with respect to the United Grain Growers and officers thereof, to the present situation, it would seem that this is exactly what was done by the royal grain commission of 1936-37 with the chairman of the board of grain commissioners. That is almost incredible, is it not? Here are the names of the commissioners: Hon. J. D. Hyndman, of the Alberta bench; W. D. Staples, of Fort William—the gentleman who was a member of the board of grain commissioners—J. H. Haslam, of Regina, and Lincoln Goldie, of Guelph. That was a pretty well qualified body of men; quite as good as the average, I would say.

If you will notice, in those days they were not satisfied with only one royal commissioner. There were four on that commission. Despite that fact, there is no record of any report given or of any evidence taken.

The Minister of Mines and Resources (Mr. Crerar) was at that time president of the United Grain Growers. He may correct me if I am wrong, because I have only this book and the newspaper files in the library from which I can get information in the matter. When the evidence of Henderson was given in which an affidavit was provided by a gentleman whose name I do not recall, making statements with regard to false bottoms in sixteen or eighteen bins of the United Grain Growers, rather than let the matter proceed farther my hon. friend the Minister of Mines and Resources, together with thirty other elevator men, applied before Judge Galt of Winnipeg, or some other judge—that does not matter—for an injunction to restrain the Hyndman commission from going farther into the investigation of the United Grain Growers elevator. When any person puts himself in the position of stopping an inquiry rather than having the truth told, the information which might come out must have been rather terrible to contemplate. I could not come to any other conclusion. And that gentleman is one of the advisers of the present Prime Minister in connection with wheat matters. However, I shall let that stand for the moment.

It would appear that this kind of thing is infectious because it is being carried on now. Mark the stage of my story: The royal grain commissioners have passed the buck to Mr. Ramsay. Let us see what Mr. Ramsay has done with the buck. I shall not talk about the little frills in connection with what was done to the government terminal elevator at Port Arthur. But just by way of experiment and to clear the decks, reverting to mixing, may I point out that the letter from Mr. Glossop was the first information I received that the government elevator had been leased to a mixing elevator. That shocked me at the time. When you remember that there was no other public terminal left at Port Arthur at that time you can understand why I was shocked. This public terminal elevator was built by the Borden government at the request of the western farmers. What for? So that they might be sure that there was at least one elevator through which grain could be passed without fear of vulgar contamination. This elevator operated for many years and made a profit nearly all that time. Mr. Heatherington stated that the elevator had earned three times its cost up to that time. Under date of March 14, 1935, I asked the government the following questions:

1. Is the federal government terminal elevator at Port Arthur still being operated by the government?

2. If not, (a) to whom was it leased; (b) when was it leased; (c) what were the terms and duration of such lease.

Here are the answers:

1. No.

2. (a) McCabe Brothers Grain Company Limited.

Just incidentally let me say that this company is recognized as one of the worst wheat mixers at the head of the lakes. There are degrees of mixing, and when it becomes too great it is no wonder that our wheat goes overseas in bad and irregular condition. There is probably such a thing as decent mixing, but this is a hog mixer who goes the limit and teaches others to go the same pace. The

fact is that the Department of Trade and Commerce leased a public terminal elevator at Port Arthur which had been asked for by the farmers of the west as part of their bill of rights. This is another illustration of how the Department of Trade and Commerce handles the grain of this country. Here are the rest of the questions:

3. Did the government cease operating this public terminal elevator and lease it to a private concern?

4. If so, for what reason?

The answer given to No. 3 is "answered by Nos. 1 and 2." You have to go back to Nos. 1 and 2 to get the answer, but I am not going to do that. The answer to No. 4 is:

Owing to private interests in the grain trade acquiring greater storage capacity of their own, as also smaller crops and greater quantities of grain going out through Vancouver and Port Churchill, the government elevator at Port Arthur had been operating at a loss for the two preceding years, and the board of grain commissioners recommended that it should be leased.

When an institution has been earning good profits for fifteen or twenty years and then suffers a loss for a couple of years, is that justification for leasing to someone else? This elevator was asked for by the farmers of the west, but that is what happened. It was simply a case of clearing the decks to prepare for what was to follow. It was from this source that we obtained the first information that the elevator had been leased. Nothing that we have seen had been said about it in the newspapers or anywhere else. Section 125 contained the mandatory prohibition against mixing. Every effort was made to show that there were some reservations in connection with that. Let me quote from the evidence given before the commission. The royal commission was dealing with smutty and other rejected grains, and Mr. Ramsay is examined by Mr. Coyne as follows:

Q. That was the act of 1925?

A. That was the act of 1925. When this act was redrafted and revised in 1929, through some reason, possibly through an oversight, section 103 was omitted.

Those who have anything to do with the legal or departmental revision of statutes understand how sections can be dropped inadvertently, but when that happens too frequently you prick up your ears to find out what is happening. The result of this omission was that, from 1930 on, the Canada Grain Act contained no statutory basis for these off grades. It left them out on a limb, as it were. Hon. members can look up the old section 103 if they want to. I wish these documents would rise up themselves to give witness against these things. My eyesight is not so good, and I have no doubt the document I want is right on top here but I cannot see it. Of course, one does not see as well under these trying conditions. Here is what happened. Testimony was given before the Brown commission in Saskatchewan and accepted by the federal government. Mr. Ramsay had that to go to, recommending no mixing of dry and tough wheat, as a guide when he found that section 103 had been lost. Lost? It was not lost.

The CHAIRMAN: Six o'clock.

Mr. MOTHERWELL: I guess it was the same time at this time last night.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. MOTHERWELL: When the committee rose at six o'clock I was endeavouring to show what the chairman of the board of grain commissioners was doing by way of sitting up and making the best defence he could. I referred to the losing of section 103 as one of his experiences. I think maybe he was disappointed. The section was this; I read it to show its importance:

103. All good grain that has an excessive moisture, being tough, damp or wet or otherwise unfit for warehousing, shall be entered on the inspecting officer's books as "No grade," with his notations as to quality and condition.

2. All grain that is in a heating condition or is badly bin-burnt, whatsoever grade it might otherwise be, shall be reported and entered upon the inspecting officer's books as "Condemned," with the inspector's notations as to quality and condition.

3. All grain that is unsound, musty, dirty, smutty or sprouted, or that contains a large admixture of other kinds of grain, seeds or wild oats, or from any other cause is unfit to be classed under any of the recognized grades, shall be classed as "Rejected," with the inspector's notations as to quality and condition.

4. All grain shall be weighed and the weight per bushel recorded in the inspecting officer's book.

5. No grain that has been subject to scouring or treatment by use of lime or sulphur shall be graded higher than No. 3.

This last is supposed to refer to what was, in the old days, smutty grain.

It can easily be said by pro-mixers that the omission of that section has no significance; that it neither legalizes nor prohibits. Anticipating that objection, might I refer to another lost "Charley Ross"—you know who Charley

Ross, of long ago is,—lost in the statutes of 1929. That emanated as a result of a terrible struggle in camera in the subcommittee, which about put me "on the hummer" before we got through. I remember that we wrestled over this particular section, knowing the predisposition of the trade and commerce department, largely through ignorance, or rather, through want of information, throughout the years, right from the days of Sir Richard Cartwright down to the present day. I know them all—giant intellects except as regards wheat. Here is the section we wrestled over; that is the reason I missed it. It is section 140 subsection 1A of the Canada Grain Act of 1929:

Private elevators when so licensed may carry on the business of mixing grain and grades of grain except grain of the grades mentioned and defined in section ninety-six of the act under the heading "Spring Wheat" and more particularly described therein as No. 1 Manitoba Hard, No. 1 Manitoba Northern, No. 2 Manitoba Northern and No. 3 Manitoba Northern."

These are definitely described grades in which mixing must not be done. Here is another clause, subsection 2 of section 18 of the old act and section 84 of this; it is a very important one to be lost:

No grain while being received into, while in store in, or while being shipped out of any public elevator, shall be mixed one grade with another or with anything else whatsoever.

There is nothing left out there; in order to make assurance doubly sure, that was put in, but it was inadvertently dropped from the consolidating act of 1930. If anybody can find it there, I shall be the first to thank him, because if it is in the 1930 act my case is stronger than ever.

I was endeavouring to show how my friend the chairman of the board was getting along examining himself. At page 12,244 of the evidence taken before the royal commission I read this:

Q. The reason for rejection would be given so that you would have a number of off grades, all attached as satellites to 1 Northern, and similarly for all the other straight grades?

This was asked by Mr. Coyne of Mr. Ramsay. He answered "yes".

Q. That was the act of 1925?
A. That was the act of 1925.

The witness Mr. Ramsay goes on:

When this act was redrafted and revised in 1929, through some reason, possibly through an oversight, section 103 was omitted.

I referred to that before.

Consequently the Canada Grain Act from 1930 provides no statutory basis for these off grades.

It is too long to quote it all. Later on the statement is made:

The omission is serious. . .

I should think it was. It makes all the difference between mixing and not mixing.

. . . particularly with respect to tough grain where the quantity is often quite important. Primary inspections for the western division from 1925-36 report 6,721 cars of tough grain. The other "off" grades included 642 cars of damp grain, 703 cars of smutty grain and 349 cars of rejected grain, rejected for being sprouted, heated, mixed with gravel.

Mr. Chairman, do you know where those are going now? A great many of them, if not all, are going into the straight grades, after that little section I read, which has been lost, which stated that nothing else, nothing which you can conceive of, shall be or can be put into the straight grades.

The failure to provide for the off grades was discovered when the act was put into effect in the autumn of 1930. Confronted with this difficulty, the board instructed the chief inspector to prepare classifications covering grain of this nature. At the meeting of the grain standards committee of that year, the subject was discussed, and the classifications prepared were approved as proper specifications to cover out of condition grain and mixtures.

This is what he is saying. He authorized this himself, without any statute to back it up. This is about as bad as the government itself was with respect to the order in council, the rider to which I referred that rode out the wheat board in 1936. Like priest, like people; like master, like men; this is an infectious sort of riding, apparently.

The other phase of the problem was how were cars marked as off grade grain to be handled when they reached the terminals.

He knew there was a question there, or he would not have said that. What should be done with it when it reached the terminals? Let us see.

The board decided in accordance with previous practice—

Yes, in accordance with practice in the old mixing days when it was as wide open as a barn door.

—to provide for the treatment of the grain where practical, with a view to placing it after treatment in the grade to which it would belong originally had it been in satisfactory condition.

There you are, manoeuvring first to get rid of the big government terminal at Port Arthur through which the grain could go without any mixing, and after clearing the decks for that, they come along with this ingenious device of mixing wheat for the purpose of drying it—mixing dry wheat with tough wheat, making the dry wheat absorb the surplus water in the tough wheat, thereby enabling them to get the mixture into the

straight grades and sell at the same time thousands of tons of good water, in the form of either spray or water from the clouds. At any rate, it was water, and the more water you have in grain the lower the price you get for it, because one of the price determining factors in grain is its moisture content. That is something which has never been gone into properly. When I was on the other side in 1928 I met a man with many others sitting around the board room of the Liverpool corn exchange who assured me they were positive that Canadian wheat was sprayed somewhere in transit, perhaps at the head of the lakes. If these practices are abroad as above alleged, they should be run down and discovered and disclosed, and not covered up.

An hon. MEMBER: Carried.

Mr. MOTHERWELL: I do not know what that remark was, but I do not care; it may have been good, or it may have been bad. I hope I am not hurting anyone, and I am awfully sorry that I cannot hear. The minister might come a little closer and we would both be better off; but ministers do not do that these days, though they used to. When we had a majority of only one we would move along the front line anywhere you wanted, but when there is a majority of 101 they are not so particular. But that is always the way. This is the best defence, remember, that could be put up by the chairman of the board of grain commissioners. If he has any other, he has not disclosed it. I continue:

Q. Section 125, subsection (1), reads:

"All western grain received into any licensed public terminal elevator shall be binned with grain of the same grade, and not otherwise."

A. This is merely pointing out that the act does carry exceptions to the mandatory section 125 in regard to the handling of the first four grades.

What do you know about that? That is Mr. Ramsay's answer, remember. In my opinion the section which he contends did that was inserted afterwards, just as the other ones were previously lost. That is the result of my investigation, and again I shall be glad to apologize if it does not prove to be the case, because I want someone in authority to get to the bottom of this thing and see that I am not flimflamming. The truth is too bad already without making it worse by exaggeration.

Q. This section 138 (6) may only say that you can bin this commercial grain which has been altered with one of the other statutory grades, and not the first four?

A. Mr. Coyne: Yes. It is really a question—

This is Mr. Coyne. Some nasty person has suggested that he has a woolsack appointment around the corner, but that is what mean people say:—

It is really a question whether section 125 governs section 138 (6) or whether section 138 (6) is an absolute exception.

The Commissioner: Yes, whether section 138 (6) is an exception to section 125. I would not care to pass on it hurriedly, but there is a legal question there.

Mr. Coyne: Yes.

Well, how could you expect the royal commission to revert to that weeks afterwards with thousands and millions of words before them. The commissioner recognized that there was a legal question there and Mr. Coyne said yes.

The Commissioner: Section 138 (6) seems to assume that certain things may be done. It says, "has been graded into any commercial grade but may nevertheless, by reason of its subsequent treatment or otherwise, be properly binned with grain of a statutory grade." That may mean having regard to the full force of section 125—

Then again:—

—which says no other grades shall go into the first four except those that are graded in among those numbers.

Mr. Coyne: Yes, My Lord.

That reminds one of a fox circling around a baited trap stepping gingerly for fear of getting caught. Do you mean to say that these learned men could not detect something here? Then the chairman of the board of grain commissioners goes on:

Q. Are you giving this as an illustration of the variation now in the act?

You see how they are worming in, getting in at the back-door when they were fired out of the front on this mixing joint business.

A. No, just dealing with the situation the board found itself in in dealing with this particular problem of tough and straight grade grain. Possibly we have covered the situation now. I would just like to make the observation though that probably I have accepted a condition which was intended in the drafting of the act.

He is a mind-reader.

I think we all had the idea that all these sections were ameliorating the mandatory demands of section 125.

Do you think we sweat blood for days and weeks and months in 1929 that someone could come along and "ameliorate the mandatory demands" of what we knew we had?

Whether or not the draftsman accomplished that I cannot say, but I have always accepted that as being the intention of the act.

Look at the strange interpretation the chairman of the board of grain commissioners put on the act. And the gentleman was before the agriculture committee of, I think, 1928,—as a witness against mixing. What con-

verted him in that short time to a pro-mixer? I never was more proud of an officer of the pool than when I found the present chairman of the board come down and give evidence against mixing and help us to win. Then he turns around and double-crosses us, and goes over to the other side!

I should like to have the attention of the committee if I may. They are doing very well, Mr. Chairman; this is tiresome, when we all want to prorogue.

Some hon. MEMBERS: Hear, hear.

Mr. MOTHERWELL: May I say a word by way of digression? A very good friend of mine said before we started this evening: Why didn't you bring this on earlier in the session? Will anyone tell me one moment when I could have brought it on before? I have not the bringing of it on. Was I not rapping at the door of many ministers urging them to look into this? I do not want to be taunted now with killing time when we all want to go home. We all do; so do I. But I had not the bringing of it on. I went as far in the debate on the address as it was decent to do. The commission had not yet reported. I strained a point in giving the government a hint. Hon. members will remember that I said I wanted a self-supporting board, and also a non-hibernating one, and the commission had not reported. That was going as far as I dared go, recognizing the proprieties at all, before the commission reported. Then Mr. Coyne and Mr. Ramsay go on. Mr. Ramsay said:

We have never had a suitable opportunity to amend the act until last year.

I wonder what that means.

That was before we knew you, Mr. Commissioner, would look into this matter. The question is now in the hands of the government.

Let us analyse that. It is strange how we can read a thing and see nothing in it. I gave some of my old colleagues a hint of what was in it, but I do not think they saw it. There is such a thing as seeing and not perceiving, hearing and not understanding. I know something about the latter. Let us see what he says:

We have never had a suitable opportunity to amend the act until last year.

That was said in 1937. Parliament had met at least seven times, since 1929, in three of which sessions the grain act was before this house. Why did they not take one of those three times, or one of the seven times? Probably the Minister of Trade and Commerce (Mr. Euler) will answer that after consulting his coachers. I will answer it for him in one possible way other than what I have mentioned. I have told this to some friends too. Possibly Mr. Ramsay tried to get amendments made, tried to have these deficiencies corrected, these lost Charley Rosses found, but his minister would not listen. Maybe I should not say that, but I am between the devil and the deep sea. I want to be fair to Mr. Ramsay; I almost want to make an excuse for him. If he went to the Minister of Trade and Commerce who was over him during that period from 1929 until now and recommended that the necessary remedial legislation be introduced and was refused—well let them have it out between them.

The CHAIRMAN: Order. I must inform the hon. member that he has exceeded his time.

Mr. MOTHERWELL: Well, then, I shall sit down.

Some hon. MEMBERS: Hear hear.

Mr. MOTHERWELL: Or rather I shall not sit down unless I am ordered to.

Mr. BENNETT: The hon. member can start again.

Mr. MOTHERWELL: All right, you will get it some other time.

Some hon. MEMBERS: Carried.

Mr. MOTHERWELL: I would just as soon have it this way, the remainder unfortunately is worse, but it will keep.

Item agreed to.

Canada Grain Act—Operation and maintenance, including inspection and weighing, $1,502,601.

Mr. BENNETT: We get that money back again, do we?

Mr. EULER: Yes, we do.

Item agreed to.

Dominion Bureau of Statistics—Census of population, $120,520.

Mr. BENNETT: What is this item about?

Mr. EULER: The 1936 census of the western provinces. It is what one might call clearing up the work.

Item agreed to.

Mail subsidies and steamship subventions

Pacific ocean—

British Columbia and China, and/or Australia, service between, $118,800.

British Columbia and South Africa, service between, $80,000.

Canada, China and Japan, service between, $600,000.

Canada and New Zealand on the pacific, service between, $300,000.

Prince Rupert, B.C., and Queen Charlotte Islands, service between, $10,000.

Vancouver and the British West Indies, service between, $25,000.

Vancouver and northern ports of British Columbia, service between, $15,000.

Victoria, Vancouver, way ports and Skagway, service between, $10,000.

Victoria and west coast Vancouver Island, service between, $10,000.

Mr. REID: I protest against the actions of the Canadian Pacific Railway Company in connection with this grant of $600,000 that we have been giving them every year for the service between Canada, China and Japan. In 1936 I introduced a resolution asking that they be called upon, before they received any more subsidy, to have their ships manned mostly by Canadians. This matter was referred to a committee of the house; the committee met; evidence was called from the Pacific coast, the Canadian Pacific Steamships were represented, likewise the seamen. That committee brought in a report recommending that the company be called upon as a start to take the Chinamen off the decks of their ships and replace them by Canadian seamen. I am going to take a moment to read the recommendation of the committee of 1936:

That, as up to the year 1913 the decks of the Empress boats were manned by white seamen, and inasmuch as the deck service is an important and responsible branch of the work of these boats, the Canadian Pacific Railway Company be requested to replace the orientals now so employed by Canadian seamen, and that this change be made at the company's earliest opportunity.

This report was presented to the house and adopted unanimously. No action however was taken by Canadian Pacific Steamships Limited, so in 1937 I again introduced this resolution. At that time the Minister of Trade and Commerce (Mr. Euler) was in Australia, and his duties were being carried on for the time being by the Minister of Labour (Mr. Rogers). On suggestion of the latter minister I withdrew the resolution at that time rather than press it to a vote, because he stated that he would set up a committee on the Pacific coast to find out if the contention of the company was correct, that there were not enough white, Canadian seamen there to work the decks of the ships. So Mr. Kerr, inspector of subsidized steamship services, was sent there and, with Mr. F. E. Harrison, representing the Department of Labour, and Mr. J. A. McGowan, shipping master of Vancouver, formed the committee which held an inquiry, and I am going to take a moment or two to give their findings.

[Mr. Euler.]

At this late stage of the session I have not time to go into the matter as fully as I should like, but briefly they advertised and asked for experienced seamen who would be available for employment on these steamships. In response some 380 experienced seamen were registered, and here is the recommendation of the committee:

In addition to the above mentioned seamen, a very large number of young men presented themselves and expressed a desire to sail in Canadian Pacific trans-Pacific vessels if employment on deck could be found. The navy league, sea cadet corps, has about 200 youths between the ages of 12 and 18 in training at Vancouver and Victoria.

These would be available, and they are very anxious to obtain this employment. Here is the final part of the recommendation of the committee that went out to the Pacific coast and investigated the entire situation:—

The committee is of opinion that the deck departments of two Canadian Pacific ships could be manned by the seamen shown in the third classification above mentioned, which contains men with suitable experience in ocean-going vessels, and that the change-over in the remaining ships should be possible within a reasonable time by transferring a number of experienced men to those vessels and drawing on selected types in other classifications.

For the benefit of the committee I repeat that on these four ships there are some 1,783 Chinese from Hongkong, who are not British subjects, but who are Chinese in the strict interpretation of the word. The first recommendation requested that the deckhands of these ships be replaced and that white men be given preference, and this latter committee of 1937 found that 380 fully experienced seamen were available, and should replace the Chinamen. So I maintain that the Canadian Pacific should be compelled to comply with the recommendation adopted by this house in 1936, which recommendation was not carried out either last year or this year. I say by their attitude they have actually defied this House of Commons, by their contempt for a recommendation so made by this house.

There are seventy Chinese on each deck. It is well known that one white man can replace two or even three Chinese, so on each of these ships thirty-five white men could take over the work and comply with all the regulations of the shipping act, if given a chance. I am taking great exception to that fact that they have not been given this chance. I am taking exception to this subsidy being actually granted, and I am sorry that it has not been possible to air this matter in the house before this late hour. I had a resolution in this connection on the order paper this session, but only one resolution can be brought for-

ward at a time, and so mine was not reached. I am going to appeal to the minister, and if the Canadian Pacific is not brought to time I am serving notice now that if I am here next year they will have quite a good deal more trouble in getting this subsidy through. I think it is a travesty of justice for the Canadian Pacific to set itself above the house and defy what I claim to be an order of parliament. In Vancouver we have men by the hundreds walking the streets who would gladly take positions on these ships if given a chance, and in view of all the inquiry that has been made I should like to hear what the Minister of Trade and Commerce has to say as to why this recommendation has not been carried out.

Mr. EULER: I should like to assure the hon. member for New Westminster that the department is not unmindful of the report of the committee with regard to the replacement of the Chinese on this service with white men. The matter has been very fully discussed; I have repeatedly brought it to the attention of the Canadian Pacific. I am not sure that I should go into all the details at the moment, but the arguments that were advanced, it seemed to me, made it inopportune to press too strongly for the withholding of the subsidy. Perhaps for the time being at least it might satisfy the committee and my hon. friend if I read a letter from the chairman of Canadian Pacific Steamships, Limited, in which he offers to make at least some concession at the moment. I am not making any commitment as to what might be done later. Sir Edward Beatty writes me as follows:

> For a number of years each of our ships has been carrying from eight to ten youths for training as pursers, stewards, etc. These youths serve first of all in the deck department as bridge messengers, and, as such, they learn discipline, ship's routine, and the interdependent relation of the various branches of the ship's staff.
>
> We propose to add an additional six to each ship (or twenty-four in all) in the deck department, to be classed as ordinary seamen as soon as qualified, and to receive regular instruction in seamanship, so as to qualify for the rating of A.B., when they have accumulated the necessary legal time at sea.
>
> As soon as we have six qualified A.B.'s, we would replace the Chinese quartermasters with these white boys, who should eventually be able to obtain a certificate as second mate, and, in due time, as mate and master.
>
> These boys would be drawn through the navy league, where they would have obtained useful preliminary training, and are good material for the R.C.N.V.R.
>
> Our plan has the entire approval of the naval branch of the Department of National Defence, who more than once have expressed a willingness, if the necessary funds were forthcoming, to assist in the training of these young men.
>
> There should be no undue delay in giving effect to this plan, as soon as the necessary living and sleeping quarters can be provided, and it can be in operation in a very short time.
>
> Yours very truly,
>
> E. W. Beatty,
> Chairman.

Mr. NEILL: What is the date of that letter?

Mr. EULER: May 6, 1938.

Mr. BENNETT: There is just one difficulty that has been overlooked by the hon. member for New Westminster when he suggests that this is defiance of parliament. A subsidy is an act of parliament; both houses agree, and the crown assents. A resolution of a committee of the House of Commons would not be sufficient to withhold a subsidy; and until such time as it is approved and becomes an act of parliament by being passed by the senate and approved by the crown, it would not rank with the appropriation bill so that we would be able to give effect to it. Surely the hon. member has overlooked that fact. I have had occasion to look into the matter.

Mr. REID: I appreciate the remarks of the right hon. leader of the opposition and realize that what he says is perhaps true. But here we have a committee of the house going into all the facts in 1936, hearing the Canadian Pacific on the one hand and the seamen on the other, and bringing in a report recommending that the Canadian Pacific take steps to man the decks at least, with white, Canadian seamen. They do not do so. In 1937 another committee is set up, and it finds that 380 experienced seamen are available; yet the Canadian Pacific say there are not sufficient men with which to man these steamships. I say that if this country means anything at all to Sir Edward Beatty, he should at least give a lead to Canadians, especially in these times of stress, when thousands of our citizens are walking the streets. There are hundreds of men in Vancouver who are willing and ready to go on these ships if they were given a chance.

Mr. SPENCE: Would they work, if they got a chance?

Mr. REID: Yes, they would. There are 380 experienced seamen registered, men who have been in ships for three or perhaps four years, and they have expressed a willingness to work. Then, there are 200 young naval cadets looking for work, and who are willing to board these ships, if they are given a chance. But no consideration was given them at all. The Canadian Pacific just says there are not enough men available. I say that is not true, and a position which should not be tolerated. If it were not for the lateness

of the session, I would certainly press the matter to a vote. But I am serving warning on the Canadian Pacific that if I am here next session—and I hope I shall be—they will hear more about the matter. It is a disgrace to find a steamship company preferring Chinamen to white men on their ships. It is a disgrace to Canada and should not be tolerated. I certainly do not feel like sitting in my place without voicing a protest as loudly as possible.

Mr. MacNEIL: What company receives the subsidy for the service between Vancouver and northern British Columbia ports? What is the reason for the decrease, and does such decrease mean a lessened service?

Mr. BENNETT: I think it is put back in the supplementaries; most of them are.

Mr. EULER: But not all of them.

Mr. BENNETT: Nearly all of them.

Mr. EULER: The hon. member is referring to the service between Vancouver and the northern ports of British Columbia.

Mr. MacNEIL: Yes.

Mr. EULER: There is a decrease of $3,000. That is brought about merely because we thought they could get along on the smaller amount, and they were willing to do so. They give the same service. There is no diminution of service at all.

Mr. MacNEIL: Which company received the subsidy?

Mr. EULER: The Union Steamships Limited, Vancouver. They have four ships, and are on a one year contract.

Item agreed to.

Exhibitions and fairs—further amount required, $90,000.

Mr. BENNETT: What is the additional sum for?

Mr. EULER: For the New York exhibition.

Mr. BENNETT: But the other item was for that.

Mr. EULER: That was the original amount for buying the site, and putting up the building.

Mr. BENNETT: What is the total cost?

Mr. EULER: So far it is about $150,000, and it will possibly cost more.

Mr. BENNETT: What will be the total cost?

Mr. EULER: I do not know yet, exactly

Item agreed to.

[Mr. Reid.]

Publicity and advertising in Canada and abroad other than in the United Kingdom and Europe—further amount required, $20,000.

Mr. BENNETT: Is this vote governed by the general principle to which the minister referred this morning?

Mr. EULER: Yes. Most of that will be in this country, though.

Item agreed to.

Mail subsidies and steamship subventions—

Atlantic ocean—

Canada and South Africa, service between—further amount required, $4,166.67.

Mr. BENNETT: What is the rule governing this service? What subsidy is given, for how many trips, and is it monthly or for a year?

Mr. EULER: The Canada-South Africa service is a one year contract for $100,000, and there is a reduction of $12,500.

Mr. BENNETT: How many trips every year?

Mr. EULER: There are twelve subsidized and eleven extra unsubsidized sailings.

Mr. BENNETT: Who receives the subsidy?

Mr. EULER: The Elder Dempster Line, with four vessels. At one time they received $146,000.

Item agreed to.

Pacific ocean—

Prince Rupert, B.C., and Queen Charlotte islands, service between—further amount required, $2,000.

Mr. BENNETT: Does this not put these subsidies back where they were? When the main estimates were carried these sums were taken off.

Mr. EULER: Not all of them.

Mr. BENNETT: Most of them.

Mr. EULER: In a few instances.

Mr. BENNETT: Look at them and you will see the ones. For instance, if the minister will look at the vote for the Charlottetown and Pictou service he will find that in the main estimates the amount was reduced from $30,000 to $25,000, and that it is now being increased to $30,000 by the additional $5,000 mentioned in vote No. 616.

Mr. EULER: We had taken off about $40,000, and this is what has been restored. It still leaves a substantial reduction. In some instances we expected we would be able to get the service for the amounts mentioned in

the main estimates, but had difficulty in getting services for those amounts, and we have had to increase the votes in some instances.

Item agreed to.

DEPARTMENT OF FISHERIES

Fisheries inspection, including fishery officers and guardians, fisheries patrol and fisheries protection services, $1,000,000.

Mr. REID: I have a few observations to make regarding statements made by the hon. member for Nanaimo (Mr. Taylor) when the item was under discussion on a previous occasion. I believe he left the impression that in connection with the operation of traps the Fraser River Fishermen's Protective Association were in favour of the retention of traps. I want absolutely to refute that statement.

Immediately the statement was made in the house a telegram was received by me from the association protesting strenuously against the statement made by the hon. member for Nanaimo. On that occasion the hon. member quoted from a book entitled Net Profits, published this year under the auspices of the Fraser River Fishermen's Protective Association. He quoted one paragraph. Although it makes no definite statement, it does say this:

Based upon the experiences of past years, when groups employing different modes of fishing have vied for position to strengthen their particular interests in this fishery, the necessity of maintaining status quo in the industry becomes apparent.

The hon. member for Nanaimo left the impression on the house and perhaps the country also that by that statement appearing in the booklet Net Profits, the fishermen's protective association of the city of New Westminster were in favour of the retention of traps.

On the day following I received a telegram in which they emphatically denied that statement, saying it was not true. They are hoping traps will be eliminated before long, and I want the house and the country to know they are opposed and will continue their opposition until the traps are removed.

I shall take another minute to refute a further statement in regard to the number of men employed. Possibly I should say I make these observations for purposes of refuting the hon. member's statement, and I do so to draw the facts to his attention and to the attention of the minister. Last year these traps caught a total of 311,438 fish. There were forty men employed, making an average catch of 6,228 fish per man, whereas in the whole Fraser area in Puget Sound the average catch was 745 fish per man.

These figures are striking. Those who want the fish traps taken out of there are anxious to employ more labour, realizing that the traps not only deprive men of their livelihood, but also to a certain extent ruin the fish. The two companies in question have an investment of $100,000, but I must point out that that is not their own money. Of that they have only a total investment of $12,000 each. One year they made a profit of $24,800, which shows this is another case of vested interests being protected. I would suggest to the minister that instead of charging a licence fee of $500 a year, he might very well raise the amount. I venture to predict there are men in British Columbia who would be willing to pay $5,000 to be allowed to operate those traps. I am sorry I have not the time to go into the matter fully, but I wish to reassure the committee and the hon. member for Nanaimo that the fishermen of the Fraser river are absolutely opposed to traps, and want them entirely eliminated.

Mr. TAYLOR (Nanaimo): I have just one observation to make. I should like to ask the hon. gentleman if he is a member of the international sockeye commission.

Mr. REID: Yes.

Mr. TAYLOR (Nanaimo): Does he carry into the meetings of that commission his prejudice against the Sooke traps?

Mr. REID: I do not think I should answer a question like that by the hon. gentleman. It is not that I am afraid to answer it, but he has no right to ask me that question.

Mr. TAYLOR (Nanaimo): If the hon. gentleman is taking his prejudices into the meetings of that commission, he has no right to be a member.

Mr. REID: I dispute that statement. I have every right to be on the commission, and represent the gill net fishermen on that commission.

Mr. NEILL: Since this matter was last before the committee, two things have happened which, I think, have a bearing on the situation. The first is a resolution passed by the Kyuquot Trollers Cooperative Association, one of the oldest and largest and most successful fishermen's cooperative associations in British Columbia. This is dated June 25, 1938, and reads:

The members of the Kyuquot Trollers Cooperative Association, Victoria, B.C., at their semi-annual meeting held at Kyuquot, deplore and protest against the continued issuance of trap licences in British Columbia, considering it an unfair privilege, that excludes other fishing gear from operation within such fixed location, and also as a destructive measure which does not distinguish between legal size nor out of season fish.

They pass this resolution every time they meet. It will be recalled that when this matter was last before the committee the hon. member for Nanaimo (Mr. Taylor) read a brief which had been prepared for him by one of the trap owners. At that time he stated that the resolution against traps had been railroaded through the meeting of the associated boards of trade of Vancouver island by myself at the meeting held a year ago. Under date of February 1, the hon. member wrote to the minister to call attention to the fact that this resolution was of small value; that it was wrongly presented and hastily passed. He stated that it met with strenuous opposition from the Victoria board of trade, a far superior board. Something has happened since then which throws some light on the matter. The associated boards of trade of Vancouver island have held another meeting. That is a very representative body, a parliament in itself. The members act without pay, and they have a fine idea of their duties and responsibilities as citizens. They met at Courtenay the other day, and this subject was brought up and discussed for three hours. The resolution was not railroaded through by me because I was not there. Mr. Todd, one of the moneyed principals in this matter was there, as well as Mr. Goodrich, another member. I understand there was also a lawyer along. After a debate of three hours a vote was taken, and only seven votes out of a total of thirty were in favour of traps. Everything possible was done to secure a verdict favourable to traps; but after a full discussion, that little parliament of Vancouver island, representing the best elements of the district, took an even stronger stand against traps than they had taken previously. It is true the Victoria board of trade was largely against this, but that board represents the moneyed interests. I am glad Vancouver island has shown its good sense by acting in this way.

Mr. MacNEIL: I share the views expressed by the hon. member for New Westminster (Mr. Reid) and the hon. member for Comox-Alberni (Mr. Neill), in regretting that the minister has seen fit to protect the privileged interests at Sooke and to disregard the welfare of the workers in a most important industry.

There is another matter to which I should like to direct attention. I have in my hand an urgent communication which was received this day from the fishermen in Parry Pass, Queen Charlotte islands, British Columbia, under date of June 21, 1938. I believe the best way to place this matter before the committee will be to read the important paragraphs of this communication. They are:

On the Langara island trolling grounds approximately 400 fishermen (white and Indian) manage to eke out a living for themselves and their families, possibly 2,000 persons, by catching the spring salmon which are attracted there by a comparatively small colony of herring schooling in that vicinity.

Should, for some reason, these herring on which the salmon feed, disappear, it is obvious that the salmon would also disappear in search of other feeding grounds, thus closing the source of livelihood of the 400 fishermen and their dependents.

Until recently the possibility of this happening has seemed remote, but now through a lack of foresight on the part of our fishery department, it has become a real danger.

Having received a permit from the department, a herring seine boat is now removing this salmon feed by hauls of from 50 to 100 tons at a time (approximately half a million herring to a haul). At this rate the small school will not last long. They are decreasing and as they go the salmon catch is also decreasing.

Appeals to the department seem to be in vain. Not an unusual thing when the person appealed against is the wealthy operator. The replies received from the department are not convincing to practical fishermen. For instance mention of no control outside the three mile limit when the herring are being caught within quarter of a mile of the shore, show that they are not even caring to investigate the matter, but are content to give an opinion from an armchair in the same office to which we send their salary cheques.

If these herring were being used for food purposes perhaps there would be less reason for grumbling but they are being reduced to fertilizer.

What inhuman system is this that allows a wealthy company to send out a single boat to take away for all time the means of livelihood of 2,000 people? And all for the sake of the profits on a few measly tons of fertilizer.

The resolution endorsed by the fishermen's committee and the councillors of the Indian tribe in the area reads as follows:

Whereas herring is being rapidly depleted on the northern coast of Graham island, Langara island in particular, and incidentally salmon being caught in the seine also, and

Whereas where herring have been depleted on their feeding grounds, such as the above mentioned, the grounds are also destroyed for salmon, and

Whereas we consider the use of this superior quality of herring in a reduction plant should be prohibited and conserved as much as possible for food purposes only, and

Whereas about 400 fishermen, Indians and whites (with their families about 2,000 persons), are dependent on those salmon grounds for their livelihood, and further, consider this $300,000 industry is of more importance to Canada than the operation of any reduction plant,

Therefore be it resolved that (at this joint meeting of Indians and white fishermen) we desire to take all legal means to protect our

source of living, but, we demand and intend that seining for herring on the above mentioned grounds be stopped.

I should like some assurance from the minister that this matter will be investigated and the interest of these fishermen properly protected.

Hon. J. E. MICHAUD (Minister of Fisheries): I have received a communication along lines similar to that just read. Last evening and this morning we inquired from our officers on the Pacific coast, and we have been informed that what happened there was that a boat has been prospecting during the last few days. We were told that there has been no fishing going on and that there is no likelihood of any fishing being carried on in those waters.

Mr. REID: A moment ago when I was speaking I could not place my hand on the telegram which I had received from the fishermen asking that immediate action be taken in connection with the Sooke traps. This telegram reads:

Any intimation that Fraser river fishermen wish Sooke traps to remain absolutely false. Every fishermen's organization on Pacific coast to the best of my knowledge want Sooke traps out immediately and expect action to this end from parliament this session.

Before I resume my seat may I say to the hon. member for Nanaimo that I was made a member of the international sockeye commission to represent the Fraser river fishermen. My views with regard to traps were well known before I was placed on that commission. I would be derelict in my duty if I did not support the Fraser river fishermen in their attitude against these traps and in their request for immediate action. In case I am misrepresented, I want to assure my hon. friend that I am opposed to the continuation of traps at Sooke.

Mr. MacNEIL: Will the minister give us some assurance that if it is shown that seining for herring in the vicinity of Langara islands threatens the interests of the fishermen in that vicinity, it will be prohibited?

Mr. MICHAUD: Certainly.

Mr. TAYLOR (Nanaimo): I do not think it is necessary for me to protest, but I hope the minister will study this question of the Sooke traps as he has done hitherto. I hope he will do this in the interests of the conservation of the salmon and in the light of the peculiar conditions under which these traps were established.

Mr. REID: And the profits of the man who has the concession.

Mr. NEILL: As regards the herring situation, I brought this up when this matter was before the house on April 26. It is a lifelong grievance on the Pacific coast, the reducing of herrings which are not very profitable to reduce because they are very small in oil content as compared with pilchards, and the fishermen claim, I think without contradiction, that they are the food of salmon. It is a well known saying among fishermen, "No herring, no salmon." That is, if the herring are scarce this year, the salmon run will be short.

The minister says they are only experimenting out there. Quite so, but what for? With a view of taking larger quantities for reduction. That is the sole purpose for which they are seining in the waters to which the hon. member for Vancouver North has alluded, and the reason why there has been no depletion there is because it had not been fished before. I would ask the minister if he will not yield this much to our representations: Why not put that area up there under the same conditions as obtain on the west coast of Vancouver island, where experience has shown it is absolutely essential to have a close season, and we have a close season running from February 5 to, I believe, October 1. That would give the herring at least half a chance.

Mr. MICHAUD: As my hon. friend knows, under the present regulations there is restriction upon the quantity of herring to be caught in some areas. I understand it has been and I can assure him it is the policy of the department at the present time that when the catching of herring for reduction purposes is a menace to the salmon industry, the prohibition of fishing for herring is made and will be enforced.

Mr. NEILL: Yes, but the only trouble is that it is not. There is a quota put on, yes. The quota is only that amount which the reducing plants want. I have in my possession a letter from the local minister saying that he was not going to allow herrings to be reduced on the west coast. A year later he announced that he had gone into the matter very thoroughly, and the dead limit he was going to allow was 20,000 tons.

Mr. MICHAUD: That was the provincial minister.

Mr. NEILL: Yes. But we have the control of the fishing. He said it would not go beyond 20,000 tons. I replied, saying, "Oh, yes, it will. The amount of the quota will be limited only by the desires of the reduction plants." Sure enough, next year, instead of

20,000 tons it was 40,000 tons. Before that season was over—even in that one season—it was raised again another 5,000 tons, raised up to 45,000 tons in the comparatively limited waters of Barkley sound and the west coast. My experience is that while a quota is put on and they say they will not allow it to be exceeded, that quota will be raised to whatever quantity the reduction plants want. The minister has had scientific men out there who have demonstrated, to their satisfaction at any rate, that herrings on the Pacific coast are being depleted. They proved that by the size of them. Long experience tells them that the depletion of a run is first indicated by those taken being smaller. That was demonstrated, and an expert sent in a report to that effect. My information is—I cannot prove it at the moment, but I think I could if I were given time—that the official got a hint not to send in reports like that because they were not acceptable at Ottawa.

Mr. MICHAUD: All I can say is again to reassure my hon. friend that whenever it is demonstrated that fishing for herring in any waters is detrimental or a menace to the salmon industry, fishing for herring will be restricted.

Mr. BROOKS: With reference to the matter of herring being used for fertilizer, this is a subject which concerns not only the west coast but also the east coast. I have received letters from fishing organizations in the maritime provinces stating that a splendid market for herring could be obtained if there were instructions issued, by men properly trained to instruct fishermen, how to prepare the herring for market. Has the minister received any requests that a practical instructor, conversant with both French and English, be appointed by the department to instruct the fishermen of the Northumberland strait or any other part of the maritime provinces in the preparation of these herring for the market?

Mr. MICHAUD: I do not recall having received any request from fishermen or residents along the Northumberland strait. My recollection is that in Charlotte county, the bay of Fundy and that district there is a very valuable herring industry, and we have instructors giving demonstrations and instructing the fishermen how to prepare their fish for the market. I believe the best herring that are processed and put into foreign markets and into our own markets come from that area and command the best prices.

Mr. BROOKS: The minister, then, is not aware of any request from Westmorland or Kent county in New Brunswick, or that section, for a bilingual instructor to instruct the fishermen in the preparation of herrings?

Mr. MICHAUD: It is possible that a request has been made to the department, but at the moment I do not recollect any.

Item agreed to.

Building fishways and clearing rivers, $9,000.

Mr. NEILL: The last time this item was up on a general basis I discussed the question of the fish ladder on the Puntledge river at Courtenay. The minister, no doubt, has had time to look into the matter. Has he any statement to make in connection with it?

Mr. MICHAUD: The hon. member is correct. On the last occasion when the matter came before this committee I think I gave the information which was then before me, that is, that a fish ladder or fishway had been built in that river in 1922, had been washed out in 1927, was renewed in the same year, in 1935 was washed out again, and has been replaced.

Mr. NEILL: And again last December.

Mr. MICHAUD: And again last December was washed away. Since then there has been some difference of opinion as to whether the same kind of fishway should be built or a different method used. To build another fishway to meet the wishes of some people who are advocating a change, it is claimed, would impair the use of that river for water power development; and, looking over the files of the department, I find that there is a great difference of opinion between the residents of the locality, the company which is operating the water power—I think it is the Dunsmuir Collieries—and the engineers. Since then the local engineer of the department has reported that it would be costly and would not be as efficient as it is claimed to build a new type of fishway, and it would impair the use of that water power. However, I know that the citizens of the localities—I think these are Courtenay and Cumberland—have different views; and in order to settle the matter or set at rest the minds of these people, if it is agreeable that an independent engineer should pass upon the position, I am satisfied that this shall be done. My colleague the Minister of Public Works will lend me the use of his resident engineer or one of the staff on the Pacific coast to look over the situation and make a report as to what he thinks should meet the requirements.

Mr. NEILL: I think that is a satisfactory suggestion, and I know the public works en-

gineer is a man of great ability. I have no doubt, therefore, his report will be exactly what he sees.

I want to say a word or two in connection with the statements that have been made to the effect that it would not be possible, or that at any rate it would be very difficult, to put the ladder up where it ought to be, namely, at the end of the dam. After being washed away three times, it is no use where it is; we must put it somewhere else, and the obvious place in which to put it is around the end of the dam in the rock. The departmental officials say that this would be dangerous to the dam on account of blasting. But you can blast anything, anywhere, if you are careful. I have blasted within three feet of the glass windows of my house without shattering the windows, and in the city you will see workmen using dynamite a few feet away from the sidewalk without any damage ensuing, because they know how to do it. They use discretion; they cover it up, and so on.

The next question is, Would it be workable? Well, we have an example of a fish ladder at Stamp falls in the neighbourhood of Alberni, and people come from far and near to see the fish going up the ladder pretty much as people go upstairs. That cost only $4,000 and the height was twenty-two feet. At Maggie lake the ladder was nineteen or twenty feet and it cost only $3,000. At the Puntledge riger the dam is fourteen feet at the outside, probably less. It would not, therefore, be a big undertaking and would not need more than six steps for the fish to jump from one pool to the other.

Let me give an illustration of what science can do. I allude to Bonnieville falls in the Columbia river where the fish have to ascend an average of fifty feet, lower at high water and higher at low water. The ladder is cut out of the rock on both sides. Of course, the higher the elevation the greater the cost. At Puntledge river they ascend fourteen feet at the most and less than that when the water is higher. The cost would not be deadly at all, and it would be a means of establishing a run there which used to be a valuable cohoe run and one that could be made into a sockeye run as well. I would remind the minister that the department pledged themselves, when they obtained the consent of the house, to do away with the policy of having hatcheries for the propagation of fish, to devote more money to the development of fish along natural lines, clearing out the rivers and putting in fish ladders. They put one in at Maggie lake last year in pursuance of that policy, and as we are saving large sums in connection with the hatcheries, I suggest that we can well afford to undertake such work as I have indicated. The minister has made a statement about bringing in an outside engineer, and I am glad to see an independent man brought in, because a mistake was made about ten or fifteen years ago. We all make mistakes; but a mistake was made at that time, when the wrong type of ladder was put in, and it is difficult to get a local engineer to turn around and admit that he made a mistake. It is against human nature. I would be prepared, however, to accept the judgment of an independent engineer.

Item agreed to.

Development of the deep sea fisheries and the demand for fish, $62,000.

Mr. NEILL: When this matter was up before, I brought up the question of the prospect of a foreign power—it does not matter who they are—fishing off the shores of British Columbia in such a way as entirely to eliminate our industry. We are talking about fish traps and guardians, and all that sort of thing. But if the policy that I mention, which is being pursued by the foreign power in question, is continued, then the fisheries department, so far as British Columbia is concerned, might as well shut up shop, because there will not be any fish at all. That applies not only to cod and herring, but to halibut as well. We have built up a wonderful business in halibut under the United States treaty and that will be wiped out if the present policy is continued. The minister did not give me much encouragement before. He said I ought to have more confidence in the government and should know that matters of such importance would be considered in the way they ought to be. I am sorry, but I should like to get a little more information.

The situation is this. Three years ago there appeared off the shore of Alaska—it is Alaska to-day, but our funeral to-morrow—a large number of fishing boats belonging to the Japanese. The procedure was to bring a great mother ship from Japan and it would be loaded up with what, in the east, would be dories. They are small gas-driven motorboats, and they string a line of nets 200 miles long—I wish to impress that fact upon the committee—right across the run of the fish making into Alaskan waters. Through the use of aeroplanes it is now possible to spot the fish far at sea and see the direction in which they are running, because fish do not run all over the ocean, but move in one concrete body towards a definite destination. It is therefore possible for the Japanese to run this line for 200

miles, as they have done more recently on the Russian shore and at a distance of ten or twenty or thirty miles out, entirely cut off the fish and there catch every fish that comes along. They are bothered with no restrictions. The Japanese idea of fishing in their own waters—and they demonstrated it there fairly well—is to take every fish they can possibly get. The Jap does not know the meaning of conservation, nor does he know anything about restricted hours or seasons. His idea is to take whatever is there, and when that is gone, to go somewhere else. They exhausted their own fisheries and then turned to the Russian fisheries. They are now beginning the same thing in Alaskan waters, and it is only a matter of a year or two when we shall find them taking the halibut banks off the British Columbia coast and the salmon runs going into the Fraser river and into all these rivers to which we have referred.

This is no idle dream of mine, because it is actually going on. I have a number of newspaper cuttings here, but I shall not read them. One or two of the headings are interesting. Here is one for instance, "United States fisheries known to Japs" and another, "United States fishermen armed to drive out Japanese." They found that the Japanese were not playing the game; that they were not living up to the agreement with the United States; so these men sent for a couple of hundred rifles and ammunition and they proposed to take the law into their own hands. The situation attracted the attention of the United States government. I do not know whether the minister was aware of it, but I do know that the United States government took the matter up with Japan and I have here the brief they presented. I shall touch on some of the points. They pointed out that beginning in 1930, and ever since then a large number of Japanese fishing fleets, made up of floating canneries and auxiliary vessels, have been operating. The mother ship acts as a floating cannery, or a reduction plant, or a freezing plant as necessity warrants, and they stay through the whole season and take the whole catch back to Japan. The Americans object to that. They say that the reports are becoming more and more insistent and reliable, and during the past season their authenticity has been supported by impressive affidavits and actual photographs of the fishing operations in question.

The Japanese, with their usual diplomacy, explained that they were fishing not for salmon, but for crabs; they said that they were simply engaged in a few exploratory operations, looking for crabs. The white men, however, flew over the mother ship and got so close to them that they could read the names on the boxes of canned salmon, and they saw thousands of fish on their decks. They could even identify the varieties of fish on the decks of the mother ship and they took photographs. In other words, Japanese diplomacy was rather at a discount. The Americans say that the United States government has understood, from assurances given by the Japanese government, that there are no licenses granted, but that is all a midsummer night's dream. They say they are sorry; but the reports they get and the photographs raise a strong presumption that the Japs actually are fishing there. Then the Americans deal with the enormous trade that they do in Alaskan waters, pointing out that the people of Alaska are allowed to fish only for one month, with the idea of conserving the fish, but the Japanese will fish for the whole period. They say the Japanese fishermen appear to be unrestricted as to season or equipment. Large bodies of United States fishermen are of the opinion that the salmon runs of Bristol bay are a United States resource, as they breed in Alaskan waters. The prospect is that the use of these more effective methods by Japanese nationals, while similar methods are denied to United States fishermen has provoked among United States fishemen serious concern and resentment. It is clear to all that if foreign nationals are permitted to carry on these operations off the shore of Alaska, the conservation efforts of the United States government within a comparatively short period will be of absolutely no effect. They point out that some 25,000 people are employed in the trade in Alaska, what they pay in wages, and the enormous business they do.

Then there is some correspondence. I shall read only a final extract from a confidential release dated March 25, 1938. They say that as a result of discussions between the United States government and the government of Japan in connection with these matters the Japanese government has given, without prejudice of course, assurance as follows: that the Japanese government is suspending—that means stopping for a short period, doesn't it?—the three year salmon fishing survey which has been in progress since 1936, and inasmuch as salmon fishing by Japanese is not permitted without licence from the Japanese government, that government will continue to suspend the issue of them, and if the United States government will prove Japanese vessels are fishing illegally, they will take cognizance of it. The United States government accepts these assurances and

hopes they will live up to them. But between the lines you can read considerable doubt about that. Since that, these headings appeared that I have quoted about the United States fishermen arming themselves against the Japanese, because they are still there and are proceeding to fish. It is not a local matter to Alaska, or even British Columbia; it is of nation-wide concern. If that is persisted in, it means that with modern methods they will clean up the whole Pacific coast from Alaska to San Francisco. They can keep offshore, outside territorial waters, and I suppose they are legally correct.

But there are methods of bringing pressure to bear even upon Japan. If it were suggested that there would be retaliation in the way of non-trade, they would probably see reason. But unless the government do something more than tell me I ought to have confidence in the government looking after these matters, I shall not be satisfied. The minister knows the situation; has he taken any steps about it; has he associated himself with the United States in this protest? If not, then if the Japanese make any deal with the United States to keep out of Alaskan waters, there is only one place they will go, namely, to British Columbia waters. Has the minister had any communication with the Japanese or the United States government, so that we might join in any action that has been taken? And it is not only the Japanese; there was a suggestion last year that a British boat was coming from the Atlantic to fish for halibut, also a Norwegian boat. Unless we do something to stop them soon, the Japanese will establish their claim and our fishing will be non est. Will the minister give the committee some information as to what progress has been made in connection with the matter?

Mr. MICHAUD: As the hon. member for Comox-Alberni (Mr. Neill) has stated, this is a delicate matter. These operations are carried on, on the high seas, where the Japanese, Americans, Norwegians, Canadians and others have a legal right to fish. It can be stopped only by mutual agreement between the countries interested, And I dare say it can be stopped by those countries only by preventing their nationals from resorting to those waters; that is, the Canadian government would have no right or power to prevent natives of a foreign country from carrying on such operations. As stated by my hon. friend, the government of Japan have said that they are going to refuse permits to their own nationals to carry on such operations, and that is the only way by which what is desired can be accomplished. When I said on a previous occasion that the hon. member should have enough confidence in the government to accept the statement that the matter is in hand and would be looked after, I knew my hon. friend would realize that this was what was intended. As far as the Department of Fisheries is concerned, it is not within our power to take up questions of that kind with foreign countries; all these matters are dealt with through the Department of the Secretary of State for Foreign Affairs. But I know the matter is being dealt with. As far as the Department of Fisheries is empowered, we are following up with a view to protect the sources of supply for our fisheries as much as possible, and trying to impress upon neighbouring countries that the fisheries can be protected for all concerned only by mutual understanding and cooperation in conservation.

Mr. NEILL: No doubt the minister's statements are correct as far as they go, but they are more in the nature of truisms which do not lead to any definite action. He says it can be done only by agreement. I admit that; it is out in the open ocean. And he says that the Japanese government say they have refused to allow their vessels to operate in Alaskan waters. Yes. They promised the United States that, but have they promised us that they will not do it in our waters? We, it must be remembered, are next, and we have under the hand of the Canadian embassy at Washington the assurance that the Americans have been promised that the Japanese will keep out of Alaskan waters; but have we any such assurance? It is just as vital to us as to the Americans, and as far as I can find the fisheries department has done just nothing in the matter. Is that not the situation? If it is not, I shall apologize. If it is not so, will the minister bring down some correspondence showing the progress of negotiations? I submit nothing has been done, but still he asks me to have faith and confidence. Our neighbours to the south have done something; we apparently have done nothing. If we have done anything, what was it? Have we a promise that they will abstain? I have in my hand a long three column page of regulations made by the department in connection with mackerel on the east coast. There are about nine different brands: large, small and medium summer, and dark summer, and large, medium and extra large and choice fall, and dark fall, and so on. I notice that the biggest size in one case is not the biggest in the other; this is calculated to deceive people. It ends by saying that in the event of these sizes not being suitable, the minister may authorize a

tolerance in the count to suit the requirements of the trade. Is that not a comparatively petty matter? Perhaps $150,000 worth of mackerel is packed, but should not the heads of the department at least be negotiating matters of such vital importance to us on the western coast? If I am wrong, and negotiations have been taking place, what are they? How far have they got? Will the minister bring down the correspondence? If not, will he initiate such correspondence; because it is for us to act to-day, not to-morrow? The Americans made their arrangement on March 25; what have we done?

Mr. MICHAUD: My hon. friend has read some newspaper clippings intimating that some Japanese boats had been fishing off the coast of Alaska. But he has not shown that any of these boats have been operating in territorial waters along the British Columbia coast, and as far as the department is concerned we do not know of any specific instance of Japanese boats carrying on such operations there. Until we have some specific case to complain about, I do not think we should anticipate any possible operation of that kind in waters adjacent to our country by adopting the methods of negotiation which have been adopted by the United States.

Mr. NEILL: If that is the attitude of the government, I will throw up my hands and not bother them any more. Here is the situation. Suppose there is a war and an enemy fleet lands in Vancouver. Somebody on the prairies says, "It will be time enough for us to fight when they reach Winnipeg." I know they are not doing anything in our waters to-day, but I was trying to look ahead, to galvanize the government into a little foresight in the matter. To-day it is the Alaskan situation, but, the United States have negotiated a treaty—whatever it may be worth—under which the Japanese are to keep out of Alaskan waters. But there is the mother ship and there are these boats; where are they to go next? The minister says it will be time enough to do something when they take some action. It will be too late then, because they will have established a precedent; they will have their equipment ready. Surely it is the part of wisdom to look ahead and try to reach an understanding about these things before they become acute, before there are large sums involved and vested interests concerned.

There is no use saying I quoted newspapers only. I quoted our own Minister to the United States. I obtained this information from Sir Herbert Marler in Washington. This was a confidential intelligence release given out by the United States government, which finally led up to the announcement that they had successfully—I hope it will be successful in its permanence—negotiated a deal by which the Japanese agreed not to fish outside the territorial waters of Alaska. Is this not the time for us to take some action? But if the minister takes the view that it will be time enough when the enemy is knocking at our door, I am afraid there is no use in discussing the matter.

Mr. TAYLOR (Nanaimo): I should like to ask the minister whether this whole matter does not come within the ambit of the international sockeye commission.

Mr. NEILL: No. Halibut are not sockeye.

Mr. TAYLOR (Nanaimo): In any event I want to say that since the speech of the hon. member for New Westminster I have been rather disconcerted. I understand that this is an international sockeye commission. If the Canadian representative only represents the fishermen of the Fraser river, then I want to ask the minister if he will kindly see that the Canadian representative represents also the district of Nanaimo. I want to feel that the interests of Canada in the matter of salmon are being protected by our representative on the international sockeye commission.

Mr. REID: Would the minister tell the hon. member that there are three commissioners, not just one?

Item agreed to.

Fish culture, $240,740.

Mr. BARBER: I think we all regret that almost each year the estimates of this department are brought in on the last day of the session. Under this item I notice that the number of inspectors and those employed in canneries is exactly the same as it was a year ago; thirty-five; there has been no reduction. Seeing that the fish hatcheries in British Columbia have been closed, what portion of this vote will be expended in that province, and for what purpose?

Mr. MICHAUD: The only expenditure under this head in British Columbia during this fiscal year will be for the payment of the salaries of officers whose leave has not yet expired and who have not been either superannuated or transferred to some other district.

Mr. BARBER: I understand that at the beginning of the present year the control of sport or game fish in non-tidal waters of British Columbia was transferred to the

province by a federal order in council. That has raised the question of licences. I understand that non-resident anglers' licences are still collected by the federal government, and at present it is understood that the dominion Department of Fisheries have placed licence books in the hands of custom officers and other agents in the interior and along the southern border of the province. One is quite safe in saying that ninety-five per cent of the licences issued will be used in non-tidal waters. This is somewhat confusing, if it has not been straightened out.

Mr. MICHAUD: I am pleased to be able to inform my hon. friend that we have been able to come to a satisfactory understanding with the government of British Columbia. The federal government has withdrawn from the sport fish business. We have left the field; we do not issue licences any longer, nor do we collect licence fees.

Mr. NEILL: But I understood there was some confusion. We collected a fee for tidal waters and the province collected a non-tidal angler's fee, which meant that the tourist had to pay double.

Mr. MICHAUD: No; he will not pay any federal fee now.

Item agreed to.

Progress reported.

CRIMINAL CODE

RECKLESS DRIVING, SALTING MINES AND MINE SAMPLES, ETC.—CONCURRENCE IN SENATE AMENDMENTS

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved the second reading of and concurrence in amendments made by the senate to Bill No. 137, to amend the criminal code.

He said: The first amendment is to section 12, which deals with the definition of common gaming house. The object of the original amendment to the section was to include within the definition of "common gaming house" one where any direct or indirect fee is charged to or paid by the players or any of them for the right or privilege of participating in a game. There was the exception concerning the house, room or place occasionally being used by a charitable or religious organization for playing a game the proceeds from which are to be used for the benefit of any charitable or religious object.

The senate has added another exception concerning:—

—any house, room or place while occupied and used by an incorporated, bona fide social club or branch thereof, if the whole or any portion of the stakes or bets or other proceeds at or from such games is not either directly or indirectly paid to the person keeping such house, room or place, and no fee in excess of ten cents per hour or fifty cents per day is charged to the players for the right or privilege of participating in such games.

I understand that unless this amendment had been accepted, the whole section would have been rejected. It is a compromise, and I am quite willing to accept it, although I preferred the section as it was.

Mr. BENNETT: There is nothing objectionable about it.

Mr. LAPOINTE (Quebec East): No. Then, section 14 deals with disorderly conduct, and contains the words:—

Causes a disturbance in or near any street, road, highway or public place, by screaming—

And so on. At the end of the section are the words "or in any other way." My right hon. friend had objected to them. They are now struck out, and the word "shouting" is added before the word "swearing."

Mr. BENNETT: I should not think there is any relation between the two things.

Mr. LAPOINTE (Quebec East): I do not know; however, I do not object.

Mr. BENNETT: Perhaps it is better.

Mr. LAPOINTE (Quebec East): Perhaps. If it were not, it would not be the first bad thing the senate has been doing.

Mr. BENNETT: And not the first good one, either.

Mr. LAPOINTE (Quebec East): Then, section 17 refers to everyone who steals any plant, root, fruit or vegetable production. The penalty was not exceeding $50 or imprisonment of two years. This has been changed to six months.

Under section 18 there was provision for two years imprisonment, in connection with stealing cultivated plants. There, again, the penalty has been changed to six months, and for a subsequent offence a penalty of three years imprisonment has been changed to one year.

Mr. BENNETT: Apparently they are not such lovers of horticulture as we are in this chamber.

Mr. LAPOINTE (Quebec East): Apparently not. Then, the amendment to section 22 is a good one. They have added the words "gold, silver, platinum or other precious metals" at one place where obviously it had inadvertently been omitted.

Motion agreed to; amendments read the second time and concurred in.

BUSINESS OF THE HOUSE

SUSPENSION OF ELEVEN O'CLOCK CLOSING RULE

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

That this house shall not be adjourned at eleven o'clock p.m. this day.

He said: This motion having to do with the sitting of the house does not require notice. I would say that with the progress we have been making, unless we run into some unexpected discussion, I think it might be possible to arrange for prorogation by midnight.

Right Hon. R. B. BENNETT (Leader of the Opposition): I think it should be understood clearly that we would not sit beyond midnight. This is a suspension of a standing order, and I think we should not sit beyond midnight. If we cannot dispose of the business by midnight, clearly we shall have to sit to-morrow.

Mr. LAPOINTE (Quebec East): It is never "to-morrow" so long as we sit to-day.

Mr. BENNETT: I would judge from what has taken place in the last six months that it is always to-morrow.

Motion agreed to.

SUPPLY

The house again in committee of supply, Mr. Sanderson in the chair.

DEPARTMENT OF FISHERIES

Special—To enable aiding fishermen, groups of fishermen and others to establish or better establish themselves in the industry, $500,000.

Mr. BENNETT: I would ask the minister to place on Hansard the information for which I asked some time ago. Last year parliament voted a sum of money to be distributed among fishermen; it was for a specific purpose. This vote is to enable fishermen, groups of fishermen and others to establish or better establish themselves in the industry. What was done under the vote passed last year? I suppose, in view of the notice given, there will be no difficulty in giving the information.

Mr. MICHAUD: Last year $500,000 was voted to aid in the reestablishment and reorganization of the dried and pickled fish branches of the fishing industry on the Atlantic coast, which because of world economic conditions had become acutely depressed. It was hoped to rehabilitate those engaged in the industry by granting assistance in processing, storing and marketing, and attempting to expand the demand for the products of the industry by assisting in the provision of transportation facilities on those portions of the coast where they were inadequate. All of this was to be carried on under conditions to be approved by order in council. Only about $60,000 was expended.

Mr. BENNETT: Might we have the details of the expenditures?

Mr. MICHAUD: A total of $24,451 was expended to increase the demand for fish by way of advertising, mainly in rural newspapers, because it was expected that dried and salt fish would be consumed mainly in rural districts.

Mr. BENNETT: Was that all within Canada?

Mr. MICHAUD: Yes. About $5,000 was expended to send two men to the West Indies, Puerto Rico, Cuba and other countries in South America, which in the past had taken most of our exports of cured fish.

Mr. BENNETT: Who were they?

Mr. MICHAUD: Mr. O. F. MacKenzie, of Halifax, and Mr. F. Homer Zwicker, of Lunenburg. Mr. MacKenzie received $2,229.70.

Mr. BENNETT: How was that amount determined?

Mr. MICHAUD: That was made up of travelling expenses because he did not accept any remuneration for his time. Mr. Zwicker received $2,717.75 for travelling expenses and a small allowance of $600 or $700 for his time. Both these gentlemen made a report which has been printed and distributed. To the end of the last fiscal year the balance of the vote could not be expended because the propositions made by the department to the industry and by the industry to the department could not be accepted. That is, no mutual understanding could be arrived at as to how this money should be expended, so we decided we had better keep it. However, negotiations are still continuing in the hope of having the industry take care of the weaker sections of the maritimes, such as eastern Nova Scotia and northern New Brunswick. The government is offering to subsidize certain processing plants which are necessary because of loss of European markets and changed conditions. An effort is to be made to get these people to adapt themselves to new methods so that they will be able to process a product which can be marketed more profitably than dried and salt cod.

Mr. BROOKS: Some time ago I intended to make a few remarks in connection with the fisheries of the maritime provinces. I shall not impose myself upon the committee

this evening except to protest to the minister and to his department over the treatment given to the maritime fishermen. Last year $500,000 was voted to rehabilitate the fishermen in the maritime provinces, and the minister now tells us that some $40,000 of that vote was spent in advertising. I consider that the fishermen in the maritime provinces have received very poor treatment from the department, and I take this opportunity to protest to the minister. These facts are well known because the press of these provinces have called attention to the conditions under which the fishermen are living. These men are receiving very little for their fish. As a matter of fact, they have been receiving only starvation prices. This afternoon we listened to hon. members from the west talking about fixing a price of 85 or 87½ cents a bushel for wheat. The fishermen of the maritimes have been receiving for their product a price far below what they should. I contend that all the money which was voted last year should be spent along with whatever is being voted this year. The minister must know the conditions that exist, and he must be aware that this money could easily be spent to good advantage in rehabilitating the fishing industry. I shall not weary the committee with any more comments, but I feel that more attention should be paid to this great industry. When money is voted by this parliament for these men I contend that it should be spent by the minister and his department.

Mr. MICHAUD: I do not think my hon. friend is fully aware of all the facts and circumstances. There were two votes last year, one of $400,000 to assist the needy fishermen, and another vote of $500,000 to rehabilitate the industry. The vote for the needy fishermen has been all expended.

Mr. BENNETT: I shall want the particulars of that.

Mr. MICHAUD: That vote was expended in cooperation with the provinces. My hon. friend must appreciate that these individuals are not the wards of the dominion government. They are not subject to our jurisdiction unless they come within the scope of the fisheries regulations.

Mr. BROOKS: Many individuals in other industries in Canada have become the wards of the government.

Mr. MICHAUD: Unfortunately. The Department of Fisheries has recognized its obligations in this emergency. This is the primary responsibility of the provinces, but the federal government has offered to cooperate in helping the needy fishermen. Agreements have been signed with Nova Scotia, Prince Edward Island, New Brunswick, and also Quebec in connection with that portion of the province still under federal jurisdiction, that is, the Magdalen islands.

We have entered into successful agreements whereby we have allowed to Nova Scotia $150,000; to New Brunswick, $100,000; to Prince Edward Island, $50,000, and to Quebec, $50,000. We have kept in reserve a certain amount which was offered to another province and which was declined because conditions there were not such that they could embark upon the policy which was suggested by us. So, as far as the money voted for the individual fisherman is concerned, I think we have done our duty by appropriating it to the provinces in proportion to the number of fishermen registered in each of such provinces.

Again this year we are negotiating with the same provinces with a view of continuing the help which was given for the last two years. As far as individuals are concerned we are leaving it with the provinces to determine what methods should be adopted to help them. Even in one province the problem is not the same in all sections, and it would be very difficult to adopt in Ottawa a uniform policy applicable even to one province. We prefer leaving this to the provincial governments that are willing to cooperate with us.

As to the industry, we are trying to adopt the best methods possible to help it and place it in a position where those engaged in it can regain the standard which they held prior to the depression. I am pleased to state that in this year we have reached a point where the fishing industry is back to where it was in 1930.

Mr. BROOKS: With regard to the amounts allotted to the provinces, have the provinces taken advantage of those allotments? I have here a return which I received some time ago from the department indicating the contributions to provincial funds from which aid was given by the provinces concerned in establishing or better establishing groups of fishermen in the industry. I notice from the return that Nova Scotia expended $96,792.99; Prince Edward Island, $42,406, and New Brunswick, only $18,180. I should like to know why so small an amount was expended in New Brunswick, and why it was expended only in one month out of the twelve months? Nova Scotia seems

to have taken advantage of it for eleven months of the year, and Prince Edward Island, for eight months.

Mr. MICHAUD: This was due to the fact that at the time that information was given to the hon. member, accounts for these amounts only had been rendered to us. Since then, further accounts have been rendered, and up to the time that these estimates were made Nova Scotia had paid out $100,000; New Brunswick, $75,000; Prince Edward Island, $77,000, and Quebec, $75,000.

Mr. NEILL: How about British Columbia?

Mr. MICHAUD: They did not expend anything.

Mr. MacNEIL: Will any portion of this sum be made available to aid the fishermen of British Columbia? If no agreement exists, is there any prospect of an agreement with British Columbia?

Mr. MICHAUD: A portion of it was offered to that province, but no agreement was entered into. The prospects of entering into an agreement depend on the attitude of the province.

Mr. NEILL: Will it be open to British Columbia to participate in this sum?

Mr. MICHAUD: Part of it was always open to British Columbia.

Mr. NEILL: To what quota would British Columbia be ordinarily entitled?

Mr. MICHAUD: About fifty thousand dollars.

Mr. BENNETT: The minister knows that I have taken a deep interest in this matter, for reasons which, I think, are obvious to every thoughtful man. Nova Scotia is a pretty rocky province. In pre-glacial days there was some soil on the rocks, but the soil has been largely removed, and these people live on a very rocky coast. I have visited their communities. I learn from the press that they are getting one cent and one and a half cents a pound for halibut, and the consumer is paying anywhere from twenty to twenty-five cents. As the minister knows, cod brings a much smaller price. These are facts. It is true that the amount I mention is an extremely depressed price. We know what the Atlantic halibut is, compared with the Pacific halibut; it is a smaller fish. They have also the haddock, which is an excellent fish, and the cod, which is not as clean as the others. These fish are being sold to-day at a very low price by the fishermen. When I say they are getting a cent and a cent and a half per pound, and the fillets are being sold on the markets to consumers at fifteen cents and as high as twenty-five cents a pound, the minister will realize what the condition of mind of these fishermen is. Certainly it is an attitude of great resentment against conditions. Everyone knows that.

I have a suggestion to make to the minister. Last year we voted a large sum of money to help the industry. To-day the minister has given an explanation of why only $60,000 has been spent. We now come to the other half million dollars which has to do with the individual fisherman, and what do we find? We find that in one of the provinces we gave $150,000 under the terms of an agreement by which we exercise little or no jurisdiction over the spending of it, leaving it, for the reasons the minister mentioned, to the province to deal with. In New Brunswick the situation is the same. I have followed with increasing interest the operations of the cooperative movement in Nova Scotia. Whatever else may be said, Mr. MacDonald, who is associated with St. Francis Xavier university, has done a most remarkable work. They endeavoured to get him to go to upper Canada. Fortunately Nova Scotia has retained his services. When he was here the other day I had an opportunity to talk with him regarding the work which is being done in Nova Scotia. I suggest to the minister that he should make available out of this sum of money a substantial grant to assist in cooperative enterprises among these fishermen. I believe that by so doing he will achieve a very great reform, and of course he is anxious to do so.

And, sir, I know something more. I know of the money that is being made out of the fishing industry. I recall a man who left Halifax with a reasonably small sum of money; he went down to a Nova Scotian port and established a fishing industry, and in combination with a great company which has existed in that industry he has made a substantial fortune. The hon. member for Shelburne-Yarmouth-Clare probably knows whom I mean, although I am not mentioning any name. He acquired a very large sum, somewhere, I believe, between a quarter and half a million dollars. To no small extent that fortune should have been distributed under proper conditions amongst the fishermen themselves, because the inability to sell their fish for more than one or one and a half cents per pound made possible the accumulation of these large returns. I suggest that the minister utilize some part of

this vote—and he will have everybody behind him in doing so—in helping these poor unfortunate men to forward a cooperative movement which will ensure that a larger part of the price paid by the consumer goes into their pockets.

Mr. MICHAUD: Members of the committee must have noticed in the main estimates that we have this year for the first time an appropriation—small indeed— to the United Maritime Fisheries organization, which is the central organization of the cooperatives of Nova Scotia.

Mr. BENNETT: Yes, but it is only $3,000.

Mr. MICHAUD: That is for organization purposes.

Mr. BENNETT: What good is that?

Mr. MICHAUD: Besides this, we have an agreement, under another head, with the extension department of St. Francis Xavier university whereby we vote them an appropriation to cover the expenses of carrying on their movement in the three maritime provinces.

Mr. BENNETT: How much is that?

Mr. MICHAUD: Eight thousand dollars this year.

Mr. BENNETT: Quite. Well, they spend $25,000 per annum.

Mr. MICHAUD: I know. But this movement is growing and we are increasing our grant each year. We are in constant consultation with the head of the department, Doctor Coady, under whom Doctor MacDonald works, and we follow exactly their directions. We leave them free to act as they feel they should. I may take the committee into my confidence and say that last year we were willing to put a substantial amount at the disposal of the organization to help them to establish a base on the eastern coast of Nova Scotia, but as will be seen from their petition and the records of the department they were not yet prepared to take advantage of the offer and were not sufficiently well organized to begin in a large way to take care of themselves. That is one of the main reasons why the amount was not given them. Admittedly they were not ready to take advantage of the offer. They wanted the government to start a publicly owned plant, and the opinion was shared by the heads of the movement that this was not the proper thing to do. It was felt that we had better wait a little while until these people were ready to take hold of the movement themselves and to administer their own business without any governmental interference or control.

Mr. BENNETT: The minister will admit that a cent or a half-cent a pound is ruinous.

Mr. MICHAUD: Absolutely, and if we knew of any method whereby we could compel those through whom the fish is processed and marketed to pay higher prices, it would be done. The only hope is to encourage these cooperative movements so as to enable them to manage their own affairs and market the products of their own industry in order that they may get everything that is in it and enjoy all the profits.

Mr. BENNETT: Try icing a few cars and paying the freight on them from the seaboard to upper Canada.

Mr. MACKENZIE KING: That was done a few years ago.

Mr. BENNETT: Yes, but it was stopped before it was developed.

Mr. MICHAUD: The trouble arises in connection with the distribution. The organization is not quite prepared to take care of distribution in foreign markets, and until they are ready to do so, I do not think it would be in their own interests—they say so themselves —to go ahead too fast and to undertake a venture which might bring ruin to themselves and discredit upon the organization.

Mr. HARTIGAN: While the amount of $2,000 given for organization purposes may do some good, we cannot obtain lasting benefit unless we give a sufficient amount of money to the cooperative societies. A good many people, no doubt, share my conviction in this regard, but the idea may prevail that this is a partisan or a religious movement, merely because it is sponsored by St. Francis Xavier university. I can assure the committee, however, that the cooperative movement in Nova Scotia is non-sectarian and non-political. I had the pleasure of listening to the Rev. Nelson MacDonald when he explained the aims and objects of the society. I fancy he is known to most members here, by reputation at least, because he is one of the most assiduous workers in the cause of the cooperative movement, working hand in hand with the St. Francis Xavier extension movement. If we want any lasting benefit, I repeat, we must give the greater proportion of the money to some extension movement to educate the fishermen. You may spend all the money you like, but unless you spend money to educate the fishermen you will not get any permanent results. Give them a course of six months or a year under such leadership as is provided by the extension movement to which I have referred. In other parts of the country other

colleges may come into the picture; perhaps they may be in a better position by reason of location to further the work. At the present time, however, we have only the St. Francis Xavier extension movement in eastern Nova Scotia and New Brunswick, and if you gave them $100,000 you would get more value for the money and it would result in more ultimate good for the fishermen than from other expenditures. The cooperative movement is not local; it has assumed international proportions, and the day has gone when you can regard it as purely local.

I am not going to take sides and argue whether the trawlers should or should not operate. As a matter of fact, I do not believe there is anyone in Canada to-day who can argue convincingly on that question, and therefore I suggest that we should move cautiously before making any change in our system in that respect. I do urge, however, that if you give the fishermen proper leadership and the educational facilities furnished by the extension society, you will enable them to look after themselves. One of the chief things they are taught is to look after their financial condition and the processing of their fish. I hold that through the processing of the fish the market in the future will be gained, and the benefit that will accrue to the fishermen will depend upon their ability to process fish in such a way as to render them salable to the rest of the country.

I know that the great concerns which have operated in the past, the fish companies, deserve some credit; in fact they deserve a good deal of credit. For one thing, we cannot overlook the fact that they established the market; they placed their fish on the markets of the world. You cannot, therefore, eliminate these great fish concerns and expect the fishermen to step in at once and fill the gap. I do urge, however, that they be given an amount of money which would enable the St. Francis Xavier organization, or any other college that wishes to take up the work, to function. I am speaking irrespective of any religious denomination or political persuasion. If this were done, the fishermen would be able to look after themselves and to process their fish properly, and they would be ready to fill the gap that would be left by the elimination of the large fish companies if that were necessary—and it will be observed that I add that proviso. It may not be necessary. My guess is as good as anybody else's, I suggest that we are going through a transition period in the economical distribution of foods of all kinds, and there is no man, I do not care how good an economist he may be, or how many letters he may have after his name, who can tell the people what the outcome is likely to be so far as distribution is concerned. The minister will have the whole-hearted endorsation of the country if he devotes a greater amount of money to the cause I have been advocating. Do not give it away, as in the past, to ship-owners, but give it to a worthy extension movement which will put the fishermen on a higher plane and enable them to look after their own interests. That would be doing something worthy of the government of Canada.

Mr. POTTIER: I realize that the time is late, but we have waited five months for the fisheries estimates, and this is our first opportunity. I would impress upon the minister that there has been developing in the maritime provinces a condition which is serious in two ways. It is serious from the standpoint of the individual and from the standpoint of the industry. The individual is getting to the point where he is becoming discouraged, and in any project which we undertake we must realize that the individual himself must be convinced that the department is willing to assist him in his difficulties. It is not sufficient to think only of the industry; we must attack the problem fundamentally from the standpoint of the individual. Until we convince the fisherman that we are willing and anxious to help him and are in with him in this fight, we shall not get very far with broad policies touching the industry only. I suggest to the minister that when he distributes this amount he think of having the dominion government, the provincial government and the individual fishermen acting in cooperation. All three must come in before any lasting good to the fishermen or the industry is achieved. At this late stage of the session it is impossible to deal with the matter at greater length, but I ask with final emphasis that the minister think particularly of the help he can give to the individual fisherman to encourage him and restore his enthusiasm.

Item agreed to.

DEPARTMENT OF MINES AND RESOURCES

Mines and geology branch—Payment in connection with the movement of coal under conditions prescribed by the governor in council, $2,250,000.

Mr. BENNETT: Here is an item of great importance, a couple of million dollars or more. It involves a national policy with respect to fuel. It affects largely the maritimes, and to some small extent western Canada. The movement of coal from the east to the more densely settled communities

has been going forward slowly, but the realization of our expectation of a million more tons of coal being lifted in Cape Breton than formerly as a result of this policy, is now an accomplished fact. But I have been reading with a good deal of care something that touches this matter. There are in Nova Scotia two great enterprises—or were; I do not know whether you can now call them two or not—the Dominion Steel Company, and for the purpose of this statement we will call it the Nova Scotia Steel Company; among the companies it owned was a coal company called the Acadia Coal Company. I observed the other day that there has been some discussion with respect to this matter in connection with its liquidation, and I made up my mind that I would bring it to the attention of the minister. If we are to have a stock-jobbing proposition with respect to this company; that is, if the Acadia company is to be acquired by Scotia and then Scotia is to be closed down and Acadia closed down and the Dominion company issue shares or securities or guarantee payments in any sense, the time has come when we must make it perfectly clear that if there is a curtailment of subsidies because money is used for those purposes, that should be utilized for the purposes for which we voted it, then the complaints that will come should be complaints made to those responsible for this action being taken, and not against this parliament. This parliament has provided money for these purposes, but is not providing money for stock-jobbing exploitations. That is what I want to bring home to the minister.

If anything such as the newspapers indicate is contemplated, he should make it his business now to ascertain what is being done and prevent it from being done out of moneys provided by the taxpayers of Canada in connection with the movement of coal from Cape Breton and other parts of Nova Scotia to the more central parts of this country. It has been a difficult matter to educate the people of the central regions of this country to purchase their coal requirements from the maritimes. It has been an effort on the part of governments, not of one party but of all parties, to get them to take that point of view. It is fundamental that the great enterprise in Cape Breton should not be utilized for stock-jobbing exploitation by the use of any part of the moneys which we pay in large sums—large sums, mark you!—to assist in employment on that island. This money should not be used to advance the interests and stock-jobbing ambitions of those who have been responsible for some of the happenings which are now before the courts of this country. I give the minister timely warning in order that he may take steps to see that the government is protected by appropriate action, and by doing so he will prevent what I regard as a very serious matter and ensure that these subsidies, heavy as they are, are utilized for the purpose of providing for employment and the development of a fuel policy that will enable this coal from Nova Scotia to be utilized as it now is in the consuming markets of upper Canada.

Hon. T. A. CRERAR (Minister of Mines and Resources): My right hon. friend's statement is the first I have heard of the matter. I understand two of the companies mentioned are in financial difficulty or liquidation. I quite agree with the general principle he has enunciated. Certainly I would be the last one in this house to support the payment of public moneys for stock-jobbing propositions of any kind.

Mr. BENNETT: I believe that; that is the reason I bring the matter up here.

Mr. CRERAR: I shall be glad to get some information in regard to what my right hon. friend has said.

Mr. BROOKS: How much of this money was expended for the movement of coal from the coal areas of New Brunswick last year?

Mr. CRERAR: It amounted to $32,362.

Mr. BROOKS: The amount paid in New Brunswick is not at all in proportion to the amount paid in Nova Scotia. If we received the same proportion in New Brunswick, I think we would get about ten times that much, or about $300,000. Would the minister look into this matter and see that the coal areas of New Brunswick receive the same consideration that is given the coal areas of Nova Scotia?

Mr. CRERAR: Nova Scotia is in a preferred position because a large amount of its coal moves by water. It is my information that even in New Brunswick the mines have not anything like succeeded in supplying the requirements of that province.

Mr. BROOKS: The difficulty is that the assistance given under this vote is enabling Nova Scotia to displace New Brunswick coal even in that province.

Mr. CRERAR: The fact of the matter is that the basis upon which the subventions are paid apply precisely the same in New Brunswick as they do in Nova Scotia. If a variation should be made to meet the suggestion

of my hon. friend, it would simply mean that New Brunswick would be getting something over and above what Nova Scotia was getting. I shall leave it to the imagination of my hon. friend and of the committee as to what would happen under those circumstances.

Mr. KENNEDY: Has the minister given any consideration to the possibility of stabilizing these subventions? At the present time they are voted by parliament year by year, and we in western Canada think it would help the industry if this was done by statute for a period of five or seven years. Then the subventions would be sufficiently stable for mining interests to invest in mines and establish warehouses in Ontario in order to compete for the markets now supplied by United States coal. I wonder if that policy has been considered at all.

Mr. CRERAR: No. I should be glad to give consideration to it, but I would point out to my hon. friend that since we have had these subventions they have been applied on the same basis. Without having given the question a great deal of thought, I should say that very careful consideration should be given before making any change. However, I shall be glad to keep in mind the suggestion of my hon. friend.

Mr. BENNETT: The minister will find in the files of the department that the suggestion has been advanced.

Mr. HARTIGAN: I have just a few words to say about these subventions and about conditions in the coal mining areas of the country. Some hon. members were asking whether or not consideration has been given to the equalization of rates in order to get down to a stable basis. As I see it, the chief trouble in Canada is that we have not given the coal situation, with regard to Nova Scotia or any other province, enough consideration to know really what it is all about. I do not attribute this situation to the minister at all; but he is supposed to be aided by the fuel board, and I venture to suggest that this board has not met as such for a couple of years. I may be wrong, but I very much doubt if it has. Of course I know that the secretary is indefatigable in his efforts, but I doubt if the board has ever had a real meeting. It exists in name only, and what is the result?

I wish I had more time at my disposal to deal with this question, but I do not want to block this item at all. However, I think this is the opportune time to say what I have in mind, and I believe I should be doing wrong if I did not bring to the attention of the minister a few suggestions which I consider may be helpful. The first is that in spite of slack employment conditions in the coal mines of Nova Scotia I venture the prediction that there has been no slackening in the importation of coal into central Canada. There would be no need for only three or four days work a week in the coal mines of Cape Breton or any other part of Canada if we did not import so much bituminous coal from the United States. According to my information that importation amounted to 9,720,000 tons last year. I do not want to enlarge on that; I think hon. members can get the point as well from those few words as if I spoke for an hour or two.

I go now to another matter to which not only the fuel board but also the minister should give some attention. While we do not stand in the way of progress; while we realize that progressive methods must be introduced in industry in order to increase efficiency, still industry owes something to this government as representing the people of Canada. This, I think, is a most inopportune time for any company to install electrical devices which will automatically throw one-third of the working population out of employment. That is just about what we are facing in Cape Breton to-day. I do not wish to obstruct progress; I believe in progress, and I realize that the time is coming when electrical mechanization will be the only process used in mining coal. But at this time, when unemployment is such a great issue in this country, I say these people should be slowed down. Let them introduce it to some extent; let them try it out if they wish, but I think the introduction of electrical mechanization into the coal mines of Nova Scotia gives the explanation to the problem presented by the right hon. leader of the opposition in his reference to the Acadia coal area. Take one electrical unit in a mine. It will produce perhaps 250 tons of coal, and will require perhaps eleven men. Put ten units in a mine, and you will have 2,500 tons of coal spilling out of that mine if these machines work efficiently, as I believe they do. With eleven men to a unit that would mean 110 men. Then put three men, let us say, behind every man attached to the unit. There you have a small crew producing 2,500 tons of coal a day. It is easy to figure out the result; it does not require any advanced mathematics. If you electrify three or four mines, you will drop about a third of your crews; instead of having 1,800 men at work, you will employ only 600 or 800 men at the most. The remainder

will be a burden on the people of this country, and ultimately a large part of the coal mining districts will close down.

My argument is that while neither I nor any other member of this house would want to obstruct progress, this electrification process should go forward very slowly, so as to not throw into the ranks of the unemployed a large number of men whom the rest of the people will have to support, making so much worse the unemployment situation of the country. These are facts which cannot be gainsaid. I do not make the statement critically, but I doubt very much whether the government as a whole is cognizant of what is happening throughout the dominion. I again come back to the fishermen and point out that we are in a transitional stage. By ignoring the fact that we are in a transitional stage we shall not improve our unemployment situation. Rather than throw back on to the unemployment lists a great number of men, let us increase the coal subventions by giving a higher rate, or even by an amount of money equivalent to that which would otherwise have to be paid to the unemployed, if they were pushed on to relief.

I think the economic outlook the government should take would be that of considering the man power, the greatest economic factor in Canada. If the government does not look at what is happening, with the men working only two or three days a week in Nova Scotia, and coal still being imported in the vast quantities I have mentioned, we shall have another 9,000,000 or 10,000,000 tons of bituminous coal coming into Canada.

A short time ago the hon. member for Royal spoke about New Brunswick. In that connection, if the government had been on the alert, and had been watching what was happening, the condition of affairs he described would never have been allowed to exist. The royal commission appointed to investigate conditions brought out the facts that the conditions under which those people are living are horrible in the extreme. What was happening at the same time? At the same time our government owned railways were playing the coal miners of New Brunswick against the coal miners of Nova Scotia, to keep the price down. They got their coal from New Brunswick for from $3.20 to $3.60 per ton. Is that taking into consideration the economic man power of Canada? I submit it is not. These are factors which should be gone into exhaustively by a fuel board, so that they may know what is happening in our coal industry.

We do not know what the future of coal mining may be. I do not pretend to know. But I say that during this transitional period the lot of the coal miner in Nova Scotia, New Brunswick, Alberta and British Columbia can be eased a great deal by having correct supervision by a board which would take an active interest. I bring these facts to the attention of the committee, not by way of criticism, but in the hope that the minister may take action to see that the conditions are investigated, and that they will not continue to exist. I trust that he will see to it that conditions do not become much worse than they are at the present time. If those men are thrown out of work, our unemployment situation will become aggravated to a great extent.

Mr. HANSELL: Some of us regret that the item has not been brought down until this late hour.

Some hon. MEMBERS: Carried.

Mr. HANSELL: No; it is not carried yet. There are some of us who refrained from debating the budget because we believed we would have the privilege of talking on this item, and saying what we wanted to say. However, we find that now we are almost within minutes of the time for prorogation. I protest against that procedure. Under the circumstances I shall limit myself to saying briefly what I want to say. The hon. member who has just spoken has brought to the attention of the government the matter as it relates to the unemployment situation in Canada. Last year this situation was placed before the national employment commission, and Mr. Purvis delegated a special man so far as possible to investigate whether or not if operating at capacity, the coal mining industry could relieve the unemployment situation in this country. We understood something would be done in the present year. We now notice that the commission's report has been presented, and the matter entirely ignored. I cannot emphasize too much the fact that if the coal situation were viewed from a national standpoint, we would to a very great extent solve our unemployment problem.

We should have time to go into a discussion of the matter from a national point of view. The coal mining industry of Canada is almost on its last legs, if the matter is not dealt with within a very short space of time. I should like to know how much of the appropriation goes to the coal mining industry of Nova Scotia and how much to Alberta?

Mr. CRERAR: In Nova Scotia the amount was $1,786,000, and in Alberta, about $400,000.

Mr. HANSELL: Let it be remembered that for every ton of Alberta coal bought in eastern Canada there is that much more money out west to buy eastern Canada's goods.

Mr. PELLETIER: What is being done by the department to increase the export of Alberta coal to the western United States market?

Mr. CRERAR: We do not give subsidies for the export of coal.

Mr. PELLETIER: I understand that; but is the department doing anything towards increasing the export of Alberta coal to the western United States market?

Mr. CRERAR: That is a matter for the mine operators in Alberta. They must try to find a market in the western United States if they wish to have one there.

Mr. HANSELL: I admit it is a matter for the mine operators of Alberta, and they are doing the best they can; but they are operating on a shoe-string. That is the trouble. They have no money to go out to find markets. In Canada we have a Department of Trade and Commerce, and I would say it is their job to try to obtain markets for Alberta coal. It can be done.

Mr. NEILL: Did I understand the minister to say there was no bonus for the export of coal?

Mr. CRERAR: Not to the United States. The hon. member's question was with respect to exports to the United States.

Item agreed to.

Indian Affairs branch—Grants to residential schools, $1,335,975.

Mr. CRERAR: The right hon. the leader of the opposition asked the other night that a statement be placed on Hansard giving the Indian residential schools, and I now have that statement ready. The schools are given by provinces, and there are details with respect to denomination, ownership, pupilage and per capita allowance. I would ask to have this placed on Hansard. The table is as follows:

Indian Residental Schools—June 30, 1938

School	Denomination	Ownership	Pupilage	Per capita allowance (less 5%)
Nova Scotia				
Shubenacadie	R.C.	Gov't.	160	$180
Quebec				
Fort George	C.E.	Church	50	200
Fort George	R.C.	Church	20	200
Ontario				
Albany	R.C.	Gov't.	80	200
Cecilia Jeffrey	Presby.	Gov't.	145	165
Chapleau	C.E.	Gov't.	100	160
Fort Frances	R.C.	Gov't.	85	165
Fort William	R.C.	Church	95	150
Kenora	R.C.	Gov't.	85	165
McIntosh	R.C.	Gov't.	110	165
Mohawk	C.E.	Gov't.	150	160
Moose Fort	C.E.	Church	100	200
Mount Elgin	United	Gov't.	150	160
Shingwauk	C.E.	Gov't	130	160
Sioux Lookout	C.E.	Gov't.	135	165
Spanish	R.C.	Church	250	160
Manitoba				
Birtle	Presby.	Gov't.	115	170
Brandon	United	Gov't.	170	170
Cross Lake	R.C.	Church	40	175
Elkhorn	C.E.	Gov't.	155	170
Fort Alexander	R.C.	Gov't.	105	165
Norway House	United	Gov't.	105	175
Pine Creek	R.C.	Gov't.	120	165
Portage la Prairie	United	Gov't.	90	165
Sandy Bay	R.C.	Gov't.	75	165

Indian Residential Schools—June 30, 1938—Concluded

Saskatchewan

School	Denomination	Ownership	Pupilage	Per capita allowance (less 5%)
Beauval	R.C.	Gov't.	100	$180
Cowessess	R.C.	Gov't.	85	165
Duck Lake	R.C.	Gov't.	175	170
File Hills	United	Gov't.	100	165
Gordon's	C.E.	Gov't.	120	165
Guy	R.C.	Gov't.	125	175
Lac la Ronge	C.E.	Gov't.	100	200
Muscowequan	R.C.	Gov't.	105	165
Onion Lake	R.C.	Gov't.	120	170
Onion Lake	C.E.	Gov't.	100	170
Qu'Appelle	R.C.	Gov't.	235	170
Round Lake	United	Gov't.	75	165
St. Philips	R.C.	Gov't.	70	165
Thunderchild	R.C.	Church	120	170

Alberta

Blood	R.C.	Gov't.	140	$165
Blue Quills	R.C.	Gov't.	140	170
Crowfoot	R.C.	Gov't.	75	165
Edmonton	United	Gov't.	150	170
Ermineskin	R.C.	Church	140	170
Grouard	R.C.	Church	90	200
Holy Angels	R.C.	Church	40	175
Joussard	R.C.	Church	125	175
Morley	United	Gov't.	100	165
Old Sun	C.E.	Gov't.	100	165
St. Cyprian	C.E.	Gov't.	50	165
St. Paul's	C.E.	Gov't.	140	165
Sacred Heart	R.C.	Gov't.	50	165
Sturgeon Lake	R.C.	Church	90	180
Vermilion	R.C.	Church	65	180
Wabasca	R.C.	Church	110	180
Wabasca	C.E.	Church	35	180
Whitefish Lake	C.E.	Church	30	180
Youville (St. Albert)	R.C.	Church	160	180

Northwest Territories

Aklavik	R.C.	Church	40	$200
Aklavik	C.E.	Church	50	200
Fort Resolution	R.C.	Church	80	200
Providence Mission	R.C.	Church	65	200

Yukon

Carcross	C.E.	Gov't.	40	250
St. Paul's Hostel	C.E.	Church	30	250

British Columbia

Ahousaht	United	Church	65	180
Alert Bay	C.E.	Gov't.	200	180
Cariboo	R.C.	Church	123	170
Christie	R.C.	Church	110	180
Coqualeetza	United	Gov't.	225	170
Kamloops	R.C.	Gov't.	285	170
Kitamaat	United	Church	30	175
Kootenay	R.C.	Gov't.	90	170
Kuper Island	R.C.	Gov't.	100	170
Lejac	R.C.	Gov't.	160	170
Port Simpson	United	Church	35	175
Sechelt	R.C.	Gov't.	80	170
Squamish	R.C.	Church	60	170
St. George's	C.E.	Gov't.	180	180
St. Mary's Mission	R.C.	Church	172	170

Mr. BENNETT: I appreciate the minister's action, and I believe it will make unnecessary a large number of questions which he would otherwise be asked. I desired to have it in order that I might be able, by sending for Hansard, to answer questions which I might be constantly asked.

Mr. WALSH: Is the grant to these various schools based upon the unit cost?

Mr. CRERAR: It is based upon the cost of operation. As I stated, I believe it was last night, these grants vary from approximately $150 to $200, depending on the location of the school and the cost of operation and maintenance. For instance, if a school is located in the wilds of northern Saskatchewan, it would be more expensive to operate than one located in a settled district.

Item agreed to.

Immigration branch—administration of the Immigration Act and the Chinese Immigration Act, $179,923.

Mr. GREEN: About four months ago the government announced that two committees had been or would be appointed to look into the question of the illegal entry of Japanese into British Columbia. We were told that an inter-departmental committee had already been at work for almost a year, and subsequently a board of review was appointed, which I believe brought in a report early in May. What reports have been made by these two committees?

Mr. CRERAR: Some interim reports have been received from the board of review, but their final report has not been issued. So far as the inter-departmental committee is concerned, its considerations—

Mr. BENNETT: It was treated as privileged.

Mr. CRERAR: I understand the inter-departmental committee has not made a report but the board of review is operating.

Mr. GREEN: Has either the committee or the board of review been responsible for sending back to Japan any Japanese who had entered Canada illegally?

Mr. CRERAR: I am told that there are cases under investigation, but I cannot say at the moment whether any actual deportations have taken place since the board of review started to function.

Mr. GREEN: Have these two boards found it to be a fact that there are many Japanese in British Columbia illegally?

Mr. CRERAR: At the moment I cannot give my hon. friend any more information than I have just stated.

[Mr. Crerar.]

Mr. GREEN: On May 26, the Prime Minister told us that a statement would be made by the government on the interim report which had been received from the board of review. When are we to get that statement? We have been led to believe right along that the government was anxious to get results quickly from this inter-departmental committee and the board of review, but it would appear now that this is another case of waiting and seeing.

Mr. CRERAR: My hon. friend is quite wrong, and I am quite sure he does not desire to be unfair in any sense. This is a matter that involves a great deal of investigation, and I think my hon. friend will appreciate the inadvisability of broadcasting in the house or to the public the progress of these investigations. When the board of review has finished its work I have no doubt that a report will be made.

Mr. BENNETT: How many have actually been deported since the beginning of the year?

Mr. CRERAR: I am unable to give that information at the moment.

Mr. NEILL: Has the government under consideration the making of a census of either the orientals or the whole population of British Columbia? I suggest that this is the only way to ascertain really whether any orientals are in the country illegally.

Mr. CRERAR: I might say that the matter has not received consideration at the moment, but I imagine that when the board of review completes its investigation it will have something to say on that score.

Item agreed to.

Empire settlement, $1,000.

Mr. PERLEY: Would the minister care to make a statement with regard to the results of the empire conference held last year in London? I believe a representative of Canada attended that conference at which was taken up the matter of British empire settlement and immigration.

Mr. CRERAR: The Canadian government did not have a representative at that conference.

Item agreed to.

Mines and geology branch—To assist in provision of transportation facilities into mining areas and to authorize subject to the approval of the governor in council, the appointment of such extra temporary officers, clerks and employees as may be necessary to carry out the purpose of any of the following items designated "special" under this department, $1,310,000.

Mr. CRERAR: A typographical error has been made in the printing by including the word "following" in the description.

Mr. MACKENZIE (Vancouver): I move that the word "following" be struck out.

Amendment agreed to.

Mr. PELLETIER: How much has been allotted to each province under this item?

Mr. CRERAR: The allotments are as follows:

Nova Scotia	$ 25,000
Quebec	250,000
Ontario	250,000
Manitoba	230,000
Saskatchewan	125,000
Alberta	50,000
British Columbia	240,000
Yukon	50,000
Northwest Territories	43,000

There is a small sum unallotted and another small amount reserved for administration costs.

Mr. PELLETIER: Last year some $25,000 was supposed to be allotted to Alberta. Has that money been paid to the province?

Mr. CRERAR: The money was not spent in Alberta last year.

Mr. PELLETIER: There was no payment made to the province?

Mr. CRERAR: No.

Mr. PELLETIER: What about the $50,000 supposed to be spent this year? Have any requests been received for the expenditure of this money from the government of the province?

Mr. CRERAR: The $50,000 is to be spent this year in the improvement of the Athabaska river from Waterways down. As my hon. friend probably knows, the water of the Athabaska river has been low this year. The freight movement on this river down to lake Athabaska has increased considerably in the last five years. It is proposed to appropriate, out of this, $50,000, and I think a similar amount is coming from the Department of Public Works, for a commencement of definite river navigation improvement on the Athabaska. Then I draw to the attention of the committee that $42,000 is being spent in the northwest territories, which is solely under the control of the federal administration; and since Alberta gets all the benefits, what is really being expended in relation to benefits which will accrue to Alberta is $93,000.

Mr. PELLETIER: I quite understand. But was there any request by the government of Alberta for money to be expended at that particular spot?

Mr. CRERAR: Well, I think we had requests from the province of Alberta and we certainly—

Mr. PELLETIER: Pardon me; I said "the government of Alberta."

Mr. CRERAR: Well, I am not going to get into an argument with my hon. friend with respect to terms. Requests came from the province of Alberta over a year ago for the improvement of transportation into the north country. The suggestion was made that a winter road might be built from Waterways to lake Athabaska. That would incur a very heavy expenditure and, in our judgment, was not the best method of proceeding with the development of transportation facilities into that area. I believe the Alberta government are quite agreeable to the spending of the money on the improvements on that river. As a matter of fact, the Alberta government are not being asked to make a contribution to that work. Personally I do not think they should be. River and harbour improvements are usually—indeed, I think, invariably—a federal responsibility. From present appearances the developments year by year will increase in the north country. One of the most promising mining fields to-day, potentially, is the area north of Slave lake. Several companies are now going in there. I believe three mills are being built in the vicinity of Slave lake. All that freight has to move down the Athabaska river, and with the improvements made from Fitzgerald to Fort Smith better facilities will be afforded for the movement of that freight. Personally I think that is the sensible course to follow.

Mr. PELLETIER: I am in entire agreement with the minister so far as transportation facilities to the north are concerned, and I am sure they will be received with pleasure by those concerned in the area. Nevertheless I would point out to the minister that last year the demand was made that this $25,000 which was supposed to be allotted to the province should be spent. The minister tells us that in the opinion of the department the proposed location of the work was not suitable. I happen to have letters on file from the minister's department telling me that they have not even given this such consideration as they would like to do and have never been advised that this location is not suitable. If that is the case, this must be a brand new decision on the part of the government, because at that time there was no decision of that kind considered.

In that connection I should like to point out that a vast amount of money has been

spent in northern British Columbia surrounding the property of the Consolidated Mining and Smelting Company. I agree that development should be encouraged, and undoubtedly the Consolidated Mining and Smelting Company should be encouraged to develop mining in that country. But let me point out that last year they made a profit of over $17,000,000. When it came time to obtain a grant of $25,000 from the federal government, not for the benefit of one particular company but for the benefit of many people in that particular part of the country, that grant was said to be not in accordance with the views of the department. Of course, if the minister has now come to the conclusion that the project is unsatisfactory to the government, I repeat it is simply a brand new decision on the part of the government, because I well recall a visit which the Minister of Agriculture (Mr. Gardiner) paid not so long ago to the Peace River country. He then definitely made the statement that in so far as the $25,000 grant was concerned, arrangements had been made and undoubtedly it would be expended. I suggest that there should be a little more cooperation among the various ministers of the crown. The people in the section believed that the grant would be made. Now the minister tells us that the government has decided that such a propect is unfeasible and unworthy of their consideration. I ask the minister to consider it once more.

Mr. CRERAR: My hon. friend is confusing two things. He is referring to the road from Grimshaw to Great Slave lake. I am referring to a request from the Alberta government over a year ago that a road be built form Waterways to lake Athabaska.

Mr. PELLETIER: The point is this, that the $25,000 which was supposed to be allotted to Alberta last year never was paid to that province. I say in contrast with that, when a certain company in the northern part of British Columbia desired assistance, vast sums of money were expended in that particular territory. Will the minister be good enough to state how much money was spent last year in the northern half of British Columbia and how much in the northern part of Alberta?

Mr. CRERAR: I cannot at the moment give my hon. friend the information. The money which was expended in British Columbia was spent getting into metal mining areas. No such areas have so far been discovered in Alberta. The development at lake Athabaska is in Saskatchewan, though of course immediately north of Alberta, and as I said before, the city of Edmonton and the province of Alberta generally are going to benefit greatly.

Mr. PELLETIER: Just finally, there is this word to be said, that so far as the development at Fort McMurray is concerned, that request, I understand, did not officially come from the government of Alberta. I agree that the work should be carried on, but I merely want to point out that this is not the policy which is adopted in connection with other provinces. If my understanding is correct, every provincial government is always consulted before expenditures of this kind are undertaken. I well recall last year when a return was brought down, the minister advised me that British Columbia was consulted before the particular expenditure was undertaken. I beg to point out that Alberta is the only province where the provincial government is not consulted as to the disposition of the money voted.

Mr. HANSON: I should like to draw to the attention of the last speaker that if he looks through sessional paper No. 313, he will find out what has been spent in northern British Columbia from 1930 to 1938, and he will find that reasonable consideration has been given to that portion of the country.

Item as amended agreed to.

Lands, Parks and Forests Branch—Government of the Northwest Territories—General administration, operation, maintenance and improvement of services, including Wood Buffalo park—further amount required, $20,300.

Mr. GREEN: Have there been any negotiations yet between this government and the government of British Columbia concerning the taking over of the Mackenzie river basin or any other portion of the northwest territories by that province?

Mr. CRERAR: No; there have been no negotiations of that kind.

Item agreed to.

Special — National Parks bureau — national parks, $400,000.

Mr. BENNETT: I have a very large body of information which I should like to impart to this committee as to the conduct of affairs in the national parks. But at this late hour I shall refrain from saying more than this, that life has become a great burden by reason of the method employed by the superintendent at Banff in the enforcement of regulations under leases which have been issued over a period of years. He is compelling those who seek some sort of remedy for their difficulties

to sign documents which would have the effect of putting them completely and absolutely in the hands of the government, regardless of what their legal position may be. If I were to utilize the information at my hand, it would take at least an hour to present to this committee, and I would offer no apology; for it spells a condition which I think is intolerable in a country such as this.

I mentioned the matter to the minister, and some time ago he gave instructions that in my judgment, had they been carried out, would have had the desired effect. They have not been made effective. I have again discussed the matter with him, and I think he proposes to take such action as will bring about an improvement in that situation. If the minister is prepared to make a statement that will cover the situation, in the light of the knowledge that has been presented to him, I will refrain from taking up the time of the committee in discussing a matter which I think is of very great importance. I trust I shall not be regarded in any sense as suggesting that the minister should do this rather than that I should give effect to what may seem to be my duty, but which I shall refrain from doing if the minister is able to carry out the suggestions which he has already made to me.

Mr. CRERAR: I may say briefly to my right hon. friend that I know his interest in the Banff national park, and while there has been some little difficulty I do not think it is so very serious, as he states.

Mr. BENNETT: See the telegrams that I get.

Mr. CRERAR: There is a town of 3,000 people in the park with all the ambitions of a town that size. We desire to make certain improvements. The right hon. gentleman has called my attention to some of the difficulties that exist there, and within the next few days I am going to take steps to have a special investigation made. I can assure him that I am as anxious as he is to have Banff become a first-class national park.

Mr. PERLEY: Are any new parks to be developed in Saskatchewan this year?

Mr. CRERAR: There is no provision for additional parks.

Item agreed to.

Development of tourist highways, $1,750,000.

Mr. BARBER: What proportion of this vote is being given to British Columbia? Has any agreement been entered into?

Mr. CRERAR: The allotment for British Columbia is $150,000.

Mr. BARBER: That is this year.

Mr. BENNETT: What is the Alberta allotment?

Mr. CRERAR: Alberta's is $75,000.

Mr. PERLEY: And Saskatchewan?

Mr. CRERAR: These are the various amounts, Saskatchewan, $175,000; Manitoba, $390,000; Ontario, $500,000; Quebec, $175,000; New Brunswick, $100,000; Nova Scotia, $135,000; Prince Edward Island, $40,000.

Mr. MacNEIL: What projects have been agreed upon in British Columbia?

Mr. CRERAR: The allotment will be spent on the development of a highway from Blaine into Vancouver.

Mr. BARBER: That is the point I wanted to bring up to-night. We have a paved highway from Blaine to the Westminster bridge, and what I want to direct the minister's attention to is this. At the port of Huntingdon you enter from Seattle, through Bellingham and Sumas, to the trans-Canada highway. The port of Huntingdon is the fifth largest port in Canada from the standpoint of business, and we have there, on the Canadian side, what is commonly termed a dirt road. It takes three or four miles to reach the trans-Canada highway over the dirt road and one can imagine what an impression it must make upon tourists coming from the United States and hitting that sort of road. What must be their opinion of Canada, and what encouragement will they have to return and to induce others to come?

Two or three years ago a survey was made, and through the construction of one mile of road direct connection can be made with the trans-Canada highway. I was in hopes that provision would be made out of this vote, in conjunction with the province of British Columbia, to complete what is known as "C" street, which would connect directly from the United States highways with our own paved trans-Canada highway. To complete it there would be required perhaps, in addition, two miles of paving. I do not like to make the charge; but it seems to me, from information I have received that party politics is entering into this question to some extent. To the west of us there is a riding on which there is going to be spent some $300,000 or $400,000 for the construction of a wide new highway from Blaine to Westminster bridge, whereas in this other district, which happens to be represented by a Conservative, we cannot get a highway completed with a two mile hard surface. This is a matter that was taken up with the provincial government two or three

weeks ago, but no answer has been received, and I wish to impress upon the minister the importance of this construction from the standpoint of the tourist industry. The tourist industry can be encouraged and considerably increased at this point by the expenditure of a very small sum of money, and I wish to urge upon the minister the importance of that particular road.

Mr. CLARKE (Rosedale): Will the minister give a break-down of the $500,000 which is being spent in Ontario?

Mr. CRERAR: I am not able at the moment to give that information. That question is under study now, and the province is being asked in each of these cases to provide at least an equal amount. The allocation of this particular vote in Ontario has not yet been definitely determined.

Mr. STEWART: Will the administration of these funds be under provincial control?

Mr. CRERAR: It will be under agreements with the provinces. The agreements are similar to those we have had in the past, except that the projects, the places where the roads would be built, have to be approved by the federal government. The provincial government also consents, both contributing, and we take the necessary steps under the agreement to see that the provisions are carried out by inspection in regard to labour, the sort of labour employed, and everything else.

Mr. BENNETT: Having regard to the fact that in Alberta we have not only Jasper park and Banff park, but communicating roads and the Kootenay park which is reached through these roads, I cannot but think that the sum allotted to that province is wholly inadequate. In the ultimate analysis the tourist trade is almost as valuable as the mining industry, and that trade is so important that unless we provide decent roads we shall lose it. This long dust line leading into Alberta from the south must be replaced with properly surfaced roads. In the great province of Ontario they have such roads; they have money. In Alberta and Saskatchewan they have no money, and there is no place in which federal grants should be expended so readily as in those provinces, which have not the road material. They have road material in Alberta; but in the prairies and the plains they have not, and the only way by which we can keep the tourist traffic is to provide proper roads into those parts. The sum of $75,000 is a miserable amount.

Mr. MACKENZIE (Vancouver): In item No. 536 there is a further sum of $300,000.

[Mr. Barber.]

Mr. BENNETT: Yes, but that is the one road which is under contract. That does not help these matters at all. That only continues the road from Banff. It is Jasper and the road through to Revelstoke. Those are two different roads. I am talking about the roads that lead to these parks, coming in by Kingsgate in British Columbia, by the ports in Alberta and Saskatchewan and by way of Lethbridge. Surely $75,000 is a paltry sum to talk about for Alberta, where they have little money, and where the importance of these roads to these great parks cannot be estimated. The other day I saw the road leading from Calgary to Banff; it is partly covered with oil, with a surfacing substance to keep down the dust. But the road leading to the United States is not in that fortunate position. Surely something must be done to make these roads passable. As an allotment to Alberta I would almost say that $75,000 is in the nature of a punishment, not a reward.

Mr. CRERAR: No, that is not so.

Mr. BENNETT: Well, it looks like it.

Mr. CRERAR: No; my right hon. friend is a little less than fair in this. As far as the road from Calgary to Waterton Lakes park is concerned, we hope that road may be completely hard-surfaced this fall. The improvements to the road have been going on for two years; in each of the two years grants were available when no other grants were being made elsewhere in the dominion for hard-surfacing and dust laying, except on the Kingsgate-Radium Hot Springs road in British Columbia. No one will appreciate more than the right hon. leader of the opposition the interesting time a minister has in trying to allot a vote of this size. There are claims from all parts of the country. In Alberta this year $300,000 is being spent on the Banff-Jasper road. Also there is further work being done for which British Columbia is paying 50 per cent, looking towards the completion of the Kingsgate-Radium Hot Springs road. We are also spending $100,000 in hard-surfacing in Banff this year. That is entirely in the province of Alberta, with the exception of the Kingsgate road, and when that road is completed Calgary and all the towns down to Waterton lakes are going to derive the main benefit.

Mr. BENNETT: It is roads leading to the United States that I am concerned with.

Mr. CRERAR: Yes, but tourists will come in by Kingsgate and go out through Calgary and the Waterton lakes. Alberta is bound to get a large benefit from that. I would have

liked to see a larger vote, because the development of the tourist business is a great asset for this country, an excellent way to increase the national income, and I hope the public consciousness will develop to support increased assistance from the federal government in the development of what I consider one of our great national assets.

Mr. BARBER: Is the responsibility for these expenditures and the selection of the sections where they are to be spent up to the provincial government? Do they initiate it?

Mr. CRERAR: The provincial government submit the project to us. I shall be glad to look into the road referred to by my hon. friend; but the representations that have been made to us—and they have, I think, been borne out convincingly—are that the present road from Blaine, where the Peace arch is on the international boundary, to Vancouver, is hopelessly inadequate for tourist traffic. I was told recently that on one day over fourteen thousand cars passed over the new Pattullo bridge at New Westminster. That is an indication of the development and the possibilities of that traffic.

Mr. BARBER: That traffic can be relieved to a great extent by improving these other entries. I am not opposing the other road, but this road has just one mile to complete. I urge the minister to look into that.

Mr. PERLEY: On what roads in Saskatchewan will this money be spent? Have the provincial government made application stating what roads they want it spent on?

Mr. CRERAR: No decision has yet been reached on that.

Mr. PERLEY: It was a live question during the recent provincial election in Saskatchewan. Roads were promised to be built from the southern boundary through to Regina and Humboldt and Melfort, and another by Moose Jaw to Prince Albert park. Surely, when the discussion took place, it had been decided which road the money was to be spent on.

Mr. MacNEIL: Does the minister's department control the conditions under which labour will be employed on the new Pacific highway? If so, has provision been made to absorb a number of the single unemployed men now in Vancouver?

Mr. CRERAR: The agreements with the provinces carry provisions that cover the point raised by my hon. friend.

Mr. MacNEIL: From the sessional paper tabled a few days ago I read from a telegram sent by Mr. Pearson, Minister of Labour, dated June 10, conditions which practically exclude the absorption of the unemployed transients now in Vancouver:

> Only two major projects are Big Bend highway and New Pacific highway former under entire control federal government while latter will be constructed through districts that now have hundreds of families on relief nevertheless employment of unemployed persons in areas through which road runs will relieve competition from labour market. Assume terms agreement will provide fifty per cent relief labour and fifty per cent contractors choice. Single men will be free to compete for latter quota without specific preference being given to any one group.

I point out that those conditions as laid down will not lead to any solution of the distressing problem confronting the city of Vancouver at this time.

Mr. CRERAR: That will be governed by the agreement, not by some statement Mr. Pearson has given to the newspapers.

Mr. ESLING: From the international boundary there are 140 miles of hard-surfaced road to the south. It is about eight miles from the international boundary to connect with the trans-provincial highway leading to Vancouver on the west and Banff on the east. Last year this government contributed $10,000 towards the completion of two miles out of the eight. Is there any contribution to complete the remaining six miles this year? It is entirely a tourist highway connecting with the transprovincial highway through the port of Paterson, the point of entry. There is so much business there that the department has to put on extra help for the collector of customs.

Mr. CRERAR: The matter to which my hon. friend refers certainly was not under the Department of Mines and Resources last year, and consequently I am not familiar with the point he has raised. I shall be glad to look into it.

Mr. ESLING: It is a tourist highway.

Mr. CRERAR: We did not build any tourist highways last year.

Mr. ESLING: Is there no appropriation towards the completion of that highway this year? If so, is it because the provincial government has not made any recommendation for it? There has been plenty of publicity in the press to the effect that those six miles were to be completed this year.

Mr. CRERAR: I am not familiar with the geography of the district to which my hon. friend refers, so I cannot say at the

moment whether that project is under consideration this year or not. Certainly it was not last year as far as the Department of Mines and Resources is concerned.

Mr. ESLING: But from the standpoint of the development of tourist traffic; over which matter the minister has control, this road comes from Spokane to Trail and Rossland, connecting there with the southern trans-provincial highway, and I want to ask explicitly if the provincial government has made any suggestion as to the completion of that road.

Mr. CRERAR: I cannot say at the moment. I shall be glad to ascertain that information and give it to my hon. friend. But I can say that it is not in the program for this year.

Mr. ESLING: The newspapers said it was to be in the program this year. Is there any appropriation at all for the completion of tourist highways in southeastern British Columbia?

Mr. CRERAR: It may be in some provincial program that we have nothing to do with; I cannot say as to that, but it is not in the program that comes under this vote.

Mr. MacNEIL: The minister was under a misapprehension a moment ago when he said I was quoting newspaper statements. I was quoting from a telegram contained in a sessional paper, from the provincial minister of labour of British Columbia to the federal Minister of Labour, evidently referring to the agreement. I am directing the attention of the minister to the fact that the people of Vancouver have been advised that this project will be so conducted as to relieve the distressing situation which exists following what is rightly termed "bloody Sunday" in that city. Under the terms of the agreement, as disclosed in this telegram, there is no suggestion of any solution of that problem. A works project will be developed without absorbing a single man from that group.

Mr. ROGERS: If I may answer that question, the telegram to which the hon. member refers was sent before the agreement was drafted which covered that work. The work was announced, but the agreement was not drafted. I can assure my hon. friend that the clause dealing with the employment of labour on that project does provide for a certain number of single unemployed men to be taken through the Employment Service of Canada at Vancouver and New Westminster.

Item agreed to.

[Mr. Crerar.]

Surveys and Engineering Branch—Hydrographic and map service—legal surveys and map service—further amount required, $11,000.

Mr. TAYLOR (Nanaimo): What is being done with the claim of Saanich municipality in connection with the dominion astrophysical observatory at Victoria? Some four years ago they spent a considerable sum of money in assisting to put out a fire which raged on the hill.

Mr. CRERAR: I remember something about the fire, but at the moment I cannot recall what has been done about it. I shall be very glad to ascertain that information and give it to my hon. friend.

Mr. TAYLOR (Nanaimo): I do not think it should be dismissed in that manner, though I am sorry to have to say so. The minister and his department must be well aware that I have written about the matter many, many times.

Mr. CRERAR: I remember my hon. friend speaking to me about it, but at the moment I cannot recall the precise position. I did not wish to be discourteous to my hon. friend; he is certainly one of the last members of the house to whom I would desire to give any impression of discourtesy. What I said was that I would be very glad to get the information and give it to my hon. friend. I may be able to get it in a moment, but just now I do not have it.

Item agreed to.

Indian Affairs Branch—welfare and training—Indian education—further amount required, $25,000.

Mr. NEILL: I assume this provides for the further construction of schools. The Indian school at Alberni was burned down some two years ago, after having been in use for about forty years. I understand there is no provision for the reconstruction of that school this year; that the money allotted has gone to build schools elsewhere. Can the minister give us any assurance that it will be considered next year?

Mr. CRERAR: Yes; I will say to my hon. friend now that it will be considered in our program next year; and if the generosity of my colleagues is such that I can get an amount for it, I shall be glad to include it. But I can say seriously to my hon. friend that it will be considered.

Mr. NEILL: Would the minister use the word "favourably"?

Mr. CRERAR: I do not like to give such guarantees a year ahead.

Mr. LOCKHART: I understand there have been increases in the estimates for Indian education this year, and I should like the minister to explain in what way the work has been extended. Last year I said that in my opinion the work was being neglected in some ways, but this year I see a considerable increase in both the main and supplementary estimates. In what way has this work been increased, and in what way are the Indians receiving a better education?

Mr. CRERAR: The increase is due entirely to the fact that, as I recall the figures at the moment, there are from 200 to 250 new Indian children coming in for education every year. The Indian population is increasing, and the school population is also increasing.

Mr. LOCKHART: To what extent is the school population increasing?

Mr. CRERAR: As I said a moment ago to the extent of about 250 pupils per year.

Mr. LOCKHART: That is a definite increase of 250?

Mr. CRERAR: I would not be certain that that was the precise number.

Some hon. MEMBERS: Carried.

Mr. LOCKHART: We should not make a burlesque out of this thing; it is information we want, and it does not help to have a few hon. members keep calling, "Carried." I want to know if there is any new phase of education for the Indians being taken up this year. I do not want to go into the details of what might be considered the neglect of their education; but have there been any new branches of education undertaken or any enlargement of the scope of their education throughout the country.

Mr. CRERAR: I think there is a general desire to make education more vocational in character. That does not involve any increase in the amount of money required. As I stated, however, when the main estimates were before the committee, and as I said a moment ago, there is an increase in the number of Indian pupils each year because of the natural increase in the Indian population; and of course, as the number of pupils increases, the amount of money for education has to be increased. That is the explanation for the increase.

Mr. LOCKHART: Then, am I to gather that the work is being carried on exactly as it was a year ago, with no changes in the curriculum and no new methods adopted for the education of the Indian children?

Mr. CRERAR: I did not say that.

Mr. LOCKHART: The minister said the increase in the amount of money required was due to the natural increase in the school population. I am asking if there has been any change in the system of education or if the work is being carried on just as it was last year, and if it is only the natural increase in school population that has brought about the increase in the amount of money required.

Mr. CRERAR: I have said already that the increase is due practically altogether to the increase in the number of pupils requiring school care and education. So far as the general problem of education is concerned, I stated before and I repeat now that study has been and is being given to the matter of making that education more vocational in character, so that it may be of more value to the Indian youngsters when they leave school and go out for themselves.

Mr. LOCKHART: That is the point I am trying to arrive at, and it seems to be taking some time. Is there any change in the vocational education being given to the Indian children? Goodness knows there is necessity for it. Is it only to be studied for another year, or has it actually been accomplished?

Item agreed to.

Immigration branch—to provide for investigation of illegal entry of aliens into British Columbia, $15,000.

Mr. BARBER: Is this item to provide for the investigation going on in connection with orientals. If so, what has this commission cost to date?

Mr. CRERAR: I am unable to give that information.

Mr. BARBER: What is the per diem allowance, and how are these men being paid?

Mr. CRERAR: There is a per diem allowance to Doctor Keenleyside for living expenses. At this time I cannot recall what it is. The other members of the board of review are government officials resident in Vancouver.

Mr. TAYLOR (Nanaimo): Is the minister able to say anything about this Saanich business?

Mr. CRERAR: I am not in a position to give the hon. member the information he desires, but I shall look into the matter and advise him.

Mr. TAYLOR (Nanaimo): I have been repeatedly asking about this one matter. Saanich municipality spent $1,100 in putting out a fire on the dominion government's observatory hill. The reeve of the municipality

attempted to get the money back from the government. I have taken a hand in it and have made many representations to the department. I understand that finally, after the matter being set aside several times, it was referred to the director of the observatory, and that some compromise has been effected. I am asking how the compromise was made and when the money is to be paid over. Is there a provision in this year's estimates whereby that long standing claim may be settled? I could take up a great deal of time in discussing the matter, but shall not do so. In view of the promises made to me and to the municipality, I would ask the minister to look into the matter.

Mr. CRERAR: I will do so.

Item agreed to.

DEPARTMENT OF PUBLIC WORKS

Chief Architect's branch—Construction, repairs and improvements of public buildings—

Saskatchewan—
Biggar—public building, $20,000.
Broadview—purchase of and alterations to building for armoury purposes, $4,200.
Foam Lake—public building, $27,500.
Meadow Lake—public building, $29,500.
Moose Jaw armoury—reconstruction, $18,000.
Sintaluta—purchase of building for postal purposes, $3,500.
Star City—purchase of building for postal purposes, $3,000.
Wadena—public building, $24,500.
Wynyard—public building, $15,000.
Yorkton—public building, $35,000.

Mr. PERLEY: What was the building purchased for postal purposes at Sintaluta, Saskatchewan?

Hon. P. J. A. CARDIN (Minister of Public Works): The expenditure is to purchase from Mr. George Hill a building now used as a post office.

Mr. PERLEY: Has the purchase been completed?

Mr. CARDIN: No.

Mr. PERLEY: The department has agreed to take the building?

Mr. CARDIN: Yes.

Mr. COLDWELL: Would the minister explain the expenditure of $20,000 for Biggar?

Mr. CARDIN: It is to provide for the purchase of a site and the erection of a building for postal purposes, and also to provide accommodation for the Royal Canadian Mounted Police.

Mr. COLDWELL: For the purchase of the property or the building?

[Mr. J. S. Taylor.]

Mr. CARDIN: The site and building.

Mr. PERLEY: What is the price of the building at Broadview, and what amount will be spent on alterations?

Mr. CARDIN: This is an amount of $4,200 to provide for the purchase of a Sons of England lodge property, consisting of lots 26 and 27, together with a one storey frame building thereon, and the adjoining lots numbers 28 and 29. It is to be used for armoury purposes. The alterations and repairs are estimated at $800, and that amount is included.

Item agreed to.

Alberta

Cardston—public building, $5,000.
Jasper—public building, $20,000.
St. Paul—public building, $20,000.

Mr. LANDERYOU: I notice that in the total vote of $45,000 there is one revote of $5,000 and another of $12,000. The total amount to be spent in Alberta on public buildings would be only $28,000. Why is such a small amount spent in Alberta when such large sums are spent in the adjoining western provinces?

Mr. CARDIN: It is probably due to the fact that I have not received requests for larger expenditures in Alberta.

Mr. LANDERYOU: From whom would the minister receive requests? Would they be from the government of Alberta?

Mr. CARDIN: No; requests of that nature generally come from the members.

Mr. LANDERYOU: I would recommend that the minister build more buildings in Alberta. What is the nature of the building at Jasper?

Mr. CARDIN: It is a public building for postal purposes, located in the park.

Mr. HANSELL: Was the minister serious in the answer he gave a little while ago? Are the appropriations made to the provinces because certain members ask for them? I would like to know if he was joking or was serious?

Mr. CARDIN: I was certainly not joking, and was serious. I always respect the recommendations which come from members representing constituencies. A member is supposed to represent to the government the needs of his constituency.

Mr. HANSELL: I can assure the minister that I shall have a few requests to make next year.

Mr. POOLE: I might point out to the minister that I made a request last year for certain work which I have not got as yet.

Mr. CARDIN: My hon. friend should not lose hope.

Mr. POOLE: I understand a minister of the Alberta government is here now, and I hope the minister will be more generous with him than he has been in the past. I understand a request has been made.

An hon. MEMBER: Too late.

Mr. POOLE: It is never too late unless it is always too late.

Mr. LANDERYOU: Why was not the building at St. Paul completed last year?

Mr. CARDIN: The site was not obtained early enough to start the building. The contract was awarded in December, 1937.

Item agreed to.

British Columbia

Armstrong—public building, $15,000.
Esquimalt—H.M.C. dockyard office building, $16,000.
Kamloops—entomological laboratory for Department of Health, $6,000.
New Westminster public building—addition, $185,000.
Prince George—public building, $25,000.
Salmon Arm—purchase of building for national defence, $1,650.
Vancouver examining warehouse and winch building—alterations, improvements and repairs, $19,000.
Victoria public building—improvements and repairs, $11,000.

Mr. STIRLING: Have tenders been called for the Armstrong building?

Mr. CARDIN: I am sorry I have not that information for my hon. friend, but I shall expedite the asking for tenders.

Mr. STIRLING: Will the minister be good enough to let me know by letter when they will be called for, if they have not been called for already?

Mr. CARDIN: With pleasure.

Item agreed to.

Chief Engineer's branch—Special—Construction, repairs and improvements—Harbours and Rivers—

Nova Scotia—
Abbott's harbour—wharf, $7,100.
Battery point (Victoria beach)—breakwater extension, $7,000.
Baxter's harbour—breakwater extension, $7,000.
Bear river—dredging, $20,500.
Bridgewater—dredging, $4,800.
Broad cove marsh—breakwater repairs, $10,000.
Brooklyn—breakwater, repairs and improvements (revote)—(estimated cost $165,000), $75,000.
Cape St. Mary's—breakwater reconstruction (revote $1,000), $15,000.
Caribou harbour—improvements, $100,000.
Carleton village—breakwater, $5,500.
Comeauville—breakwater, $18,500.
Cribbin's point—dredging, $16,000.
Dartmouth—wharf repairs, $9,600.
Dayspring—wharf, $5,500.
Digby—dredging, $29,000.
Dingwall—harbour improvements (estimated cost $315,000), $90,000.
East river—dredging, $10,400.
Estmere—wharf, $3,400.
Fourchu—wharf reconstruction, $8,700.
Fourchu—dredging (revote $9,400), $27,300.
Framboise—breakwater extension, $4,500.
Hantsport—wharf extension, $4,300.
Johns island—breakwater-wharf, $7,000.
Johnstown (north pond)—wharf, $6,400.
La Pointe (Cheticamp point)—wharf repairs, $10,800.
La Have—dredging, $4,500.
L'Archeveque—breakwater, $9,400.
Larry's river—dredging, $34,000.
Lloyd's cove—breakwater extension, $7,400.
Liverpool—dredging, $20,000.
Louis head—breakwater (revote $1,800), $3,200.
Lunenburg—dredging, $14,000.
Mabou bridge—dredging, $14,500.
Margaree harbour—repairs to pier, $8,000.
Margaree island—extension to wharf and pier, $10,700.
Meat cove—wharf replacement, $6,000.
Meteghan—breakwater repairs, $5,000.
Middle island—breakwater and skidway, $7,000.
Middle point cove—breakwater (revote), $3,200.
Mill cove—breakwater extension, $30,000.
Mulgrave (Pirate harbour)—to purchase and repair wharf, $4,600.
North West cove (Tancook)—breakwater extension, $13,000.
Pictou island—breakwater, $20,500.
Pictou landing—harbour improvements (revote $1,600), $25,700.
Poirierville—wharf extension, $11,000.
Port Hood—closing northern entrance (revote) $6,500), $48,200.
Port Maitland—harbour improvements, $45,000.
Portuguese cove—breakwater repairs, $8,800.
Pugwash—warehouse, $5,000.
Rockdale—breakwater extension, $7,600.
St. Mary's river—dredging, $48,200.
Seal island west—breakwater repairs, $6,000.
Ship harbour—wharf extension, $5,500.
Skinner's cove—partial reconstruction of pier, $11,000.
Sydney—warehouse (revote $41,500), $65,000.
Tibbo's cove—breakwater, $5,600.
Walker's cove—harbour improvements, $11,300.
West Advocate—improvements, $3,300.
Westport (south)—breakwater (revote), $3,100.
Westmount (north)—wharf extension, $4,900.
Weymouth—to purchase and reconstruct wharf, $15,500.
Windsor—contribution towards protection work, $2,055.

Mr. STEWART: In this item there is a revote of $75,000 for breakwater repairs and improvements at Brooklyn, the total estimated cost being $165,000. What is the explanation of this item?

Mr. CARDIN: The contract for the work has been awarded, but I understand that this year it is not expected that we can spend more than $75,000.

Mr. BENNETT: Do these items cover the entire estimated expenditure or only that part of the contemplated expenditure which may be made in this fiscal year?

Mr. CARDIN: In many instances they cover the whole expenditure, but in others they cover only that amount which we reasonably expect to spend during the year. Generally speaking, we do not award a contract without having a substantial amount in the estimates, generally about half.

Mr. BENNETT: Whatever is contemplated to be expended in the fiscal year. What does this item really contemplate in the way of public expenditure? What will be the total expenditure by the taxpayers of Canada under this item?

Mr. CARDIN: That would be hard to give. In connection with many items, particularly the small ones, we shall be spending the whole amount.

Mr. BENNETT: What will it cost to complete the program outlined in this item?

Mr. CARDIN: I am sorry I cannot give that information, because we have not added up the different items where only a portion of the total amount is indicated. For example, in connection with the Brooklyn breakwater, the amount asked for is $75,000, but we indicate that the total cost of the work will be $165.000. The same thing would apply to other items.

Mr. BENNETT: The total of this item is $1,051.055, and I should like to know what it is contemplated must be spent to complete the program.

Mr. CARDIN: The commitments covered by this item will probably run to $1,500,000.

Mr. BENNETT: I am afraid the total will be more than that.

Mr. CARDIN: I do not think so.

Mr. STEWART: Another item about which I should like some information is the harbour improvements at Dingwall. In this case the estimated expenditure is $350,000 and $90,000 is being asked for this year. What is the nature of the work to be carried on here?

[Mr. Cardin.]

Mr. CARDIN: A gypsum deposit was discovered at this point, and a considerable business has been developed. A few years ago the government undertook to deepen the channel in the harbour, provided the company operating there would agree to build up a traffic of 120,000 tons. The company has carried out that undertaking which goes back as far as 1933, and it is now asking that the harbour be deepened still further in order to permit the entry of vessels with a deeper draft, that is, vessels of eight or nine thousand tons. Instead of providing a traffic of 120,000 tons in eight years, the company has increased the annual capacity of the plant to 120,000 tons. In order to help it to develop this business, which is quite important to that section of Nova Scotia, the government has agreed to deepen the harbour.

Mr. STEWART: I recall quite well the facts in connection with the start and development of that industry. What the minister has said now recalls to me the terms of the agreement. How much has been spent altogether on that harbour since 1933?

Mr. CARDIN: In 1933, $43,000 was expended; in 1934, $40,000; in 1935, $28,000; in 1936, $48,000; in 1937, $113,000. The total that has been spent there is $274,000.

Mr. STEWART: Port Hood—closing northern entrance, $48,200. What is the reason for undertaking this work? It is one that has been under consideration, I know, for a number of years, and there seem to be reasons why it should not be done.

Mr. CARDIN: This amount of $48,000 includes a revote of $6,500, and is required for the completion of the work under contract with Mr. Condon, consisting of placing fascine mattresses across the northern entrance to the harbour of a length of 2,645 feet. The amount of the contract is $51.520. The ultimate object of the work is to close the northern entrance, which is exposed to northerly seas to such an extent that shipping cannot anchor safely during a northerly storm. I am informed that this is to complete the work.

Item agreed to.

Prince Edward Island—
Basin head—boat harbour, $12,500.
Belfast—wharf repairs, $6,000.
Belle river harbour—breakwater extension, $5,500.
Boughton island—wharf, $6,300.
Canoe cove—breakwater, $14,800.
Malpeque (Kier's shore)—wharf repairs, $6,000.
Mont Carmel—breakwater extension, $3,600.
Summerside—to take over and reconstruct Queen's wharf, $16,500.
Wood islands—harbour, $150,000.

Mr. BENNETT: This item raises the question we discussed in this chamber last year, namely the expenditure at Wood islands and at Pictou of $150,000, involving an entirely new ferry for a distance which renders it impossible to create any more rapid transit between the two sections. Would the minister give the committee some explanation of what has been done and what is contemplated.

Mr. CARDIN: A contract was awarded some days ago for that work at Wood islands.

Mr. BENNETT: Were tenders called?

Mr. CARDIN: A contract was awarded to the Dominion Construction Corporation Limited, of Toronto. Several tenders came in, and that was the lowest.

Mr. BENNETT: How much?

Mr. CARDIN: There were tenders also by J. P. Porter and Sons, Montreal, and T. C. Gorman Construction Company Limited, Montreal. The amount of the contract is $254,143. That is the amount of the lowest tender. It is certain that we cannot spend that whole amount of money this year.

Mr. BENNETT: How much was spent last year?

Mr. CARDIN: Nothing was spent last year except upon the preparation of the plan and the survey.

Mr. BENNETT: It might be well to have on record just where are Wood islands. I just want to follow this up, this ferry from Wood islands to Pictou.

Mr. CARDIN: It is on the eastern end of Prince Edward Island.

Mr. BENNETT: The eastern coast of Prince Edward Island. How far north of Charlottetown?

Mr. CARDIN: Wood islands are situate at the southernmost point of Queens county, on the Northumberland strait coast of Prince Edward Island. The strait has a width of about twelve miles. The establishment of this ferry service will enable the government to dispense with the subsidies now given to the steamship service on the Charlottetown-Pictou route and also the service between Sydney and Bras d'Or ports and the west coast of Cape Breton and Prince Edward Island.

Some hon. MEMBERS: Carried.

Mr. BENNETT: No, not by a long shot. I suppose that here is one of the finest managed bits of work which has been before this committee for a long time. Hon. members will perhaps remember the discussion last year. There is just as much necessity for this as there is for a fifth wheel to a coach, but because I dared to mention it a gentleman rose in his place and denounced me for being opposed to money being spent in Prince Edward Island. The minister knows perfectly well why this is being done. He might tell the committee. What hon. member asked for this?

Mr. CARDIN: It is to provide a shorter ferry service between Prince Edward Island and Nova Scotia.

Mr. LAPOINTE (Quebec East): And do away with certain subsidies.

Mr. BENNETT: Oh, yes, I heard that. I happen also to know the story of the subsidies, of the $30,000 grant given to a firm located in Montreal who bought an old ship, and the government endeavoured to reduce the grant to $25,000 in the main estimates and increased it to $30,000 in the supplementaries. The application for the same subsidy will be there when the new route is established. At the present time the ship runs from Pictou to Charlottetown. It leaves in the afternoon and it arrives in the afternoon. Who is to carry on the service between Wood islands and Pictou without a subsidy? Perhaps the minister will say.

Mr. EULER: Perhaps I might be permitted to intervene, because the Department of Trade and Commerce is concerned in this particular subsidy. The purpose of having the improvements made here is to shorten the distance between the mainland and Nova Scotia and Prince Edward Island to something like twelve to fifteen miles. The present connection between the mainland and Prince Edward Island is from Pictou to Charlottetown, a distance, I think, of something like fifty miles, taking a considerable time to traverse. On that route, as the leader of the opposition knows, there is and has been for some time a subsidy of $30,000 a year. At one time it was reduced to $25,000; at another time it was $30,000. Now the purpose of transferring—because it is going to be transferred—the subsidy that is now being given, for the service between Pictou and Charlottetown, because the longer distance is to be discontinued, is to give the subsidy for a ferry which is to run between Caribou and Wood islands, a distance of some fifteen miles. The sole purpose, as I understand it, is to shorten the distance between Prince Edward Island and Nova Scotia.

Mr. BENNETT: It does not run in the winter, you know.

Mr. EULER: The other does not run in the winter either. It is to substitute a shorter route for a longer one, and a contract has been made for a subsidy for the construction of a new ship, a ferry, to run on this new route.

Mr. BENNETT: With whom?

Mr. EULER: The firm, I believe, is called Farquhar and Company.

Mr. BENNETT: Exactly. Remember there was to be no subsidy a while ago. Now we have one.

Mr. EULER: No; we were giving a subsidy of $30,000 for the longer distance.

Mr. BENNETT: But the new one was to get none.

Mr. EULER: No; I never heard of anything of the sort.

Mr. BENNETT: The minister was not listening.

Mr. EULER: The new one is to get a subsidy of $28,000.

Mr. BENNETT: Of course, that is $3.000 more than the $25,000 which is voted in the main estimates, and it is $2,000 less than the $30,000.

Mr. EULER: It is $2,000 less than we are giving now.

Mr. BENNETT: The effect will be to hand to private industry $25,000 instead of the $30,000 that was given from year to year. It will shorten the distance and deprive the Canadian National of the additional revenue it had in the summer traffic. The Canadian National enjoyed almost a monopoly in the moving of cars across the strait, and we are now going to move the traffic down to Pictou and lose the money that was heretofore paid for the purpose of conveying cars—

Mr. EULER: Motor cars.

Mr. BENNETT: —to Prince Edward Island. We are giving to private industry $28,000 a year and spending $250,000, and we are spending an additional sum at Pictou harbour, which is indicated here. Now, $28,000 a year is four per cent on $700,000, and they are going to build a new ship. Why should they not?

Mr. EULER: The Canadian National ferry crosses at a point much further north, at Tormentine. At that point motor cars may come over and now proceed to the island and enter Nova Scotia at another point, completing the circuit. That will not deprive the Canadian National of any business.

Mr. BENNETT: They lose the return traffic.

Mr. EULER: With the tourist traffic developing, the tourist who enters at one end of the island does not want to go back the same way, but leaves from another point.

Mr. BENNETT: The minister is wrong.

Mr. EULER: I am quite sure I am right

Mr. BENNETT: What is the cost of the development at Pictou island?

Mr. CARDIN: The plans and specifications are not ready yet, but we contemplate about the same expenditure.

Mr. BENNETT: We are going to spend half a million dollars and provide an annual subsidy equivalent to four per cent on $700,000.

Some hon. MEMBERS: Carried.

Mr. BENNETT: I protest against the expenditure.

Item agreed to.

New Brunswick, $725,200.

Mr. STEWART: This is one of those long items covering nearly a page. If we are not going to finish to-night, I suggest that we rise now and take the item to-morrow.

Mr. MACKENZIE KING: I had hoped it would be possible to announce prorogation this evening. There are, however, still a number of items which have to be passed, and it might be pressing the house unduly were we to seek to pass all the votes to-night. There are not very many, but it might be thought a bit arbitrary on the part of the government were I to urge hon. members to remain until all were passed. Possibly, therefore, the suggestion of the former Minister of Public Works, the hon. member for Leeds (Mr. Stewart), might be accepted, and the house adjourn at the present time. I believe hon. members generally are anxious to have prorogation as soon as possible, and were we to meet a little earlier to-morrow morning, we might definitely decide to arrange for prorogation at one o'clock. The government is always in the hands of the house in seeking to make an arrangement of the kind, and no one can say exactly what hour can be fixed, but I believe that we should be able to count on prorogation by one o'clock to-morrow were we to adjourn now and reassemble at 10.30 o'clock in the morning.

I wish to say a word about prorogation itself. As hon. members are aware, His Excellency the Governor General has arranged to pay a visit to England this summer. About three months ago, in conversation with His Excellency, I suggested, that, having regard to the probable length of the session, it might be well not to fix a time for sailing before the first week of July and His Excellency so arranged. For some weeks past his sailing has been fixed for July 1st which is to-morrow. He is here this evening. As hon. members are aware His Excellency has been in residence at the Citadel in Quebec city for the past few weeks. He left Quebec this morning in anticipation of prorogation of parliament this evening. He is quite prepared to prorogue parliament at three or four in the morning. Moreover, His Excellency is quite prepared to postpone his sailing another week should his not being present to prorogue parliament occasion any disappointment. I feel that I will have the support of the house if I advise His Excellency not to alter, at this late time, his plans for sailing but to leave from Quebec to-morrow on his journey across the sea. I intend to advise him accordingly and shall arrange for prorogation by the deputy of the governor general. That is all I wish to say in that respect. If it is the wish of the house that we do not sit later to-night, the committee might rise now and report progress and ask leave to sit again, and after that is done I shall have a motion to propose, that for its next sitting the house meet at half-past ten o'clock in the morning.

Some hon. MEMBERS: Ten o'clock.

Some hon. MEMBERS: Carry on.

Mr. BENNETT: That can be done only with unanimous consent. This is another day and I object to continuing after midnight. I shall be glad to meet the wishes of the Prime Minister and agree to the house meeting at 10.30 o'clock.

Progress reported.

ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. MACKENZIE KING moved:

That when this house adjourns to-day it stand adjourned until 10.30 o'clock a.m. the first day of July, 1938.

Mr. HEAPS: Quite a number of members would prefer ten o'clock instead of 10.30.

Some hon. MEMBERS: No.

Motion agreed to.

On motion of Mr. Mackenzie King the house adjourned at 12.20 a.m., (Friday).

Friday, July 1, 1938

The house met at ten-thirty o'clock.

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, 1st July, 1938.

Sir,

I have the honour to inform you that the Hon. L. A. D. Cannon, acting as deputy of His Excellency the Governor General, will proceed to the Senate chamber on the first of July, at one o'clock, 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.

PENITENTIARIES

STATEMENT AS TO FAILURE OF THE PENITENTIARY ACT, 1938, TO BE PLACED ON THE STATUTES OF THE PRESENT SESSION

On the orders of the day:

Right Hon. ERNEST LAPOINTE (Minister of Justice): Before the orders of the day are called I wish to make a statement concerning the bill to amend the Penitentiaries Act which was adopted by this house unanimously but will now fail to be placed on the statutes of this session. The government is disappointed and I, personally, am sorry, indeed very sorry. When I stated in this house on my responsibility as Minister of Justice that I needed the proposed change for the proper administration of penitentiaries, the right hon. the leader of the opposition (Mr. Bennett) declared that he waived all his objections to the bill because of that statement.

What I regret more particularly is that this legislation involving a social question of momentous importance, has been rejected in another place on a straight party vote, and, if I read the reports aright, because of a question of persons.

All I may add is that this postponement of a needed reform, apart from being detrimental to public interest, and increasing to a dangerous degree the difficulties of my task, will not serve any useful purpose, not even that which seems to be at the basis of the adverse vote.

I repeat that I am very sorry and I feel that the seriousness of the situation they have created is not realized by those who have brought it about.

Right Hon. R. B. BENNETT (Leader of the Opposition): I think, in fairness to all parties, the minister has overlooked the fact that according to the press reports this morning the reason was also given that there had not been ample time for the study of that report or the bill itself. I think it is well to bear that in mind as one of the reasons given.

DOMINION DAY

REFERENCE TO LACK OF DECORATIONS AND OTHER MEASURES IN OTTAWA TO COMMEMORATE CONFEDERATION

On the orders of the day:

Mr. J. FRED JOHNSTON (Lake Centre): There is a matter of importance that I should like to bring to the attention of the house. The calendar reminds us that this is the first of July and I could not help thinking as I came up to the buildings this morning how little had been done in this capital city to commemorate the event of this day. Walking along the streets I saw scarcely a flag in evidence.

Mr. STIRLING: Oh, yes; there were.

Mr. JOHNSTON (Lake Centre): Very few. As one turns the corner at the Rideau club he finds the flag of the great republic of the United States displayed over the main entrance in such a way that he cannot help seeing it. I think that this building, the houses of parliament, should have been decorated to-day.

Mr. BLACKMORE: Hear, hear.

Mr. JOHNSTON (Lake Centre): We, as Canadians, do too little in that regard, though we sometimes criticize other people for doing too much of that sort of thing. According to the press, in the city of Kingston the national convention of fascists is taking place to-day, and it occurs to me that perhaps we have not done enough in the past to educate our youth to a realization of exactly what this confederation means to the young people of the country. I trust that when the first of July comes around next year, there will be in this capital city more evidence of our remembrance of Canada's national birthday.

SUPPLY

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

DEPARTMENT OF PUBLIC WORKS

Harbours and rivers — New Brunswick, $725,200.

Mr. STEWART: Would the minister give us some information as to the nature of the work being done at Miramichi bay, $75,500 for dredging, and at Tracadie harbour, $40,000. As to the latter, I should like to know if that will complete the work at Tracadie harbour?

Mr. CARDIN: This is to provide for widening to a width of 200 feet and deepening to a depth of 22 feet at low water the present channel in the Miramichi bay.

Mr. BENNETT: What will be the complete cost?

Mr. CARDIN: The tenders which are in amount to $63,000. That will complete the work.

Mr. BENNETT: The total of to-day's appropriation is $725,000. What will it cost to complete the undertakings mentioned in the vote?

Mr. CARDIN: As I am informed, $50,000 at the most will complete the work which is covered by these items. As regards Tracadie, this amount of $40,000, including the revote of $13,400, is required to complete the channel across the flats by dredging the channel for an approximate length of 3,750 feet to a depth of 9 feet at low water.

Mr. STEWART: Will this complete the channel? I know it was under consideration for some time.

Mr. CARDIN: I am informed that we have to expect a certain amount of maintenance. I understand there is some silting.

Mr. STEWART: Maintenance only? All right.

Mr. BENNETT: Every winter it drives back.

Mr. CARDIN: Yes.

Item agreed to.

Harbours and rivers—Quebec, $2,479,150.

Mr. MacNICOL: I should like to speak briefly in reference to one item on this vote, namely that of $400,000 for Richelieu river improvements. Since the amount asked for this year is only $400,000, whereas the last two or three years it has been $500,000 each time, I assume that $100,000 has already been spent on these proposed—said to be—improvements. I shall speak briefly and I have no intention whatever of holding up the item, because I have no doubt it will pass readily, anyway.

What I have to say is by way of warning. I cannot help feeling that these so-called improvements on the Richelieu are akin to those which were made a number of years ago on a small river on works which were

afterwards called the Newmarket canal. Up there in northern Ontario you will find docks and locks out in the middle of the fields, with water more or less miles away. Of course I realize that the Richelieu river is a much finer river; it is magnificent compared with anything we have up in that part of Ontario. But I cannot forget what happened two years ago, when the United States government and the Canadian government were considering, through the International Joint Commission, a recommendation to canalize the Richelieu river so that boats of large tonnage could go down that river from lake Champlain to the St. Lawrence, and south again into the Hudson river, so that there might be an ocean seaway from New York to Montreal via the Richelieu. Apparently that is all abandoned and some other scheme is now proposed. I note from the communication which the Canadian government made to the International Joint Commission in 1937 that the scheme has been changed from one of navigation to one of flood prevention, similar to the scheme proposed in 1907, which was also one of flood prevention.

Now, what was the application of the government of Canada to the International Joint Commission with respect to Richelieu river remedial works? On page 1, paragraph 2, we read:

> The parliament of Canada, at its last session, appropriated the sum of $500,000 under vote 408, S.S.E. 1936-37, as follows:
> "Richelieu river—improvement of river and Chambly canal system, $500,000."
> This vote is for the purpose of the construction of remedial works for the reclamation and protection of low lands in St. Johns, Iberville and Missisquoi counties, in the province of Quebec.

The International Joint Commission granted the application of the government. It is referred to on page 7 of this same report that I am reading, in paragraph 11:

> This matter is, accordingly, being submitted to the commission by the government of Canada, and it is hoped that the commission, in view of the need for protection against flood conditions, will expedite matters so that construction can be commenced at an early date.

I understand that later on the International Joint Commission gave that right. What I am trying to get through my head is, how are the figures of the water levels in this report to be reconciled with those of the water levels contained in the submission to the International Joint Commission some two years ago? The low water level of lake Champlain is 93·3, and the high, 102·6. But this report states that the work proposes to lower the water level of lake Champlain to 92·5. For it states on page 6:

> It is the intention of the government of Canada that during the navigation season the water level above the dam will be maintained at or above the present ordinary minimum elevation of 92·5—

If it is to be maintained at that level, has the government obtained the consent of the United States to the lowering of the low water level of lake Champlain from 93·3 to 92·5? I have not found anything in the reports to indicate that the United States government has endorsed that low water level. Last fall, in company with an engineer and a newspaper man, I spent some time along the Richelieu river trying to find those low lands, and had great difficulty in doing so. As a matter of fact only a very small part of lake Champlain, about seventeen square miles, is in Canada. I went all around that area. The day I visited the north end of lake Champlain, at Missisquoi bay, the water level was between 95 and 96 feet above sea level, approximately three feet higher than the level proposed by the government; and on that day the water was five feet below the road level. I measured it. I asked some of the old-timers there what was the effect when the lake was at high water level, 102·6, and they told me that the road was sometimes covered to the extent of a foot or a little more, but that the water did not stay there very long.

I should like the minister to tell us, if he can, how many square miles or acres of so called low lands are flooded by lake Champlain, and if it will be of much value to relieve these low lands of the water for two or three weeks in the spring. The land did not appear to me to be very good. The trees did not seem to be damaged at all by the high water. On the west side of the river the banks are high; on the east side there may be a little more flooding of land, but it does not last very long. According to the information I obtained at the engineer's office, the dam is to be eighteen feet high. I may not have the correct figures, but if the dam that is proposed to be built at Fryer's island is to be eighteen feet high, each side of the river at that point will be flooded. I believe the banks on the east side are about fifteen feet above the river and those on the west side about twelve feet. I should like to find out from the minister if it is proposed to build dykes along where the dam is to be built in order to keep the land, which is good at that point, from being flooded.

I have no objection whatever to the work if it is necessary and there is any value to it. I do not want the people of that community to think I am opposing it for any reason other than what my own judgment tells me.

I know that last year all the local newspapers gave me a fairly good dressing down for opposing the vote. They should not do that. I do not talk in this house from any motive whatever other than to do the best I can for this country. If the government can say that any real service will be rendered or any worth while improvements made in that area through the erection of this dam, I will not oppose it. I do not see that it is going to be of any particular value, however, and certainly if the time comes when that magnificent river is canalized so that large ships can go up and down it, a dam of this kind will not be worth a fig anyway; a much larger dam will be required, and this money will be wasted. I do not want the minister to think I am opposing this for any other reason than what I believe to be right.

Mr. CARDIN: I do not propose in any shape or form to object to the criticism and fair observations made by the hon. member for Davenport (Mr. MacNicol). I recognize that it is his absolute right to inquire about these things and inform himself as to the conditions existing, and I would be the last person in the world to criticize him for doing so.

When the matter was placed before the International Joint Commission it was not formally the question referred to in this vote. At the same time, as my hon. friend stated last year and mentioned again this year, the commission had under consideration three proposals that were made more particularly by United States interests. One of the proposals was to have a canal from lake Champlain right up to Montreal through United States territory, reaching lake St. Francis.

Mr. BENNETT: Not up to Montreal through United States territory, but from the Hudson river to one of their lakes, then connecting with the Richelieu.

Mr. CARDIN: No, lake St. Francis. They offered another proposal also, to build a canal across Canadian territory from the town of St. Johns on the Richelieu river to Laprairie, in front of Montreal, on the south side of the St. Lawrence. Then their third proposal was to have a canal built from the foot of the present Chambly canal, at Chambly, going right up to Montreal on the south shore of the St. Lawrence, somewhere near St. Lambert. The fourth proposal, which they studied at the same time, was the canalization of the Richelieu river from lake Champlain down to the St. Lawrence. But the idea of the United States people interested in the proposals was to have a deep canal, capable of being navigated by vessels of the type that would navigate the proposed St. Lawrence waterway.

Mr. BENNETT: Up the Hudson river to Albany.

Mr. CARDIN: Yes. They wanted to have the same depth of water in the Richelieu river, if it was canalized, that would exist in the proposed canal for the St. Lawrence. They expressed the view, I admit, that a depth of about twenty-seven feet was the only thing in which they were interested. The Canadian interests were satisfied with a depth of twelve feet, which is the present depth of the United States canals from Lake Champlain to the Hudson river. Part of the Richelieu river has a depth of twelve feet at the present time.

Mr. BENNETT: It is eight feet for the most part, is it not?

Mr. CARDIN: Yes, and less. The Chambly canal has not more than five and a half or six feet. We would have been satisfied if the canalization of the Richelieu river had been carried out to provide a depth of twelve feet, but, as I have said, the Americans concerned were not interested in such a shallow depth.

In addition to the suggestions I have just indicated, the present proposal was submitted to the International Joint Commission to build a regulating dam between St. Johns and Chambly.

Mr. BENNETT: On the Richelieu river.

Mr. CARDIN: Yes, bringing forward an old proposal that had been submitted to the international commission as far back as 1907. At that time parliament voted a certain amount of money to dredge the Richelieu river from the city of St. Johns up to the boundary. There are natural obstacles in that river,—a natural dam, we might call it. There is little water at that particular place, the shores of the river are very low. But when the Canadian government started the work of dredging between St. Johns and the boundary, the United States intervened and claimed that by doing away with the natural obstacles existing in the river we would cause the flow of the water to become very rapid, and as a consequence would lower the level of the water in lake Champlain. As a result of the objection raised by the United States the work which had been under contract for some time was stopped, and the representatives of the two countries discussed the possibility of building remedial works.

At that time the International Joint Commission, or the board which preceded the formation of that commission, approved of a

regulating dam to be built at Fryer's Island, and with that regulating dam being built they said they would have no objection to the dredging of the natural obstacles existing between St. Johns and the boundary. Although the approval of the international board was on record, we thought that so long a time had elapsed since the approval had been given that it would be advisable to renew the request to the international board. We placed the facts before them again, and made a request for the approval of a regulating dam, the dam which is contemplated by this vote.

Mr. BENNETT: For $300,000.

Mr. CARDIN: I believe it is $400,000. As contemplated a number of years ago the building of that dam would permit the dredging of the river from St. Johns to the boundary, and would relieve the situation that existed so far as flooding the land was concerned. The representation made to previous governments was that the high water of the spring would not flow rapidly enough and soon enough to allow every year the cultivation of the low land between the town of St. Johns and the boundary.

The hon. member says he has not seen any low land there. It is there, however. In fact, the Richelieu river from St. Johns to the boundary to a certain extent becomes a lake. The shores of the river are so low that one would form the idea that he was passing through a lake.

Mr. MacNICOL: It is the arm of a lake.

Mr. CARDIN: In the spring when the water flows slowly on account of the natural obstacles between St. Johns and the boundary these lands are flooded for too long a time to permit satisfactory cultivation of them. That was the reason given a number of years ago. It was urged that if dredging were done the water would flow more rapidly and the land would be ready for cultivation sooner than otherwise. We had an estimate from an engineer that each year the farmers would be saved a loss of several hundred thousand dollars if they could cultivate the low land between St. Johns and the boundary. This regulating dam therefore has for its object the cultivation of the lands by permitting a flow of water earlier in the spring and over a shorter period. When built, and when the natural obstacles between St. Johns and the boundary are disposed of, the dam would permit much freer navigation between St. Johns and lake Champlain.

Mr. BENNETT: Twelve feet.

Mr. CARDIN: Yes, twelve feet at least. The building of the dam about half way between St. Johns and Chambly, where the present canal exists, would reduce the length of the Chambly canal.

Mr. BENNETT: And help both countries.

Mr. CARDIN: It would reduce the length by about half. Instead of boats navigating twelve miles they would have to navigate only about six miles.

Mr. MacNICOL: It is the intention to give a twelve foot canal from Fryer's island to Chambly?

Mr. CARDIN: No, not at present. We would be satisfied for the time being to have the regulating dam to reclaim the land that has to be reclaimed to give St. Johns a twelve foot navigation channel to the United States and lake Champlain, and to reduce by half the present distance of navigation through the Chambly canal. These are the three reasons in my mind which would justify the present expenditures.

Tenders have been asked on the vote of last year, and the contract has been awarded to the Cape Construction Company of Montreal for the amount of $416,000.

Mr. MacNICOL: For the dam alone?

Mr. CARDIN: Yes. My information is that the land which will be flooded in the vicinity of the dam amounts to only a very small portion of the land around the dam.

Mr. MacNICOL: Has the minister any idea of the value of that land?

Mr. CARDIN: The total value of the land being expropriated would be in the vicinity of $60,000 or $70,000.

Mr. BENNETT: The explanation the minister has given is much better than the one he gave last year. I doubt whether there could be a better exemplification of the principle the minister mentioned yesterday than the one he has just given us. He said yesterday he usually made these appropriations at the request of the member for the constituency. How did he address himself in this case?

Mr. CARDIN: The work is not in my constituency.

Mr. BENNETT: What about the expenditure at Sorel? Perhaps that is nearer home.

Mr. CARDIN: Yes, that is very near home. In connection with that item I would express very sincere regret that the amount is not larger. This is an expenditure of $200,000 to provide for harbour improvements.

Mr. BENNETT: It will not make it a second Montreal, but will make it a competing port.

Mr. CARDIN: Yes, in the course of a few years.

Item agreed to.

Harbours and rivers—Ontario, $2,202,658.57.

Mr. STEWART: Would the minister explain the rather large expenditures on the Grand river improvements, $300,000, and the Hamilton harbour improvements, in the same amount?

Mr. CARDIN: The Grand river project is a conservation scheme. The hon. member possibly knows better than I do the situation in connection with that river.

Mr. BENNETT: It is in cooperation with the province?

Mr. EULER: And the municipalities.

Mr. CARDIN: Yes, and the municipalities. The work is to be undertaken by a commission which has been appointed by the Ontario government.

Mr. BENNETT: Any relation to the penitentiaries commission?

Mr. CARDIN: I think not. The item for Hamilton harbour is to provide for the carrying out of work in Hamilton harbour which has been strongly urged by the harbour commission. A contract has been let to the Russell Construction Company for the construction of a steel sheet pile wall 2,000 feet long, with sand filling, this being the initial section of a large reclamation scheme proposed by the harbour commission north of Burlington street. There is some dredging to be done in the main channel in front of the wharf and plant of the Steel Company of Canada, and the reconstruction of the easterly face of the James street slip of the harbour commission.

Mr. MASSEY: What work is to be done in Toronto harbour? Is that the extension of the western gap?

Mr. CARDIN: Yes.

Mr. MASSEY: That is to accommodate the new air port.

Mr. CARDIN: Yes.

Item agreed to.

Harbours and rivers—Saskatchewan, $27,000.

Mr. COLDWELL: What dredging is to be done at Waskesiu lake?

Mr. CARDIN: This amount of $12,000, including a revote of $9,400, is for the deepening of the enclosed harbour on Waskesiu lake in the Prince Albert national park by the removal of approximately 15,000 cubic yards of material.

Mr. PERLEY: Has the contract been let for the dredging?

Mr. CARDIN: Yes. Four tenders were submitted.

Mr. PERLEY: Who got the contract?

Mr. CARDIN: The contract has been awarded to Macaw and Macdonald of Winnipeg.

Item agreed to.

Harbours and rivers — British Columbia, $359,435.

Mr. BARBER: I should like an explanation of four items in this vote. The first has to do with the dredging at Harrison river, for which an amount of $16,800 is being asked. The next covers wharf repairs and improvements at Harrison lake, for which $4,500 is being asked. In this connection I should like to know if this work is being done on the government wharf or some other wharf on the lake. Then I should like an explanation of the protection work being done on Nicomen island. Is this to replace work that has gone out, or is it to be new work? Then in connection with the work at McIvor's landing; what federal district is that in?

Mr. CARDIN: McIvor's landing is in New Westminster. In connection with Harrison river, an amount of $16,800 is being provided for dredging the river channel for a distance of 3,200 feet, a width of 80 feet and to a depth of four feet below low water level, and removing bars and raising banks on dredging work done during 1937 and 1938. Also to clean out the channel connecting Harrison lake with Little Harrison lake, all on the Harrison river water course. The amount of $4,500 for wharf repairs and improvements at Harrison lake is to provide for renewal of decking on approach and substitution of level platform 42 feet by 32 feet, and inclined landing platform 112 feet by 32 feet for the existing float and gangway.

Mr. BARBER: Is that in connection with the wharf built by the government, or the old wharf that was there?

Mr. CARDIN: The residents of Harrison lake district requested that the site of this landing be changed to a more protected one about 1,000 feet away. The district engineer advises that a wharf can be constructed at the new site for the amount submitted in the estimates.

Mr. BARBER: This is really to cover the construction of another wharf?

Mr. CARDIN: Yes.

Mr. BARBER: They are not moving the old float; they are constructing a new one.

Mr. CARDIN: They have not gone into the details of the matter, but it is being studied. The $7,000 being provided for protection work on Nicomen island is for the construction of a groin to protect the river bank on the south side of Nicomen island in the vicinity of McDonalds Landing. Erosion is taking place to such an extent as to endanger the main dyke. Our attention was drawn to this by the district engineer in January, 1938. He advised that a recent examination revealed that the bank is cut back to within 130 feet of the main dyke and he contends that it is essential that this erosion should be stopped.

Mr. BARBER: The minister has intimated that at times members neglect to bring to the attention of the minister certain needed works in their districts. He cannot make that charge against me in connection with one particular work, namely, the landing opposite McMillan island wharf which was constructed over a year ago. It was understood at the time that this wharf was being constructed as a ferry landing, and it was made known throughout the district that in the near future a similar landing would be constructed on the north side, somewhere in the neighbourhood of Albion. We were encouraged to believe that a ferry service would be inaugurated by the provincial government, but there is only a landing on one side of the river. I took up this matter with the minister on May 16, and I received his reply under date of June 20. He claimed in his letter that the wharf on McMillan island was constructed for the accommodation of the fishermen and small boats. If that was the sole reason for construction, then there was no reason for expending $5,284.53, because the landing on the north side was constructed for about $1,800. As I said before, the main reason for constructing this landing was for ferry use. Then the minister also pointed out that there is a small float at Albion for the use of fishermen. The intimation was given to the people of that district that this McMillan island landing was being constructed so that a ferry service could be provided, and that a similar landing would be constructed on the other side. I know the minister will contend we have nothing to do with ferries, but this government has undertaken to build a ferry landing on one side of the river and has refused to build a similar landing on the other side. I wonder if that is due to the fact that the other side is in another district which may be considered to be not as favourable. I agree with the minister in this, that the responsibility for operation of ferries rests with the provincial government, but in this case this government constructed a ferry landing on the south side, it is only fair, I submit, that the same construction should take place on the north side. The McMillan wharf is absolutely useless unless it can be connected with similar construction on the other side.

On the north side of the river we have many industries, and a demand for the products of the south. So there is the necessity of providing a crossing. I believe there has been a promise from the provincial government that if the federal government would construct these wharves, the provincial government would consider establishing a ferry service. I trust the minister will give his further very serious consideration to this request.

Mr. CARDIN: Mr. Chairman, in view of the serious commitment I made yesterday and in view of the repeated requests of my hon. friend in regard to this matter, possibly we can find a few precedents and I can assure my hon. friend that I will give my best attention to his representations.

Mr. TAYLOR (Nanaimo): Will the minister explain the item of improvements to assembly wharf at Nanaimo, $8,000, and say when it is proposed to have these improvements finished?

Mr. CARDIN: It is contemplated that the work will be done this year.

Item agreed to.

Harbours and rivers—Generally—improvements, maintenance of service, repairs and additions, $500,000.

Mr. STEWART: There are two items of $500,000 under "generally." Were there similar amounts last year, or is this an extra amount of $500,000?

Mr. CARDIN: The first item, No. 591, is the ordinary general item that has been in for several years. The other one, No. 593, is to cover employment works under contemplation for this year, and this is the only one of such items that is included in the estimates of the Department of Public Works. This item 593 includes protection works generally. I am sure that my hon. friend when he was Minister of Public Works received a number of requests for work of this nature, and no doubt he tried to limit them as much as he could, as I have done. But there are certain cases where our responsibility is not much disputed. In certain districts where there is

navigation, for example, where big boats are going up and down a river, and the main channel is not far from the river banks, erosion is caused by the waves of passing vessels and protection works are needed. This item can cover work of that kind. The vote is of a temporary nature, and is one of the proposals of the government for providing employment relief work.

Mr. STEWART: I thought this was a new item. As the minister says, there are many requests for protection works, and I am sorry I did not have this item to take care of some of the requests I received when I was in the department. The minister ought to be able to do a good bit of protection with $500,000.

Mr. CARDIN: It is for the whole country.

Mr. STEWART: Yes. But once you admit liability for erosion along the banks of a river, and undertake to provide protection works, you are in for a continued and very large expenditure over a period of years. The policy of the department has been to resist so far as possible claims for such erosion, because once you get into that field it is almost unlimited. I am sure the minister can easily spend the $500,000, and I hope he will protect everybody who needs protection.

Mr. TAYLOR (Nanaimo): Will the minister state if it is possible to do anything in connection with Ladysmith wharf this season? I understand the matter is under review.

Mr. CARDIN: We are getting a report on that, and I seriously hope we shall be in a position to satisfy my hon. friend.

Item agreed to.

Roads and bridges—Interprovincial bridge, Campbellton, N.B., to Cross Point, Que., the provinces of New Brunswick and Quebec each to pay one-third of the cost and maintenance thereof, $100,000.

Mr. BROOKS: Is it not the usual thing, where interprovincial bridges are being constructed, for each province to make a contribution and then appeal to the federal government for a contribution?

Mr. CARDIN: Yes. We are providing under this vote for the federal government's share, and the two provinces will have to contribute a similar amount each.

Mr. BROOKS: Have they applied to the federal government for a contribution?

Mr. CARDIN: Yes.

Mr. BROOKS: Have they voted their own contributions?

[Mr. Cardin.]

Mr. CARDIN: No, not yet, but they have applied to us, and we are providing this amount in case the provincial governments provide a similar amount.

Item agreed to.

Telegraph branch—Saskatchewan and Alberta —telephone line from Ile a la Crosse to Buffalo Narrows, $10,000.

Mr. STEWART: Is this a new telephone line?

Mr. CARDIN: Yes.

Mr. STEWART: I understood the policy of the department was not to build any more lines than were necessary. Why is this one being built?

Mr. CARDIN: I am informed that it is in the class defined as pioneer lines where private companies refuse to build. But, as my hon. friend suggested with regard to protection works, we try to resist requests of this kind as much as possible.

Item agreed to.

Public works—generally—to provide for balance required to complete any projects already undertaken, no new works to be undertaken, $200,000.

Mr. STEWART: Is this the same as last year or is there an increase?

Mr. CARDIN: It is the same as last year.

Item agreed to.

DEPARTMENT OF NATIONAL DEFENCE

National Defence—departmental administration, $425,720.

Mr. MacNEIL: There is a matter in regard to which I wish very briefly to lodge a protest. On March 7 I moved for a return of the house, as follows:

For a copy of all orders, decisions, letters, telegrams, recommendations and recorded evidence relating to the court of enquiry held by the Department of National Defence in Quebec, August 24 to August 28, 1936, to deal with charges against officers of the Royal 22nd Regiment.

The acting minister at that time, apparently acting on the advice of the departmental officers, stated:

The proceedings of the board of inquiry are of a confidential character. The documents and memoranda relating thereto come within the category of privileged communications.

So far as I am informed with regard to the procedure and usages of this house I consider that my rights as a member of the house were infringed upon. I did not ask for privileged documents. My motion might have been accepted by the government with

the usual reservations. I did not ask for any military secrets, but simply for information regarding ordinary matters of departmental administration. I am not going to occupy any time, but as the minister is aware, serious allegations were made in regard to this matter. Information was put in my possession, properly documented and supported by statutory declarations, indicating a very serious state of affairs in regard to the administration of the Royal 22nd Regiment, concerning serious irregularities in the expenditure of government funds and the disposition of government property, and in the general discipline of the regiment. I have, therefore, no recourse but to place on record some of these charges and ask for a statement from the minister, as to whether the charges have been investigated, and what findings were given with regard thereto; and as the matter becomes of particular importance, in view of the fact that certain of the senior officers involved have been retained in the service and since promoted, having been given responsible positions that appropriate action be taken in the matter. One junior officer who made some effort to expose these irregularities has been victimized, grossly discriminated against and dismissed from the service. His career is blighted, and generally his future is darkened. Certain specific charges were made. One was that the regimental funds of the Royal 22nd Regiment have been misappropriated and in some instances expended upon things alien not only to the regiment but also to the militia.

Officers' mess and regimental property have been irregularly disposed of by a commanding officer of the Royal 22nd Regiment. Some commanding officers of the Royal 22nd Regiment have made it a custom to delete their names from the list of debtors submitted to the district officer commanding, on the 15th of every month, although they paid their mess bills approximately biannually or whenever they could find the money.

A company commander, Royal 22nd Regiment, solicited and charged his men three dollars per month to teach them English for the educational training examinations. I am qualified to state that this officer does not know the English language well enough to teach it. The commanding officer not only tolerated but supported that officer's most unethical practice.

It has been the custom of most married officers of the Royal 22nd Regiment to draw servant allowance, although they employed soldier servants. The daily amount involved is small, being forty cents; but, spread over a period of ten years, it amounts to approximately one thousand five hundred dollars.

A commanding officer, Royal 22nd Regiment, took possession of and used, for himself and his family, not only at camp but also in town, most of the bed linen which the government supplies for the accommodation of the unmarried personnel living in barracks.

Another serious charge was that commanding officers were guilty of an indictable offence, that is to say, bootlegging, permitting the use in the officers' mess of spirits on which the excise tax was not paid, contrary to the provisions of the Liquor Control Act.

I have a number of statutory declarations of those employed in the mess in support of this charge. The junior officer concerned had certain rights as well as responsibilities. He had a right to interest himself in any such irregularities, and he did so, with the result, as I have said, that he was grossly discriminated against and dismissed from the service without a proper inquiry. I have the confidential report of his service and there is not an entry in that report on the part of the senior officers indicating that his conduct was anything but completely satisfactory. But a return was brought down into the house which I think was in very bad taste on the part of the officers of the department, because it shows a most vindictive attitude towards this gentleman, Captain Roy. It is stated:

> This officer's retirement was promoted by the fact that over a period of some eight years, and notwithstanding repeated warnings to the contrary, there occurred very many instances of derelictions from duty, failure to comply with regulations, acts detrimental to discipline and to the good of his regiment, the cumulative effect of these being not only subversive to discipline in the unit but also giving a bad example to the younger officers, and thus making it essential in the general interests of the service to remove this officer.

These charges were placed on the record without this officer being granted a hearing, and I have reason to believe that this action was taken in consequence of his having made some effort to stop gross irregularities in the administration of the affairs of the Royal 22nd Regiment. I have made it my business to consult other senior officers who had knowledge of these affairs and they corroborate the statement of this officer. The conditions existing in Quebec were an open scandal throughout the force. I will not deal with the matter at length. I simply wish to bring it to the attention of the minister and to protest against the fact that I was not given the information I had the right to receive as a member of this house with regard to the administration of government funds. I have asked that proper steps be taken, if the charges have been confirmed by inquiry, to deal with the senior officers who condoned practices so vicious and irregular. I also make a definite

appeal on behalf of a young officer of good family and good record—and this is substantiated by a number of officers who have since retired from the force. I ask that this gentleman be granted plain justice in this instance, because I feel that he has been grossly discriminated against and victimized by the very men whose conduct is in question. I hope I shall have a statement from the minister in this regard.

Mr. BENNETT: Not only do the conditions exist in Quebec, as indicated by the hon. member who has just spoken (Mr. MacNeil), so far as that particular regiment is concerned, but I have had occasion to bring to the attention of the minister other cases in which men have been punished, it seems to me, simply because they dared to assert themselves in favour of honest and decent administration in the units with which they are connected. I am bound to say that I think the minister in the two cases I brought to his attention has endeavoured to do everything that a minister reasonably can do, but the officers will not give effect to what should be done and it is disturbing to think that this is going on. It happened in years gone by in this country and created considerable difficulty.

There never has been a time when there was in connection with the militia a situation such as we have to-day, and it is attributable to exactly such conditions as the hon. member has just referred to. It is believed that there is direct interference on the part of some officials with respect to what should be the orderly administration of a department, and I can only say to the minister that I believe —I want to be fair about it—that though he is a strong partisan he has been endeavouring to do something to remove the difficulty that exists. I would say to him something of the sort once said by a queen to her son—"Charles, be king!" I suggest to the minister that, after all, he is minister, and not somebody else in his department, and that the conditions that exist in Quebec call for a real investigation. In connection with the Royal 22nd Regiment they cry aloud for an investigation The man who has been promoted—the story will be told to this house some day—I will not mention by name. I say that purposely, for it would not be the proper thing in view of what the minister is trying to do. At Winnipeg the condition got down to this: Is it possible because of social and other pull for any man to misappropriate money and then, because decent, honest men wish to see that sort of thing stopped, they should be punished and deprived of their positions and treated in this way? That is what it gets down to. I will refrain at this time of day from going into the details of all this, because I have found the minister himself reasonable in his attitude of mind and in his approach to these problems. But for some strange reason action always falls just short of realization. I wrote and told the minister that I thought he had done the fair and decent thing but to my horror I discovered that after all, although he thought it had been done, it had not. That sort of thing must stop in this country. No little band in this country is going to defy either ministers or public opinion in the observance of the amenities of life, merely because they happen to be the favourites of particular individuals. The sooner that is understood, the better.

With respect to the matter to which the hon. member for Vancouver North has referred. I intended myself to speak about it, but I am not going to do so now. We have a right to these papers—and when I say "we" I mean this house. No sort of private star chamber business is going to be set up here; if I were to adopt the language of the Prime Minister with respect to a somewhat similar matter I would characterize it even more strongly, but I content myself with these observations. I still rely upon the minister carrying into effect what I believe he honestly wants to do in the interests of the service of this country, and I say to him again, in the language of the old queen, "Ian, be king!"

Hon. IAN MACKENZIE (Minister of National Defence): First I desire to thank my right hon. friend (Mr. Bennett) for his very fair comments.

Two cases mentioned, the one by my right hon. friend and the other by the hon. member for Vancouver North (Mr. MacNeil) arose before I was entrusted with the responsibility of being Minister of National Defence.

Mr. BENNETT: That is true.

Mr. MACKENZIE (Vancouver): With respect to the Winnipeg case, I am not going to discuss the right or wrong of it, but I have endeavoured to the best of my ability to see that substantial justice was done.

Mr. BENNETT: Hear, hear.

Mr. MACKENZIE (Vancouver): Two different courts of inquiry were held in that case, and I trust that even further measures will be taken to see that final justice is rendered in every individual case in connection with the Winnipeg incident.

The case mentioned by the hon. member for Vancouver North was disposed of in May, 1935, after a very thorough investigation by the chief of the general staff, a board of officers, and the district officer commanding. The case was brought to the attention of my predecessor, the hon. member for Yale (Mr. Stirling), who, this committee will agree, is a gentleman of very fair and very eminent judgment. I perused all the files—I am not going to refer to any confidential documents in connection with this officer; I do not think it is necessary for me to do so—I considered the reasons for dealing with him as he was dealt with, and I am constrained to say with great regret that I agree with the action which was taken with respect to him.

My hon. friend has mentioned charges in connection with a Quebec regiment. A court of inquiry was held. As my hon. friend says, he was denied access to the proceedings of the court of inquiry. He was, however, offered private access to the proceedings of the court. If this house wishes to assert as a matter of principle that the proceedings of courts of inquiry in the Department of National Defence shall be open to any hon. member of the house, I have not the slightest objection. The principle all through the years has been that these are confidential proceedings, and not producible, but if the house wishes to establish another principle I am entirely willing and even anxious to see that all these proceedings are brought down with reference to any of these troubles which have arisen.

Mr. BENNETT: I believe that in the British parliament they bring down courts martial proceedings.

Mr. MACKENZIE (Vancouver): Personally I would have no objection; indeed I rather agree with my right hon. friend with reference to the proceedings of the court of inquiry he has mentioned, and I have not the slightest objection to bringing them down. I agree with the judgment of my predecessor with regard to this case. I want to say nothing reflecting on this officer. It would not be fair to use the privileges of parliament to reflect on any officer. But I do say this, that a court of inquiry was held with reference to the allegations mentioned, and honestly mentioned, by the hon. member for Vancouver North. As I have said, if the committee wishes that the proceedings of courts of inquiry in every case shall be made available, I am not only anxious but willing that these documents shall be brought down. Both these cases were left on my doorstep when I was entrusted with the responsibilities of the department. I endeavoured to do the best I could in the Winnipeg case; in the Quebec case I sustained the judgment of my predecessor, and I think I was doing justice in so doing.

Mr. BENNETT: And in the Nova Scotia case also.

Mr. MACKENZIE (Vancouver): Yes.

Mr. MacNEIL: Were the charges against the principal officers concerned substantiated in any form, particularly with regard to dealing with funds and the misuse of government property? If they were not cleared of these charges, why have they since been granted promotion?

Mr. MACKENZIE (Vancouver): I am informed—this is subject to further inquiry—that these charges were not substantiated. I should be very glad to bring down the proceedings of the court of inquiry for the hon. member to see.

Mr. MacNEIL: Can the minister make any statement with reference to the proceedings against the junior officer?

Mr. MACKENZIE (Vancouver): I recall that it was arranged that there should be a conference in October, 1937. I instructed the deputy minister and the adjutant general to be in my office to meet with that officer. The officer, however, never turned out for that investigation or inquiry.

Mr. STIRLING: The minister has referred to the fact that action in the Roy case was taken during the time of his predecessor, and as I was that predecessor perhaps I should make a remark or two. As to that portion of the reference which the hon. member for Vancouver North (Mr. MacNeil) has made to the Royal 22nd Regiment, dealing with Captain Roy's case, I have a general recollection of the case. I cannot be expected to remember the details, but I do recall that before making any decision I gave careful study to all the related facts and circumstances, because to take such action against any man is a serious matter. The inquiries were held consequent upon repeated instances of alleged misconduct on the part of the officer in question. That it was not one isolated incident, but a number of incidents reported over the course of years, is my recollection. Not only was the matter reported on by his commanding officer; it went to the district officer commanding, and then to the chief of the general staff. After I had considered all the reports produced by those three officers, I could come to no other conclusion than that the action should be taken which was taken.

Mr. MacNEIL: There is one further matter to which I wish briefly to refer, in the hope that it may bring forth a statement from the minister as to the policy regarding the construction of armouries across Canada. The people of Canada at this time are making serious sacrifices for the purposes of national defence, and I see no reason why in certain instances armouries should be constructed with a consequent diversion of funds required for purposes of coastal defence. I refer to sessional paper No. 210 of this year. I find that the total cost of armouries and barracks, including lands, and exclusive of maintenance and repairs, has been $20,163,586. That is quite apart from the lands and buildings transferred by the government of the United Kingdom to the Dominion of Canada free of cost. The annual cost of maintenance of armouries and barracks in Canada is $994,994—approximately $1,000,000—including structural repairs, care of buildings, grounds and equipment; also heating, lighting and water services.

I have in my hand a list of the locations of armouries across Canada. In military district No. 1 there are armouries at places like Chatham, Erin, Galt, Ingersoll, Listowel, Parkhill, St. Thomas, Strathroy, Walkerton, Windsor, Elora, Forest, Guelph, Kincardine, London, Sarnia, Stratford, Watford, Wingham, Woodstock, Port Elgin.

In military district No. 2 there are armouries at places like Aurora, Brantford, Brampton, Cannington, Dundas, Georgetown, Haileybury, Markdale, Niagara Falls, Orillia, Paris, Simcoe, Toronto (Fort York), Whitby, Barrie, Burford, Beaverton, Clarksburg, Durham, Hagersville, Hamilton, Meaford, Norval, Oshawa, St. Catharines, Toronto (University avenue), Welland, Milton.

And so it goes on, representing not so much a plan of defence as a first class map of political expenditure. I am concerned because in the estimates just voted for public works there are included a number of items for the purpose of further construction of armouries. For instance, one at Hull, at a cost of something like—

Mr. MACKENZIE (Vancouver): $260,000. It is partly rebuilt.

Mr. MacNEIL: —and a similar expenditure in Cornwall. Quite sincerely, I can see no relation in these expenditures to defence. I oppose this expenditure because it is my belief that it is made largely for political purposes. When you consider the use that is made of these armouries, the comparatively small number of men involved, and the fact that they are dark the greater portion of the time, I consider it is a needless expenditure at this time. I urge the minister to abandon the construction of armouries. I believe that to do so would accord with the opinion of a large number of senior officers interested in sound policies of national defence, and that such funds as may be expended in this connection should be directly related to coastal defence, which is our real problem at this time.

Mr. MACKENZIE (Vancouver): I appreciate very much the point of view expressed by my hon. friend, but I must take issue with him at once in regard to the value of armouries in Canada. Particularly since the reorganization of the militia units and the attempts to complete the mechanization of them, I submit that armouries are absolutely indispensable for the training of our Canadian forces, especially in the winter months when they cannot possibly train outside. The only way these units in the interior and the colder portions of Canada can train throughout the year is in these armouries. As a matter of fact I must express my personal regret that the very obvious necessities for the present year with regard to more armoury accommodation in Canada have not been met, because you cannot possibly have complete training of your militia units unless you have the necessary buildings where such training can be carried on.

As I say, I appreciate my hon friend's point of view, but I must take issue with him. To-day the armouries in Canada are used not only for the training of our militia but also to a tremendous extent for community purposes in every small community throughout the country. If this year I had been able to meet all the requests, not only of supporters of the government but of hon. gentlemen in all quarters of this house, with reference to needed armoury accommodation, a further amount of $5,000,000 would have been required for this purpose. That is the actual situation from the defence point of view. I receive wires and letters every day asking for the loan of armouries for public functions, very often charitable functions, and at the present time these armouries are rendering magnificent service in the smaller communities throughout Canada.

Mr. BENNETT: There are three matters I should like to bring to the attention of the minister on which I should like an expression of opinion before we rise. The first has to do with supplies. The minister has pointed out that he receives requests for the use of armouries for public purposes, and with what he has said as to the necessity for these buildings I absolutely agree. But we have a rule that militia supplies, with the exception of rubber carpeting, should not be allowed out

on loan. That rule, of course, has not been observed; I have a list, which was obtained from the proper source, of many of these applications for loans. What I put to the minister is this, that there should be no favouritism with respect to these matters.

Mr. MACKENZIE (Vancouver): Hear, hear.

Mr. BENNETT: For instance, there is an issue of swords under loan. The rule is very, very severe; in fact, as I read it, it is almost prohibitive. There are tents loaned at times, as well as other supplies of the department. I should like the minister to satisfy himself personally as to the impartiality that is exercised in connection with these matters. The second point I desire to raise is much more serious. It has to do with whether or not we should have the private manufacture of arms in this country. The real truth is that the papers brought down, dealing with an agreement in connection with the manufacture of Bren guns, contemplates a profit of ten per cent.

Mr. MACKENZIE (Vancouver): No. That is the outside limit, but it actually works out much less.

Mr. BENNETT: I should say they contemplate a possible profit of ten per cent. Time after time we have had discussions with respect to that matter; articles and indeed volumes have been written as to the evil effects of this practice upon the general life of the country. Yet we have made a bargain with a private enterprise, through a man untrained in this particular job, who has nothing to do with manufacturing, who has taken the old, second hand machinery of the John Inglis Company, which everyone in Toronto knows is obsolete, and to that we have added about $250,000 worth of our own machinery. I think that is the estimated value of it. That we have given freely, because it is intended that it will reduce the unit cost of what we are doing; and we have given an order for these Bren guns and secured an order from Great Britain. This could be justified if the effect of it has been to enable another member of the commonwealth to secure supplies that otherwise might not have been made available rapidly and satisfactorily; but in the meantime we have to build up the unit that produces them, and that unit is being built up of old, second hand, obsolete machinery of the Inglis company in Toronto, plus our machinery which is now at least twenty-five years old, I think some of it much older. I am not in any position to speak with authority with respect to machinery, but I do say that modern manufacturing is predicated upon the assumption that machinery of this kind is entirely obsolete, that long since its obsolescence has been such that it would be no longer regarded as satisfactory for the purpose.

Mr. MACKENZIE (Vancouver): I may say that the technical advice is to the contrary in regard to this particular machinery.

Mr. BENNETT: I understand that some people have advised that the heavy machinery, which is always useful and which never becomes obsolete until it is absolutely worn out and will not function at all, is acceptable; but that the manufacture of these arms, which is a matter of great precision, depends upon more modern machinery rather than upon old, obsolete machinery, either of this particular firm or of our own.

In that connection I think we should have some statement, because it does appear to me that we cannot justify private firms being created for the purpose of manufacturing arms unless we can give a valid reason for it concerning the interests of the country itself or of the commonwealth. It may be that it is desirable because of the large order that comes from Great Britain that we should embark upon this method of dealing with it. I should like to have the minister give as full a statement as possible as to just what were the operating causes. I am only saying that we have times without number declared against the theory of the private munition manufacturer being able to place himself in a position which permits him to influence public opinion in the manner that has been so strongly condemned, shall I say, in various parts of the world.

The third point has to do with the utilization of portions of this country for the purpose of training grounds for the training of aviators. There has been much discussion in the public press and in another place with respect to the matter. It is well known that in England there is a limitation on the training that can be carried out in connection with their aircraft, because of the density of population. That is, the limitation imposed upon them with respect to flying and training, because of the very dense population, render it essential that they should carry on their operations in some other part of the world. I believe Newfoundland was considered at one time; I believe other parts of the British Empire have been considered, and the information is that not a request but what is equivalent to it, namely an approach to this government, was made to ascertain whether or not

there would be any objection to this being done. Obviously no member of the commonwealth is going to ask this government, and face a refusal, because that is not the way governments do business. But the information I have is that the British government was desirous of finding here an opportunity for the training of flyers and aviators, because of our climatic and other conditions that made such training possible, as compared with the limitations imposed upon them by reason of the density of their population and other matters of that kind.

What I was anxious about was whether the government would not be very greatly concerned to assist in this being done, not only because we are a part of the British commonwealth of nations but also because it would enable us to derive the benefits that would come from such an arrangement. Then there is another matter which becomes of importance. I am informed that the commission which visited the country some time ago did not go into the factories at all, but received from the department a memorandum showing what our factories in Canada were capable of producing; that they had no knowledge, for instance, that this country could produce shells of a certain type, and were ready and willing to enter into a contract for the production of shells if we were prepared to sanction it. That also becomes a matter of very considerable importance.

Mr. MACKENZIE (Vancouver): That is entirely incorrect, may I say right away.

Mr. BENNETT: That may be; but certainly it is clear that the British government were willing to purchase supplies in this country, just as they were of Bren guns; and the question is whether or not they were given the opportunity to do so, as they were with respect to Bren guns. That is the only question, and I think that puts it clearly. Those two matters should be cleared up.

Mr. MACKENZIE (Vancouver): I will deal briefly with the three points raised by my right hon. friend. In the first place, with respect to the issuance of supplies I can assure my right hon. friend that so far as I know there is not the slightest suggestion of any partisan consideration in regard to the issuance of supplies.

Mr. BENNETT: I did not say "partisan."

Mr. MACKENZIE (Vancouver): I thought my right hon. friend did suggest that.

Mr. BENNETT: No, far from it. I did not even mention it.

[Mr. Bennett.]

Mr. MACKENZIE (Vancouver): Last week I had the pleasure of accommodating three of my good colleagues from the other side of the house with respect to supplies, and I can assure my right hon. friend it is fully a matter of supplies being available. Where we are able to accommodate the public demand we are only too pleased to do so.

Mr. BENNETT: I referred to favouritism, and did not use the word "partisan."

Mr. MACKENZIE (Vancouver): I accept the amendment—but I am not conscious of that, either.

With reference to the contract for Bren guns, I want to say immediately that it is a very important question. I suggested myself very early this session that all these contracts could very well be examined by either the public accounts committee or a special committee of this house. I feel it is due to myself as minister, and to the department, that there should be a complete investigation from the business point of view, because I do say this, that from the business point of view this is one of the finest contracts that was ever signed in the public interest of Canada.

I want to say in the second place that the minister cannot take the slightest credit for the contract, and the minister never sat in on any of the consultations, and never met Major Hahn until after the contract was signed. The contract was discussed by an interdepartmental committee which was formed about two years ago. I think that a subcommittee studying the terms of the contract for three months found they had various possible alternatives. One would be that once the unit basis was established with reference to the contract that they might possibly call for tenders. That suggestion was made to those who had already organized the main details in England of a complementary contract, and we were told that if any further delay occurred the arrangements could not be proceeded with. That was exactly the situation.

Mr. BENNETT: If any delay ensued.

Mr. MACKENZIE (Vancouver): Yes. We were told that if that suggestion was carried out the contract as had been arranged would have been impossible. Major Hahn went to England in 1936 and evidently made a favourable impression upon the British people. He also had access over there to the specifications of the Bren gun. I want to leave the idea with the committee that these are secret specifications and we had no control over them. It is quite possible they would not be available to any competitor of the firm

which got the contract. I want to say this: Once we were informed by the war office of the attitude of the British government we went into figures with the Enfield factory in England which produces those guns at the rate of fifty a week—

Mr. BENNETT: It is more than that.

Mr. MACKENZIE (Vancouver): —and we established the following figures: If we produced in Canada only 7,000 guns, on the same unit price basis as in this contract, the cost would be $4,887,923.63. Under the joint arrangement the cost of the guns would be $3,515,894.11. In other words there is a saving to Canada, as a result of production being increased from 7,000 to 12,000 guns, of $1,372,029.52.

Mr. BENNETT: It is the old story of increasing the unit production and reducing the unit cost.

Mr. MACKENZIE (Vancouver): Yes, increasing production and reducing the cost of production.

My right hon. friend referred to the possibility of applying the same principle in other directions. It would be of tremendous advantage to the Department of National Defence, to the government and the people of Canada if we could do that. I want to assure my right hon. friend and the committee that nothing has been done except so far as we can to encourage the placing of these orders, where we ourselves were handicapped through the impossibility of the production of orders in Canada.

Mr. BENNETT: Making the unit cost prohibitive.

Mr. MACKENZIE (Vancouver): Yes. We cannot always ask industry to go ahead with our small orders in Canada, because they cannot do it on a satisfactory financial basis.

I want to repeat what I said. I would like to see this contract examined from a business basis, through and through. I think it is one of the finest things ever done, since we had to do it in Canada, for the dominion. I would prefer to see it done by public ownership, because I am against the principle of the private manufacture of arms.

We studied the report of the royal commission in Great Britain of the senate committee in the United States and of a distinguished committee in Ottawa under the chairmanship of Doctor Skelton which sat two and a half years ago. They considered this one problem. As the result of the recommendations of that committee we tried to combine the principle of public ownership with private management. That is exactly the principle followed out to-day in connection with this. I realize it is capable of political attack but I do say to my right hon. friend that it is the very best thing that can be done to-day in order to expedite matters and to do a job at the cheapest possible cost for the production of the material in Canada.

With reference to the third point raised by my right hon. friend in regard to the air force may I say I looked up the files of the department on the question and I have found that in 1937 there was an editorial in the Vancouver Sun written on July 7 of that year, as follows:

> The announcement that the Canadian government had refused permission to Great Britain to establish royal air force training stations in Canada, but will permit the British authorities to recruit Canadians to be trained in that service, would seem to indicate that this country has rather fumbled the issue.

I made an inquiry, and received from the senior air officer the following:

> I regret I have been unable to trace the authority for the statement in question. A search of central registry has failed to reveal any request by the air ministry for authority to establish a training station in Canada. No one in this office has any recollection of having seen correspondence dealing with such a request.

Mr. BENNETT: I would not expect there would be.

Mr. MACKENZIE (Vancouver): The other day, after certain remarks were made in another place, I made further inquiries, and the situation is still the same. As a matter of fact I want to say that in regard to the training of Canadians, and preparing them for commissions in the air force in Great Britain, we have met every request. We are sending 120 a year to Great Britain, and training some at Trenton—fifteen at the present time—who will later proceed to Great Britain and take commissions there, and then qualify after short term commissions for reserve in the Canadian air force.

This insidious campaign outside—not in the house—that there has been a lack of willingness to cooperate, I say is absolutely false in every word. There has been absolutely a full spirit of cooperation, and I would ask the Prime Minister, if he will, to read a letter which came from the British government the other day indicating their appreciation of the cooperation extended to the recent air commission in Canada.

Mr. MACKENZIE KING: First of all I have to say that I am somewhat surprised that the right hon. the leader of the opposition in this house, and the leader of the opposition in the senate, assert that they have information with respect to conversations which

have taken place between the British government and the Canadian government, because I am unable to gather from what source information of that kind could have come.

Mr. BENNETT: That is not what I said.

Mr. MACKENZIE KING: What did my right hon. friend say?

Mr. BENNETT: The right hon. gentleman has a habit of making statements of that character. I did not say that. I said I had information that they had endeavoured to establish training schools in this country. I was sensible enough to know that they did not make any formal request to the government, but would rather ascertain through informal discussions what the attitude of the government was.

Mr. MACKENZIE KING: Perhaps my right hon. friend will tell the committee where he got his information so we may judge how authentic is its source.

Mr. BENNETT: I have no intention of saying that.

Mr. MACKENZIE KING: I thought not. I want to have it understood that neither the right hon. leader of the opposition in this house nor the leader of the opposition in the senate is prepared to state the source of his information. On the other hand, they both have been prepared to have a controversy take place in the press which has misrepresented entirely the position of the present government and which I think has helped to create embarrassment in the old country as well as here.

Mr. BENNETT: The Vancouver Sun started it.

Mr. MACKENZIE KING: It is an old Tory trick.

Mr. BENNETT: The Vancouver Sun is a Tory paper, is it?

Mr. MACKENZIE KING: It has been started at different times and in different ways. However, I think we shall clear up the matter once and for all this morning. The letter my colleague, the Minister of National Defence (Mr. Mackenzie), has asked me to read is a communication which was received from the High Commissioner of the United Kingdom, Sir Francis Floud, and which reads:

Office of the High Commissioner
for the United Kingdom
Ottawa

June 21, 1938.

Sir,

With reference to your note No. 6 of the 16th April, I have the honour to inform you that I have been instructed by the Secretary of State for Dominion Affairs to convey to His Majesty's government in Canada an expression of the warm appreciation of His Majesty's government in the United Kingdom for the valuable assistance rendered by the Minister of National Defence and his department to the air mission from the United Kingdom which recently visited Canada.

I have the honour to be,
Sir,
Your most obedient servant,
F. L. C. Floud.

The Rt. Hon.
The Secretary of State
for External Affairs,
Ottawa.

Mr. BENNETT: Read the letter of April 16, to which that is a reply.

Mr. MACKENZIE KING: I have not that letter here. The letter of April 16 I think, intimated that a mission would be coming to Canada.

Mr. BENNETT: That will be a letter from the government of Canada to Sir Francis Floud.

Mr. MACKENZIE KING: It had I imagine reference to the mission.

Mr. BENNETT: The Prime Minister should not read a reply to a letter, without reading the letter to which it is in reply.

Mr. MACKENZIE KING: I will send for the letter. I think my right hon. friend knows what it would likely be.

Mr. BENNETT: I know nothing of that.

Mr. MACKENZIE KING: There is nothing in the other communication which would affect or alter in any way the significance of the present communication.

Mr. BENNETT: The terms of that letter would determine the reply.

Mr. MACKENZIE KING: With respect to what has been asked this morning by the right hon. leader of the opposition in this committee, and with respect to the questions asked by the leader of the Conservative opposition in the senate, I would say that the government has nothing to add to the statement made by the leader of the government in the senate in response to an inquiry by the leader of the opposition in that house, the statement then made was to the effect that no requests have been received from the British government for the establishment in Canada of training centres for aviators of the air force of the United Kingdom. Confidential and informal exploratory conversations with respect to training of British air pilots have taken place, but nothing has developed which it was felt warranted a statement of policy. As has been indicated, if any proposals are

made by the government of the United Kingdom, the Canadian government would of course be prepared to discuss them with that government and to make its position known to the Canadian people and to parliament.

Possibly hon. members have noticed that this matter has been brought up in the British parliament at Westminster where replies have been made to questions asked. In the Ottawa papers of June 30 there appeared a dispatch from London dated June 29 setting forth a reply that Sir Thomas Inskip, Minister for National Coordination, made to a question asked by Sir Percy Hurd, Conservative. Sir Percy Hurd asked what arrangements were being made to enlist Canadian cooperation in the government's rearmament plan. Sir Thomas Inskip replied:

His Majesty's government in Canada, in common with His Majesty's governments in other dominions, have been kept informed in regard to the rearmament program of this country. The possibility of placing orders in Canada is under examination, and orders have been placed in certain cases in which suitable terms, including times of delivery, can be arranged.

I think that dispatch indicates upon what the British government wishes to give in the way of information on matters which have been the subject of confidential communication between the two governments.

May I say a word with respect to the idea of having the Imperial air force set up flying schools in Canada to train their pilots; in short, a military station put down in Canada, owned, maintained and operated by the imperial government for imperial purposes. I must say that long ago Canadian governments finally settled the constitutional principle that in Canadian territory there could be no military establishments unless they were owned, maintained and controlled by the Canadian government responsible to the Canadian parliament and people. In the end the imperial naval stations and army garrisons were withdrawn and Canadian authority took over. A reversal of that principle and that historical process at this date is something the Canadian people would not for a moment entertain. Such domestic ownership, maintenance and control of all military stations and personnel is one of the really indispensable hall marks of national sovereign self government and an indispensable basis for friendly and effective cooperation between the governments of Canada and those of other parts of the British commonwealth of nations, including the government of the United Kingdom. Outside its homeland a state may have military stations and quarter military personnel in countries which it "owns," in its colonies or "possessions," or in its mandated territories according to the trust deed, or in countries over which it has assumed or been yielded, by some arrangement, what amounts to a protectorate. But no country pretending to sovereign self control could permit such a state of affairs or its implications and consequences. I need only add that what I have said has, of course, to be sharply distinguished from the case of actual war where a country may have to permit its partners, associates or allies to maintain, operate and control military establishments and forces within its territory, forced to do so by the actual strategic or tactical necessities and for the purposes, but only for the purposes, of the actual joint war.

Mr. MacNEIL: In the light of the statement just made by the Prime Minister, I wonder if he would clarify our position with regard to the naval bases at Halifax and Esquimalt? I hold in my hand copy of sessional paper No. 285, tabled last year. At that time the following question was asked:

What are the obligations, if any, of the government to the government of the United Kingdom in respect of the naval bases at Halifax and Esquimalt?

The answer given was as follows:

The naval bases at Halifax and Esquimalt were taken over on conditions that the dominion government would maintain them in a state of efficiency, would provide storing accomodation for coal and other fuel for the admiralty, and dock yard facilities for his majesty's ships visiting Canadian waters.

I am not asking this question out of mischievous curiosity. As the Prime Minister is aware, this matter has been discussed at length in articles appearing in important publications. It has been stated that this commits Canada to a state of belligerency, without reference to parliament, in the event that Great Britain should be involved in a war. Is the Prime Minister prepared to make a statement with regard to our obligations in connection with the defence of these bases should the United Kingdom become involved in a war?

Mr. MACKENZIE KING: I can only repeat what I have said time and again, namely, that there are no commitments of any kind on the part of this government with respect to any war in which the United Kingdom may be engaged. What may be done will be done as a result of the action of this parliament.

Mr. BENNETT: The question I was about to ask has been answered by the Prime Minister. I would be derelict in my duty if I did not say at once that I wholly and entirely and utterly disagree with that statement. When

the ancient partner upon whom we have leaned all these years is not to be permitted to provide effective means for maintaining, not her life but the life of an empire and commonwealth, then I say it is time for us to take stock of the situation.

Mr. MACKENZIE KING: There has been no statement to the effect that effective means would not be provided, but the means that have been suggested by the right hon. leader of the opposition are means that would be destructive of all effective cooperation.

Mr. BENNETT: To say that any partner in our commonwealth should not, if it so desired, be given every opportunity to establish training fields for the safety, not of themselves but of the commonwealth, is destructive of the whole theory of 1926 and 1930. We said that we were freely associated with one another, that we were partners, and now we are told that if we try to act as partners we will be violating some unheard of national right.

Mr. MACKENZIE KING: There was nothing in the statement I have made to justify any such inference.

Mr. BENNETT: It justifies no other inference than that. It can be interpreted in only one sense. The language is clear, it is unambiguous—for a change. But, sir, I do not believe that the people of this country share that view. Every man who has read the history of modern warfare and knows what is being prepared realizes that the bombers of to-day will make the British islands the very forefront of attack in the next war. They are threatened, and where are they to prepare for their defence, which is our defence? Not in those little islands. And if they want to come here and train and prepare to send their bombers across the ocean if the occasion arises, should they not be permitted gladly to do so and be welcomed? For what they are saving is our civilization, and Canada—and Canada, I repeat. The idea of the first minister of Canada suggesting that this is a Tory trick, when the article to which reference was made by his minister sitting beside him is from the Vancouver Sun, a Liberal paper, of the seventh day of July, 1937, almost a year ago.

Mr. MACKENZIE KING: A Tory trick, just the same.

Mr. BENNETT: There we have it. What a spectacle!

Mr. MACKENZIE KING: What a spectacle. That is what I say.

[Mr. Bennett.]

Mr. BENNETT: The idea of the first minister of this country, when the Liberal organ of Vancouver makes this statement and the Minister of National Defence was so impressed with it that he at once instituted proceedings for the purpose of ascertaining its origin—he so stated here this morning, and he got a report. That statement in the Vancouver Sun did not come from me. I heard of it as others did, and I was as shocked as the Vancouver Sun apparently was. I knew nothing of it. I wonder how many members of this house knew anything about its origin. I do not know yet, and the Minister of National Defence says he is unable to find out. But there it was. And to-day we are told that it is inconsistent with our national sovereignty that the Dominion of Canada should permit training fields and centres to be established here by one of our partners for the defence of our common empire, a commonwealth of nations.

Mr. MACKENZIE KING: We establish our own.

Mr. BENNETT: We have not the facilities to establish our own to offer to them. I know something of the difficulties even with regard to these 125 men to which reference has been made. I know the clamour of Canadians to join that force. I have had them come to me, not by ones and twos but many more, asking what I could do to assist them to get across the water and join the Royal Air Force. We made provision for a few men training at Trenton and for the medical examination of Canadians going to join the air force in England and we put a quota on those who desired to join the Royal Air Force. And now we are told it would be inconsistent with national sovereignty that we should permit a partner to provide for a contingency that means our life. Do not let us have any misunderstanding about it. When Britain goes we go. Who stands if freedom fall; who dies if England lives? If it was the last word I ever uttered in this house or with the last breath in my body I would say that no Canadian is worthy of his great heritage and his great traditions and his magnificent hope of the future who would deny to the old partner who established us the right in this country to create those centres which she may not have at home to preserve her life and the life of every man who enjoys freedom and liberty under the protecting aegis of that flag.

Mr. LAPOINTE (Quebec East): I knew the flag would be the last word.

Mr. BENNETT: Certainly and proudly so.

Mr. MACKENZIE KING: May I say to my right hon. friend that the course above all others which serves to unite and which serves to keep united the British Commonwealth of Nations is that which is implied in the words "complete self-government on the part of each of the self-governing dominions" and self-government means control by the government of a country over its own military establishments.

Mr. BENNETT: Free association.

Mr. MACKENZIE KING: Free association but complete control of its own military establishments.

We have in Canada our Department of National Defence; we have our army and our air force and our naval service establishments as the British government have their army and navy and air force establishments under their own control and a responsible minister. You cannot have two military forces operating in individual countries responsible at one time or in part to the one government and at another time and in part to another government. We have to take complete responsibility ourselves with respect to everything we do and for everything that is done here.

Mr. BENNETT: This is not a military force but a training force.

Mr. MACKENZIE KING: I want the house and the country to understand clearly what is being discussed. My reference was with regard to the idea of having the imperial air force set up a flying school somewhere in Canada to train their flying pilots. In short, a military station to be put down in Canada, owned, maintained and operated by the imperial government for imperial purposes

Mr. BENNETT: Not for imperial purposes.

Mr. MACKENZIE KING: It is for imperial purposes. Is it for Canadian purposes?

Mr. BENNETT: Yes, very much so.

Mr. MACKENZIE KING: I say that we will look after our own defence in cooperation with other parts of the empire, just as they will look after their own defences in cooperation with other parts of the empire, but that cooperation will be most effectively maintained and carried out by each part managing its own affairs and being responsible to its own parliament for all its actions in respect thereto.

I have made this statement at this time this morning so that there can be no mistake about the attitude of the Canadian government on this question, and if at any time my right hon. friend wants to go before the Canadian people and have this issue fought out, I am quite prepared at the appropriate time to go before them.

Mr. BENNETT: I am bound, Mr. Chairman, to say "So am I." I want to say, further, that his own Minister of National Defence is my authority that we are going to depend on the might of our partner, Britain, for our naval defence, and that means our life. That is not what I said, but what the Minister of National Defence said; that means, the defence of Canada by the taxpayer of England, who is denied the right to train his men in Canada for the purpose of protecting that navy.

Mr. MACKENZIE KING: I want to take issue at once with that statement.

Mr. BENNETT: That is what it means.

Mr. MACKENZIE KING: They are two entirely different things. This government has never at any time said that it was not prepared to give in our own establishments the opportunity to British pilots to come over here and train, but they will do it in our own establishments, controlled by our own Minister of National Defence who is responsible to this parliament. That is an entirely different thing from having a branch of the British forces establish headquarters in this country, direct their own men here and be responsible, not to this parliament for what takes place in Canada as a consequence, but only to the British parliament and the British people.

Mr. BENNETT: And yet in Canada, sir, the road to the Yukon and Alaska—a military road—not for a partner of the empire but for an alien—

Mr. MACKENZIE KING: What?

Mr. BENNETT: An alien.

Mr. MACKENZIE KING: What about it?

Mr. BENNETT: Just that. I am asking is that consistent with this discussion?

Mr. MACKENZIE KING: Who has suggested that?

Mr. BENNETT: The premier of British Columbia, has he not? He cannot do it unless this government gives him permission, for the Yukon is under our control. And he goes to Washington and says that he does it with the approval of the Prime Minister.

Mr. MACKENZIE KING: No, he did not; I beg your pardon.

Mr. BENNETT: That is what he said.

Mr. MACKENZIE KING: No, he did not.

Mr. BENNETT: That is what he said.

Mr. MACKENZIE KING: He did not.

Mr. BENNETT: All right.

Mr. MACKENZIE KING: He himself has stated specifically to me that what he did he did entirely on his own responsibility.

Mr. BENNETT: Certainly.

Mr. MACKENZIE KING: I gave him no encouragement or authority, nor has he had any from any federal source so far as the Yukon road is concerned. When the question comes up for consideration by this government, this government will give its answer with respect to what is to be done.

Mr. McGEER: Do I understand from the leader of the opposition that he is opposed to the construction of the Alaska highway?

Mr. BENNETT: Certainly he is.

Mr. McGEER: I am glad to know that.

Mr. BENNETT: Certainly he is, under the conditions suggested, because the back door is as open as the front door. Always keep that in mind, and I have said so frequently. There is nothing new about it. This morning we have the Minister of National Defence leaving it to the Prime Minister to make the statement he has made, and it is the same Minister of National Defence who has told this country that it is on the British navy that we are going to depend, plus the American navy on the Pacific. There is his speech; I read from it again the other day. He did not say that we were going to have the American navy for sure, but that he felt as a matter of friendliness that they would probably see us out of our difficulties.

Mr. MACKENZIE (Vancouver): I never mentioned the word American.

Mr. BENNETT: He mentioned the word neighbour.

Mr. MACKENZIE (Vancouver): But not the word American.

Mr. BENNETT: Well, he did not mean Mexico as far as I know. Now I will put one point and leave it at that. If it is essential that we should depend upon the British navy for our national life, is it inconsistent with our position of free association with the people who provide it that they should have an opportunity to establish a training school in Canada for those who will defend, not their country, but our common heritage with their navy upon which we depend, according to the minister himself? Everybody, I think, will agree with that, and I believe that the great mass of public opinion in this country would support that view.

Mr. LAPOINTE (Quebec East): Would my right hon. friend extend that principle even to the land forces, the militia—to have the militia of the United Kingdom use Canada as a crown colony for training purposes?

Mr. BENNETT: No sir.

Mr. LAPOINTE (Quebec East): Well, what is the difference?

Mr. BENNETT: I made it clear at the threshhold of my observations that aerial attack and defence are entirely different from other warlike operations. We are dealing with operations in the air. It has never been suggested that England should undertake defensive or offensive operation's in Canada, but to train their airmen where they would be free from attack, that they might protect that navy on which we depend, that navy which is to save us and our harbours and our trade and commerce east and west. The training for air service is different from that for the navy and army. I would not for a moment suggest that the militia of England or the army of England should train here. Far from it.

Mr. VIEN: The principle is the same.

Mr. BENNETT: It is not the same.

Mr. MACKENZIE KING: It is exactly the same.

Mr. BENNETT: It is quite different, carrying into the air bombs with flying machines and training men to meet an enemy at our gate and to defend the navy that preserves from destruction our commerce on the open seas is quite unlike military operations. There is no similarity in the world.

Mr. MACKENZIE KING: May I say one word in conclusion. There is not a man in this parliament who believes more strongly in the British Empire and the part it is playing in the world to-day than myself. I believe that the British Empire can be kept together and made an effective instrument for peace throughout the world by effective cooperation between the self-governing dominions and the United Kingdom. But I do say that any reversal of the trend, of which we are all fully cognizant, that has taken place in the last century with respect to military establishments, whether they relate to the army or the air or to the naval service, would be a factor in dismembering the British Empire and would create all sorts of controversy and discussion in the country, serving no useful

purpose in the end. This empire can be kept together by effective, helpful cooperation. This government is prepared to cooperate with the British government and with the governments of all the other self-governing dominions in ways which we believe will most effectively help to preserve the unity of the empire and make it a great force for peace and good will throughout the world and for the maintenance of peace. But we are not going to take a step which we may believe might have the effect of beginning to disrupt the exceptionally happy and united relations which all parts of the empire enjoy to-day each with the other.

Mr. CAHAN: I would ask the Prime Minister whether he seriously suggests that affording facilities, at the expense of the government of the United Kingdom for the training of men in flying, with the idea of ultimately employing them in the British air forces for the protection not only of the United Kingdom but of all the other dominions, is a retrograde step. The training of British air forces in Canada would be the first step, it seems to me, in cooperation in that direction. Such reasonable cooperation would not, I think, imply the exercise of British military authority over this country. It would not be a military force; it would not be a force under military control; it would not necessarily be a military establishment at all. It would be simply providing an establishment with ample facilities in this wide country for training men for ultimate service in the aerial defences of the empire. It seems to me the right hon. gentleman is going very far astray in his definition.

Mr. MACKENZIE KING: I am glad my hon. friend has asked the question he has. I wish to go a step further than he has gone, in his statement that this country should cooperate in a way that will be helpful to all parts of the British Empire in matters of defence by saying that whereas he proposes that we should have the British government come and pay for establishments which they are supporting in this country for the training of pilots, we ourselves are prepared to have our own establishments here and to give in those establishments facilities to British pilots to come and train here. But they must come and train in establishments which are under the control of the government of Canada and for which the Minister of National Defence will be able to answer in this parliament with respect to everything concerning them.

Mr. CAHAN: The facilities at the present time are utterly inadequate to attain the objects which the right hon. gentleman suggests. Will he in parliament, on behalf of his government, ask for adequate appropriations for the purpose, so that there may be ample facilities in this country, under the supervision, direction and control of the Canadian government, for the training of adequate air forces for the United Kingdom and the other dominions? If he will do that, I will go a long way with him, but there has not been one practical step taken yet in that direction.

Mr. MACKENZIE KING: May I say again to my hon. friend that when we have requests from the British government for a particular purpose we shall be prepared to consider them, but we have had no requests from the government of the United Kingdom for the establishment of training stations in this country up to the present. We have had some exploratory conversations with respect to what might be desirable with a view to affording facilities for pilots to train, and we have indicated our position, as I have stated it on the floor of this house this morning, that we are quite prepared in connection with our own establishments, to help in affording facilities to British pilots if that will be of service to them. But I ask my hon. friend this question: Does he believe that an announcement by any government, either Liberal or Conservative, in this parliament, to the effect that the Canadian government was going to permit military establishments in Canada to be owned, controlled and operated from Great Britain, would for one minute make for peace and unity and helpful, cooperative relations between Canada and the United Kingdom and other parts of the British Empire? I am not prepared to go that far, because I believe that that kind of announcement would be prejudicial to the exceptionally happy cooperative relations that we at present enjoy.

Mr. BENNETT: The question has been answered. No British government, after the statement made this morning by the Prime Minister of this country, will ever apply to his government for permission to establish an air training school here.

Mr. LAPOINTE (Quebec East): Well, then, my right hon. friend has served a doubtful purpose by his exuberance this morning.

Mr. BENNETT: I am sorry; but I have obtained from the Prime Minister a statement which makes it obvious that no British government will face a refusal; and we have the refusal now, before application is made.

An hon. MEMBER: No.

Mr. BENNETT: It is as clear as it is possible to make it that we have refused, not

a military establishment, but a training ground. That is all that ever was thought of or suggested. The position is quite clear now.

Mr. LAPOINTE (Quebec East): A training ground?

Mr. BENNETT: A training field.

Mr. LAPOINTE (Quebec East): And that is not a military establishment? Is it, then, a plaything, a church organization, or what?

Mr. BENNETT: It is to coordinate their activities with the navy in order that our ports may be defended. Would you not train men here for flying if they were to cooperate with the British navy to defend Canada? Atmospheric pressure, weather conditions, everything that goes with flying out to sea or across the stormy Atlantic must be considered to enable us to cooperate with the British fleet, with the submarines, with the torpedo boat destroyers—all these things are involved. Train in Canada? Of course. Where else would they be able to do what the Minister of National Defence says he is relying on that navy to do, namely to preserve our commerce from destruction. That is the reason. There is no other training place they can go to. This is the only place they can do it and do it effectively to attain the end which the Minister of National Defence says must be attained.

Item agreed to.

DEPARTMENT OF AGRICULTURE

Special—Prairie Farm Rehabilitation Act and water storage, $3,500,000.

Mr. PERLEY: Would the minister give us information as to the number of projects likely to be undertaken in Saskatchewan under this item?

Hon. J. G. GARDINER (Minister of Agriculture): The item is $3,500,000 made up as follows:

Headquarters administration	$ 146,950
Cultural experiments and research	513,190
Land utilization	1,339,860
Water development and water storage	1,500,000

The number of projects which will be undertaken in Saskatchewan is somewhat smaller than the number undertaken last year, and it will be proportioned to the amount expended last year. It will be impossible to give the total number for this year. The numbers undertaken and completed in 1937-38 are:

Manitoba	696
Saskatchewan	1,697
Alberta	372
Total	2,765

Mr. PERLEY: Will the work be let by contracts or units of work? I understand that last year several of the larger projects were carried on by calling for tenders for units of work. Will this be a general contract system?

Mr. GARDINER: The government, of course, pays one-half the cost of the dug-outs, and these works are usually done by the individual farmer on his own farm. The small dams are done in exactly the same way. Community projects are usually carried out by the individuals concerned. That is, if a dam is going to serve three or four or a dozen people, these three or four or a dozen people do the work, and the government assists financially as well as by giving advice. As far as the larger projects are concerned, tenders are called and the jobs are let to contractors, in most instances to the lowest bidder, unless there is some really good reason for not giving it to him; either he has so much work already that he is probably not able to carry it out, or there is some other good reason for his not getting it.

Mr. PERLEY: Last year we had a statement from the minister that where there were units of work, for instance on the Cypress dam, there would be federal government inspectors. I believe the minister stated that this inspector or a representative of his department would have the say as to who should get the work on this project. I am not saying that there was not a certain purpose in view to see that the work was properly distributed to those who needed it. But I should like an understanding now that there will be no discrimination whatsoever by inspectors who will be on the job, and that all those needing any work will get it. I wish to be assured that there will be no discrimination—I would not exactly say for partisanship reasons—but that the inspectors will be fair.

Mr. GARDINER: I do not recollect ever having made the statement—and if I did, it was wrong—to the effect that the inspector determined who was to be employed on the work, say at Cypress lake. The facts are, that with respect to the two dams, one at each end of Cypress lake, there is also work being done there in order to run the Battle creek into Cypress lake and also again to take the water out of Cypress lake to supply irrigation projects along the Battle creek south of Cypress lake. In addition, a ditch is being put in for the purpose of carrying water out of the west end of Cypress lake into the Robstart district, in order to irrigate certain lands there. All these works are being carried out under four contractors who tendered for the work and obtained it on condition that they would take the local people on the job.

In order to make it possible for them to know where to go in order to obtain labour, an office was established in the nearest village, I believe in Consul. A man was put in charge of the employment office; people were asked to make application for work, and the contractors go to that office for their employees. They were instructed to take them in the order that these people applied for work. I understand that this undertaking was carried out, and that persons from those communities were given employment in so far as they were able to supply the type of labour required.

Mr. FAIR: In the case of the Bartman dam, there were two tenders, one from the Poole Construction Company for $19,332.50, and the other from the special municipal areas board for $19,155.60. This contract was let to the Poole Construction Company. Why was that done, when there was a lower tender?

Mr. GARDINER: The other tender in connection with the Bartman dam was from the special areas board of the government of Alberta. The Poole Construction Company is an organization well equipped to do that kind of work. The tenders were considered somewhat late in the season, and as far as we were able to find out the board had little if any equipment with which to proceed with the work immediately. There was another reason why it was considered somewhat doubtful as to whether we should give consideration to the board's tender. At that time we had not established the principle as to whether or not we should put the government in competition with others who were tendering in connection with works of that kind, and since this was the first case we had to consider we decided to give it to the contractor, since there was a difference only of two or three hundred dollars.

Mr. FAIR: I do not think this was very good business, because the dam built by the Poole Construction Company washed out. On the other hand, the special areas board built a dam six miles further along which was able to withstand the high water that wrecked the other dam. So I say it looks like a case of one being on the patronage list, perhaps, while the other was not.

Mr. PERLEY: Does the project for the water supply for the city of Moose Jaw come under this vote, and is it intended to undertake that work, which was announced by the hon. member for Moose Jaw during the provincial campaign. According to a Regina newspaper which came to hand this morning, a motion was introduced in the city council of Moose Jaw on Monday evening last by a certain alderman—

—requesting J. Gordon Ross, M.P. for Moose Jaw, to make a public announcement regarding the Saskatchewan river water project to supply the city with an ample water supply. Announcement was made prior to the recent provincial campaign by Mr. Ross that the project would be completed this fall providing the Patterson government was returned to office.

What authority had the hon. member for Moose Jaw to make that announcement during the campaign? Has any work been done on this project and are any engineers on the job? During the campaign the hon. member stated that engineers were on the job and had been making a survey. How many engineers were there, what was their report and will the contract be let by public tender?

Mr. MACKENZIE KING: Before the minister replies I hope my right hon. friend and the committee will permit me to put a motion which will enable us to continue sitting without adjourning at one o'clock. I move that the committee rise, report progress and ask leave to sit again this day.

Progress reported.

BUSINESS OF THE HOUSE

SUSPENSION OF INTERMISSION FROM ONE O'CLOCK TO THREE O'CLOCK, P.M.

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

That there shall be no intermission at one o'clock in the sitting of the house this day.

Motion agreed to.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

Special—Prairie Farm Rehabilitation Act and water storage, $3,500,000.

Mr. GARDINER: In reply to the question of the hon. member for Qu'Appelle I may say that so far as the department, or the Prairie Farm Rehabilitation Act organization is concerned, we have no undertaking to place water in the city of Moose Jaw; nor have we any understanding with anyone that we shall do so. At certain places throughout the west we are undertaking to establish water storage. That is, at some future time we may store in different places water that can be used for irrigation purposes or as a water supply for people in the neighbourhood. At the moment we have under consideration the placing of water storage at Caron, Saskatchewan, which

I think is about twenty miles, or a little more, west of Moose Jaw. At present the city of Moose Jaw gets its water from the supplies that are to be found in the sand areas in the vicinity of Caron. By establishing water storage in that sand area, Moose Jaw in the end might be able to obtain better supplies of water than they are able to obtain from that district at the present time, and to that extent we may be assisting Moose Jaw. But any arrangements that may be made by that city to improve their water supply will concern the area between Caron and Moose Jaw. So far as we are concerned we are taking no part whatever in that. My understanding of the statement made by the hon. member for Moose Jaw during the election campaign in Saskatchewan is that he discussed the possibility of the Saskatchewan government doing something to assist the city of Moose Jaw in bringing water from Caron to that city, and that he made some statement in regard to the matter. Of course that does not concern us here; that is a matter between the constituency which he represents and the provincial government. It does not come under this vote except in this way, that we are providing water storage at Caron, and Moose Jaw may go there in order to obtain water. With regard to the engineering, we have had our own engineer report to us on the possibilities of establishing water storage at Caron, and the reports are to the effect that this can be done satisfactorily.

Mr. PERLEY: That is, bringing it from the Saskatchewan river down Thunder creek?

Mr. GARDINER: Yes.

Mr. PERLEY: Are any engineers working on the project at present?

Mr. GARDINER: The engineers are not actually working at the moment, but engineers have been over the route that a ditch would follow in order to bring water from the Saskatchewan river to the Caron area.

Mr. BENNETT: There are just two questions I should like to ask the minister. The first is, in view of our desire to hasten prorogation would he give us the assurance that public tenders will be called in connection with all these undertakings except those he described as dug-outs? The second is, will all contracts contain the provision which is now inserted in contracts of the labour department, that there will be no discrimination because of politics, religion or race?

Mr. GARDINER: I can give the right hon. leader of the opposition the assurance that tenders will be called for on all contracts of the type for which tenders properly can be called. I would vary that only to this extent, that there may be some cases similar to that of the Cypress dam, for example, where it would be necessary to limit the number bidding on the contract because of the fact that we want to get the type of equipment which will put to work the people in the particular community.

Mr. BENNETT: The maximum number of local people?

Mr. GARDINER: Yes. Of course, in connection with these works these people are really selected by the contractors themselves.

Mr. BENNETT: I realize that, and that is the reason why I ask the minister if he would see that there is inserted in the contract those provisions now inserted in contracts of the Department of Labour. In fact, I thought those clauses were inserted in some of the contracts, but I now understand they were not. It does seem to me that having regard to the fact that through an act of God this condition has arisen, and because we are all interested in it, the same provision should be incorporated in these contracts as in those of the Department of Labour. That is, there should be no discrimination. The Minister of Agriculture will recall the general sense of the clause.

Mr. GARDINER: I understand there is a clause to that effect in our agreements. I am not sure that there is one in the contracts entered into with the individual contractors.

Mr. BENNETT: I think there should be.

Mr. GARDINER: I will see that something to that effect is put in. So far as wages are concerned, I would point out that we have in the contract a clause which requires the payment of the prevailing wage in a community. The leader of the opposition will understand the reason for that. Much of the work is done by farm labour.

Mr. BENNETT: I am familiar with the operations which have been carried on. Now that Mr. Spence has left the Saskatchewan government, he has become charged with the responsibility for the administration of the whole undertaking. I think the assurance the minister has given with respect to public tenders is quite satisfactory, from my standpoint. Do I understand that in tenders the bids are limited to particular people, or that there is a strictly public tender? It is thought that there should be public tenders, except in exceptional cases about which we might agree that this condition should not apply.

Mr. GARDINER: There have been very few exceptions to this general rule. There is

only one I can recall. Tenders have been called for through public advertisement in the press, and the tender of each tenderer has been considered. Unless there has been some special reason to the contrary, the job has always gone to the lowest public tenderer.

Mr. BENNETT: From my standpoint that is satisfactory. On the second point I would like the assurance of the minister, if he can give it, that a similar clause to that appearing in Department of Labour contracts should appear in these contracts. I believe that would be desirable, because it would prevent trouble for the department itself and for Mr. Spence. I believe it would be helpful to everybody, and would restore a measure of confidence; because, I must say that if I brought down the letters I have in connection with the administration of relief, for which the minister says Saskatchewan is wholly responsible, I think he would be somewhat surprised. Some of them are pathetic in their descriptions of what they were compelled to do in recent weeks. I should like, if possible, to avoid bringing that information down, and if we could have an assurance that a clause similar to that placed in labour contracts providing against discrimination, will appear in these contracts, I believe it would be satisfactory. I think the clause refers to political and religious belief.

Mr. ROGERS: Race, religious or political belief.

Mr. BENNETT: I believe that is right. My mind was somewhat confused as to the exact words, but I knew they were to that effect. If some such clause were inserted, I believe it would serve an extremely useful purpose in restoring some measure of confidence, because we must realize that three and a half million dollars is a great deal of money.

Mr. GARDINER: There can be no objection to inserting it. Of course in the contracts which are only half way through—

Mr. BENNETT: I understand that.

Mr. GARDINER: —we may not be able to change the wording. But I have no objection to accepting the suggestion, and will give the assurance that it will be carried out.

Mr. HANSELL: With regard to the proposed irrigation project at Enchant, Alberta, many hopes were raised in the people's minds. Evidently the project was quite agreeable to the rehabilitation officer at Regina; but, eventually, as the minister is aware, the scheme was turned down. I believe the only reason why the project was turned down was that the water rates from the irrigation company were high. I believe the farmers are prepared to pay that sum, and would ask the minister to reconsider the matter.

Mr. GARDINER: The Enchant area is alongside an area now irrigated by the Canada Land and Irrigation people. There are farmers in that district who have been dry farming, and my memory is that at one time they had an opportunity of joining the Canada Land and Irrigation project. I have not the details before me, but I know that the question of providing them with water from the Canada Land and Irrigation ditch was reviewed. Arrangements had gone so far as to have the contract prepared to supply water to these people a year ago. But that contract provided for water at a cost of $2.95 an acre, and all the advice we can get is to the effect that a farmer cannot succeed in farming land carrying a water cost of $2.95 an acre. It is all very well for a farmer to come along and say to the Canadian government, "You put the water in, anyway; we will be prepared to pay that rate." But if we were to take the responsibility of developing a project to put in water, knowing that the farmer would have to pay the rate, I believe we would be assuming a responsibility which we should not assume. We have said to them simply that we think a new plan should be worked out, and that it should be possible for them to secure water from that ditch at a cost lower than the charge proposed.

Mr. HANSELL: Was the figure of $2.95 the latest one given?

Mr. GARDINER: Yes; that is the figure in the contract which came to me for signature. That was the last contract I saw.

There is this further fact to be considered: The government has already put $70,000 on one occasion and $80,000 on another occasion into making water available to the Canada Land and Irrigation Company itself. We spent $80,000 two years ago to put in a flume. If the flume had not been put in, we were told that even the Canada Land and Irrigation people would have been without water. If there were slackness at any time, then I say it was on our part at that time for not securing an undertaking from the Canada Land and Irrigation Company to the effect that when we required water, as a result of that expenditure of money we would get it at special rates. I have indicated to the Canada Land and Irrigation Company that if they expect further assistance from the government of Canada in connection with these activ-

ities, they can expect that we shall require that kind of clause in any arrangement we may make with them.

We think water should be supplied to the Enchant people at a lower rate than could be provided under any contract which has been considered up to the present, and we think it would be better to wait a year or two to get a proper kind of contract, rather than have these people sign something which will place upon them for the next twenty years a charge which they cannot pay.

Mr. HANSELL: May we assume from the minister's reply that if a satisfactory rate can be secured from the Canada Land and Irrigation Company, everything else will be in order to go ahead.

Mr. GARDINER: I would say that if a satisfactory arrangement can be made with regard to the whole project, we are prepared to give consideration to it.

Mr. PERLEY: I had several matters I should have liked to bring to the attention of the minister, but I realize that we are anxious to get on. Some of them will have to stand until another time. I take great exception, however, to the attitude of the minister as indicated at page 4012 of Hansard, when he was making the comparison between the cost of handling relief under the present system and under the relief commission which operated between 1930 and 1935. However, that can stand.

What amount of this vote will be spent on roads in Saskatchewan? Has the minister approved expenditures being made on the highway from the boundary through Regina, Humboldt and on to Melfort? Has the government approved expenditures on the western highway from the boundary, through Moose Jaw, Saskatoon and on to Prince Albert?

Mr. GARDINER: No expenditures for any of those projects are involved in this item. They would be all under the Department of Mines and Resources.

Mr. PERLEY: I understand the promise was made during the last campaign that part of this vote would be used in the construction of highways.

Mr. GARDINER: There was no discussion of this vote at all.

Mr. PERLEY: The hon. member for Melfort (Mr. McLean) evidently was out of order when he was promising the electors that expenditures would be made on a highway from the boundary through Humboldt on to Melfort.

[Mr. Gardiner.]

Mr. McLEAN (Melfort): On a question of privilege, that statement was never made, suggested or hinted at in any manner, shape or form.

Mr. PERLEY: I am sorry the reports of the speeches of the hon. member were so grossly exaggerated. I understand he referred to a certain letter he had received from the Minister of Agriculture (Mr. Gardiner) to the effect that that road would be completed this year.

Mr. McLEAN (Melfort): That is entirely wrong.

Mr. HANSELL: What would the minister consider to be a fair and proper water rate to the farmer?

Mr. GARDINER: That would depend a great deal upon the type of development and what crop was to be grown on the irrigated lands. If my memory serves me aright, the rate under the Brooks scheme, which is similar to this one, was $1.75. The hon. member can see that $2.95 is considerably above that.

Mr. BLACKMORE: What is the cost of the most expensive project being carried on under this act?

Mr. GARDINER: The largest project, which is not yet completed, is the Cypress lake project. The total cost of this will eventually be in the neighbourhood of $300,000. This is to provide storage for five or six smaller projects. Cypress lake is the source of Frenchman river, which in turn forms part of the Missouri river system. The water flows south to the Missouri river and on to the gulf of Mexico. Along the Frenchman river we have two irrigation projects developed up to the present, with a possible irrigation of in the neighbourhood of 30,000 acres along the valley. Then along Battle creek, which is fed from Cypress lake, there is a project which will irrigate 10,000 or 13,000 acres. Between 40,000 and 45,000 acres will be irrigated as a result of this expenditure. It can hardly be said that this is one project by itself, but that is the expenditure which will be involved.

Mr. BLACKMORE: I have on several occasions indicated to the minister that I consider this to be one of the most important acts that have been passed in the history of the west. There is one matter to which I should like to direct the minister's attention with as much brevity as possible, but with sufficient detail to make him realize what is in my mind. I refer to the importance of considering the type of crop which can be raised to advantage on irrigated lands. I have the

growing of sugar beets particularly in mind. About 14,000 acres of irrigated land will provide enough sugar beets for one year's run of a factory. It will be seen, therefore, that the prairie farm rehabilitation projects are rapidly reaching a size where they can support sugar beet factories.

I should like to draw to the attention of the committee in as short a time as possible what I consider to be an important matter which has been overlooked in Canada's development. There has been too great a tendency to look upon the sugar beet industry with scorn and contempt as being a matter of little concern. In developing irrigated lands the farmers are confronted with the problem of cleaning their land. They must have something to take the place of the summer fallow, and they might well be at a loss to know what crop to use. For example, in the Enchant area the farmers could raise corn to good advantage if they had a cash market, or if there were a suitable processing plant. However, it might be rather difficult to establish one in that area. The farmers might raise sunflowers if a profit could be made in converting them into ensilage. However, there is no possible profit, as they cannot sell to advantage the ultimate products of butter, milk and cream. There is going to be considerable difficulty as we go forward with these irrigation projects. I speak from considerable experience because we have had irrigation farming in my constituency for some time. There are four distinct irrigation projects, in whole or in part, in my constituency which have been in operation more or less since 1902. The result is that there is to be found in that area an accumulated store of wisdom of which I wish the minister to have the benefit. I am particularly concerned about this because it was reported to me last year that a commitment had been made by the dominion government to the effect that it would not encourage further the development of sugar beet growing in Canada.

Mr. GARDINER: I do not know anything of that.

Mr. BLACKMORE: Let me quote from a statement made by the Canadian representative at the London sugar conference, held in May, 1937. He is reported as saying:

> At the same time the government of Canada reiterate the assurance already given that they do not propose to stimulate the production of sugar in Canada during the term of this agreement by subsidy, increased protection, special remission of taxes or by any other similar measure.

Mr. GARDINER: That is a little different. I do not know of any branch of agriculture that is stimulated by those methods. There is just a possibility that it might be a mistake to start in to stimulate the sugar beet industry by paying bonuses or doing other things of that kind. Making it possible for people to grow sugar beets in irrigated areas is a different matter.

Mr. BLACKMORE: I am glad to have the minister's statement on that because it indicates that he is rather in sympathy with the development of the beet sugar industry, which is of great importance to western Canada. When you remember that there has already been expended in Alberta in irrigation projects $35,000,000, and that the soil and climate of that province is particularly adapted to the production of sugar, and that this industry has been singularly successful in Alberta for years, you can realize that it is an industry which ought not to be disparaged.

To be very brief, this year, for example, there was produced in the harvested sugar beet area where the two beet sugar factories are located in my constituency 3,813 pounds of refined sugar per acre. All one has to do to realize the volume of that production is to imagine thirty sacks of sugar piled on this floor, and remember that that was produced from one acre. It shows the tremendous potentialities of production from irrigated land in raising sugar beets. There was a gross return of $155 per acre, $77.50 of which went to the farmer and $77.50 to the manufacturer, $25 going to labour. That indicates how important and how deserving of serious consideration this industry is.

I notice the Minister of Labour has been following with close attention, and I am sure he will be deeply interested when I again bring to his notice the fact that one sugar factory in my constitutency with a slicing capacity per day of 1,200 tons will support, according to United States figures, ten thousand people. These people are not all, of course, directly engaged in raising or processing sugar beets, but in the allied industries as well, in the production of coal and coke, sacks and a great number of other things used in the production of sugar. Some are engaged on the railways and others in other transportation activities as a result of this sugar production.

I know we are all anxious to get the business of the session closed so I shall just say in conclusion that there is a great possibility in Canada for the development of the sugar industry. The sugar industry is not by any means the ten-cent affair which a number of people have been for some reason or other considering it. It is, on the contrary, a going concern. It has already proven itself beyond

question a success. There are people in Canada who say that it cannot compete. But the price of sugar in Canada to-day is as low, I understand, as it is in any first class country, five cents a pound, while the price in some other countries runs as high as thirteen and fourteen cents per pound. Now if the beet sugar industry can compete successfully with other sugar refineries with prices as low as they are in this country to-day, that is good evidence that we have in our native sugar industry a successful business, a going concern. When you remember that Alberta at the present time could support seven sugar factories of the size of the Raymond sugar factory, and that by so doing she would be able to produce thirty-five per cent of the sugar requirements of Canada, you can realize what a tremendous difference the development of this industry would make to the dominion.

Mr. BENNETT: Where would you sell it?

Mr. BLACKMORE: We are using that sugar in Canada.

Mr. BENNETT: How would you move it as against competition from the seaboard?

Mr. BLACKMORE: It would be most interesting to go into that phase at some other time, but we could probably do it by establishing a quota system which would make it impossible to import sugar until we had marketed our own production. As the leader of the opposition is concerned as to our balance of trade, I am sure he will realize the force of what I have presented when he remembers that we can produce in Canada all our own sugar requirements, thereby saving ourselves the necessity of importing any.

I do not wish under the circumstances to go into the question at any greater length. I would not have brought it up now except that for a long time I have been waiting for this item in order to deliver a message that needs to be delivered in this house to the people of this country, from my constituency, where this sugar industry has unquestionably proved to be a great success.

The agreement that was entered into last year certainly offended the people of my constituency. They looked upon it as a direct slap in the face. If their industry had not been successful it would have been different but it has been very successful. Our irrigated areas are sufficient to support seven factories which would supply thirty-five per cent of the total sugar consumption of Canada. Surely something can be done to give those factories a market, in western Canada at all events, which I understand consumes in the neighbourhood of $10,000,000 worth of sugar per year.

There is one other matter which I shall mention incidentally, without wishing to prolong the discussion of these estimates. I believe the minister has received a letter from me, and possibly from a number of others, with respect to the government's action in reducing the duty on Australian lamb from three per cent to one-half per cent. I want to state in this house that that action of the government greatly offended the people of my constituency.

Mr. GARDINER: That has nothing to do with this vote.

Mr. BLACKMORE: No, not directly, but it has to do with it in one sense, in connection with the development of irrigation projects.

The CHAIRMAN: Order. I would point out to the hon. member that we are not discussing the tariff or duties. His remarks are out of order.

Mr. BLACKMORE: I shall bow to your ruling, Mr. Chairman, but this is an important thing. If you are going to put people on the land with irrigation and water supplied to them you must be sure that conditions are such that through the adoption of irrigation they can make a success of their farming. Otherwise you reduce them to a condition of despair.

Mr. GARDINER: Lamb prices are better this year than they have been for many years.

Mr. BLACKMORE: That may be true; nevertheless the people who are directly concerned in my constituency had put 55,000 lambs into the feed lots at prices which they thought would be safe before the reduction in duty, but then prices suddenly dropped, much to their disadvantage.

Mr. GARDINER: The price is up now.

Mr. BLACKMORE: I wanted to draw the situation to the minister's attention as a word direct from my constituency with regard to the effect of the reduction of the duty.

Item agreed to.

DEPARTMENT OF LABOUR

Labour—Special—To provide for commitments and completion of works in connection with federal contributions to provincial and municipal projects, $1,075,000.

Mr. MacNEIL: I want to direct the attention of the Minister of Labour to a telegram I received yesterday from the secretary of the single unemployed committee at Vancouver, reading as follows:

No truth in emergency relief for single unemployed men. Only those with home taking transportation offered food. Such are few. Great majority homeless. Situation just as desperate. Need emergency relief. Home question could be settled after. Single unemployed refused work on federal and provincial projects. Investigate.

I wish briefly to refer again to the sessional paper recently tabled, wherein it is shown that the Hon. Mr. Clubb of Manitoba protested against the issuance of transportation to these men on the basis that they designated no particular point, and he asked that they indicate their home. That same basis is now being applied to the situation in Vancouver which makes it impossible for these men to qualify for either relief or transportation. They have been rendered homeless through no fault of their own, and so cannot designate their homes.

Second, I wish to make the point that was dealt with last night that these men have to some extent been blacklisted, I am informed from Vancouver, and are not being considered eligible to work on projects which are now being opened up by reason of federal contributions. I would appreciate a statement from the minister to clarify the situation.

Hon. NORMAN McL. ROGERS (Minister of Labour): I do not think the committee would want me to retrace ground I have already covered in this connection. So far as emergency relief is concerned, the dominion government has offered to assume complete financial responsibility for emergency relief extended to those non-resident single unemployed men who were formerly in the forestry conservation camps. If such emergency relief is not being given at the present time, it can be only for the reason that these men have declined to accept the offer of transportation as made in the original proposal by the minister of labour of British Columbia. Certainly the dominion government has given the requisite authority that the emergency relief shall be extended to those men, non-resident transients formerly in the forestry conservation camps, upon their acceptance of transportation to their homes.

As to discrimination against those men in public works, that question was raised yesterday in another connection and I gave my hon. friend the assurance that in any joint works done in British Columbia, provision would be made for the employment of at least a number of single unemployed. That is fully in accord with the undertaking previously given that these men will be placed on the same footing as other groups of unemployed with respect to eligibility for employment on public works.

So far as federal public works are concerned, provision has already been made that in connection with certain public works which are now either actually in progress or immediately in prospect some of those unemployed men will be taken care of through the employment service of Canada.

Mr. HEAPS: There is one matter I wish to raise, not in connection with this item but in a general way. Every member of the committee realizes that the manner in which we have been discussing the estimates in the past few days has been entirely unsatisfactory. Very important items come under discussion, and in the rush to get through they do not receive just consideration. Important questions of administration and government policy are involved, but in the general desire to get through the business of the house members are not afforded an adequate opportunity to discuss these matters as they should. My remarks are not directed particularly to the Minister of Labour. What we have been doing this session has been done in a similar way in previous sessions. I am directing my remarks more particularly to the Prime Minister and in general to the members of the government.

On many occasions in the past we have considered the question of referring estimates to committees of the house, and there is no reason why that principle should not extend further than it does at the present time. Let me illustrate. The estimates of the Canadian National Railways, amounting to many millions of dollars, are considered each year by a committee of the house, and when they come back to this chamber they do not provoke very much discussion because members are usually satisfied with what that committee has done. I suggest to the Prime Minister that many of these estimates which we are now considering might be referred to a committee which would go into the question at far greater length and in far greater detail than we do in this house, and that would serve a much better purpose. The people would be satisfied that the estimates were receiving more careful consideration than they do under present circumstances. There is no good reason why the estimates of the Department of Labour should not be referred to the committee on industrial and international relations, the estimates of agriculture to the committee on agriculture, the fisheries estimates to the committee on fisheries, and the post office estimates to the committee that deals with Canadian National affairs. If that were done, a good deal of difficulty would be avoided and we would not find ourselves each session in the position in which we are at the moment.

The Prime Minister and the government should take into serious consideration the proposal that when the next session comes around some of these estimates that are being considered in the house might reasonably be sent to various committees where they might receive more detailed study.

There are many matters that I should like to discuss on the question now before the committee; but knowing the desire of the members to wind up the proceedings of the house and in view of the scant attention which the deliberations are receiving at this juncture, I content myself with the suggestion to the Prime Minister that he take into favourable and serious consideration the proposal I have now made for submitting to the various committees of the house estimates that are now discussed in this chamber where they do not receive the best consideration.

Mr. MACKENZIE KING: My hon. friend has made this suggestion on previous occasions, and I believe I have expressed my sympathy with it. So far as the government is concerned, we should be glad of any step that would help to expedite the business of the house. When the matter has been discussed among members generally, there has been a feeling that in supply members get an opportunity to deal with many matters which they would never be able to discuss otherwise, and some are rather fearful of any change in the present method which would, as they think, somewhat restrict their possible discussion of affairs. I do not myself share that view, and probably, as the matter receives further consideration, we shall get more unanimity of feeling on it. However, during the recess the government will be glad to consider further the suggestion which the hon. gentleman has made.

Mr. HEAPS: I suggest to the Prime Minister that during the next session he might try the proposal with the estimates of two departments. We could see how it worked, and the house could then determine whether it was a proper course to follow.

Mr. COLDWELL: Before discussing the item before the committee I would associate myself with the hon. member for Winnipeg North. I cannot help thinking that this rush of business in the past few days—

The CHAIRMAN: In the last minute or two the discussion has been out of order, but I did not interrupt it. I would, however, ask the hon. member to confine his remarks to the item under discussion.

Mr. COLDWELL: I shall be glad to do so. The item under consideration is a labour item, and I feel that parliament is proroguing at the present time with a very grave condition facing the country. We have heard of the difficulties at Vancouver and of the single, transient men there. Although much has been made of the Vancouver situation because of the regrettable incidents which occurred there recently, it is a condition that is to be found in almost every centre of Canada. Yesterday I received from a gentleman in Saskatoon, a former moderator of the Presbyterian church, a letter in which, in discussing another matter, he remarked that he had just come from meeting a group of some fifty single, homeless, transient men whose condition he described as pitiable because there was provision for neither food nor shelter. He remarked how tragic it was that these youths throughout the country were being consigned to a more or less aimless wandering. I had hoped when the minister accepted the portfolio of labour that, while he might not solve the problem—I did not expect that he would—he would be able at least to bring before the house some measures which would meet it in part. Here we are rising at the end of the third session of parliament, with literally thousands of these young men roaming the country without any place to stay in and without provision for food. I feel that at the close of the session this parliament has not done its duty in this particular matter to the young people of Canada.

There are many who think that we can afford to let this problem ride for a little while; that if we have the good crop which is promised in western Canada, a great deal of this transient labour will be absorbed. I do not think so. I believe that if we have a good crop, it will help conditions in Canada quite materially; but, with the high powered machines which now operate on the prairie, very little additional labour will be required for any length of time, and these young men, particularly,—and there are, of course, young women in the same condition—will not be able to earn a sufficient amount of money to look after themselves during the winter months. In my opinion we shall be faced with young men congregating in our centres all across Canada, and the government will face a quite serious situation before the house reassembles. I do not see any really adequate provision to meet this condition. I would urge the Minister of Labour to suggest to the committee, if he is in a position to do so, ways and means of grappling with this problem between now and the time when parliament meets again. I regret that we are rising without having dealt

adequately with this problem, which in my opinion is one of two of the gravest problems which this country faces at the present time.

Mr. HANSELL: I wish to ask the minister a question relative to this item and to one or two others. Members of parliament are sometimes uninformed when agreements are entered into with the provinces. Could the minister extend the courtesy which he accorded members last year when he sent them a copy of the youth training agreements? That facilitated tremendously my work. Young men were asking me for information, and I had it because I had a copy of the agreement. Such a facility could be extended in connection with other agreements. I do not mean that members of parliament want to know the details of everything which is going on throughout the whole country; but if, for instance, there is an agreement with the Alberta government concerning something of this kind, it seems to me that the members from Alberta might have the details. The same applies to hon. members in other provinces. I would offer the same suggestion also to the Minister of Agriculture. Very often we are not supplied with the information we should have. Would the minister consider the matter?

Mr. ROGERS: I shall be very glad to consider it, and at the present time I can see no reason why I cannot comply with the request.

Item agreed to.

Special—To provide for outstanding claims for direct relief under the Relief Act, 1935, $33,000.

Mr. ROGERS: I have a slight amendment to make to this. The wording in the supplementary estimates is incorrect, due to a typographical error. It should read "To provide for outstanding claims for drought area relief under the Relief Act, 1935."

The CHAIRMAN: Shall item No. 519 as amended carry?

Item as amended agreed to.

Special—To provide for federal contributions to farm employment and supplementary plans, $1,870,000.

Mr. MASSEY: When we were discussing a matter which now comes under this vote No. 520 in the supplementary estimates, the minister told the house that the province of Ontario had not participated and was not prepared to participate in this scheme, but he had some hopes that this situation might be remedied. I should be very much interested to learn whether any progress has been made with the government of Ontario in regard to this matter.

Mr. ROGERS: This item is intended to provide for the special plans designed to meet the needs of single unemployed men during the winter months. Obviously it is too soon as yet to make approaches to the provinces with regard to their cooperation in such plans. Last year the eastern provinces did not feel that the transient problem or the problem of the single unemployed men within their borders was sufficiently acute to require their cooperation in these plans. The farm employment plans were confined to the prairie provinces, and the forestry conservation plans to the province of British Columbia.

Item agreed to.

Special—To provide for development and training projects for unemployed young people, $1,750,000.

Mr. MASSEY: It is to be regretted beyond all measure of ability to state the matter that this vote should come up at this stage of the session. We were prepared to spend in the last stage of the session an hour or two hours on the discussion of wheat, the life-blood of our agriculture. Now we come to an item which virtually deals with the life-blood of our Canadian people; that is, our Canadian youth; and I am sure one could not be accused of indecent delay if he were to spend a few minutes at least in discussing this item. The minister cannot be blamed for the fact that the item has not come before the committee until this time. At the same time I think we should have some discussion of this matter. I have no intention of making any protracted remarks with respect to it. I have already made my position clear in connection with such a vote as this. But I do think that it would be valuable to the committee if the minister made a statement as to the progress which has been made as a result of the setting up of the youth committee under the employment commission: first what steps have been taken since and how the moneys expended last year were spent. It might save the time of the committee and avoid many questions if the minister were to make such a statement.

Mr. ROGERS: I should like to point out first of all to my hon. friend, while fully agreeing with him on the importance of this item, that under the relief bill and in the debate on the address there was a previous opportunity to discuss this matter. That is to say, he and others have not been confined to this item in discussing the importance of youth training. I have here all the information which he desires. It would take up some time of the committee to give it in tabular form.

Mr. MASSEY: Can it be put on Hansard in that form?

Mr. ROGERS: With the consent of the committee I can place on Hansard a statement: first, a statistical summary of the numbers given training in the various provinces and the type of training received; also, a statement of the amounts allocated to the various provinces:

Dominion-Provincial Youth Training Program 1937-38

Allocations by Provinces

Prince Edward Island	$ 15,000 00
Nova Scotia	60,000 00
New Brunswick	50,000 00
Quebec	220,000 00
Ontario	240,000 00
Manitoba	100,868 60
Saskatchewan	80,000 00
Alberta	80,000 00
British Columbia	100,000 00

Dominion-Provincial Youth Training Program, 1937-38

	Forestry	Mines	Household workers	Rural courses		Physical education and leisure-time activities	
				Men	Women	Men	Women
Prince Edward Island	22	....	....	258	460	....	....
Nova Scotia	....	209	72	91	60	....	....
New Brunswick	408	....	27	158	291	....	....
Quebec	255	12	100*	11,869	2,886	534	401
Ontario	581	50	427	....	584	....	....
Manitoba	563	....	69	318	275	....	....
Saskatchewan	....	....	65*	4,030	2,464	....	....
Alberta	61	....	133	1,542	1,177	....	....
British Columbia	585	262	75*	151	40	2,213	5,210
	2,475	533	968	18,417	7,237	2,747	5,611

* Approximately.

Youth Training Programme, 1937-38

Dominion Statistical Summary to March 31st, 1938

—	Given Training		On Relief		Discontinued Training		Found Employment		Days Work[3]	Hours Class Instruction		Days Class Instruction[4]		Classes
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Men	Women	Men	Women	
Prince Edward Island	457	460	.....	.....	9	.....	.....	.....	.....	7,520	5,225	.....	.....	22
Nova Scotia	300	132	74	23	67	26	104	32	20,321	855	3,690	.....	.....	11
New Brunswick	770	361	.....	.....	202	19	139	7	14,228	9,103	8,236	.....	.....	29
Quebec	13,542	6,853	249	67	315	[1]1,401	25	.....	15,944	247,852	66,182	.....	.....	626
Ontario	1,586	1,330	258	157	346	120	869	342	33,022	14,554	33,493	.....	.....	70
Manitoba	3,893	3,255	*121	55	[2]1,659	[2]1,337	303	456	32,581	16,562	18,847	311,847		265
Saskatchewan	5,471	3,468	3,497	806	386	258	99	104	.....	43,126	17,327	233,575		283
Alberta	2,589	1,568	663	369	296	97	55	62	8,304	52,679	21,536	6,685		41
British Columbia	3,693	5,729	*397	30	371	95	470	215	51,348	22,655	19,068	200,000		127
Dominion Totals	32,301	23,156	5,259	1,507	3,651	3,353	2,064	1,218	175,748	414,906	193,604	752,107		1,474

* Figures incomplete for Manitoba and British Columbia.
[1] Mostly from Urban Courses.
[2] Mostly from Technical Evening Classes.
[3] In Forestry and Mining Projects.
[4] Represents projects where training was only given for a limited number of hours each week.

Total of days work or instruction.....909,609

14,649 young people finished courses designed to train for employment and of these 3,282 or 22·4% found work.

I might say further that, from present indications, all provinces will continue to cooperate during the coming year in the youth training plans.

Mr. MASSEY: I appreciate that. The questions I had in mind were essentially: How many projects have been started under the vote; what are those projects and in what provinces; a detailed statement in regard to the projects of each province and the number registered therein; what organization was required to administer the vote last year; what was its cost, and how were those registered selected?

Mr. ROGERS: The statement I would place on Hansard would be quite comprehensive. Anything that is not included and that the hon. member desires, I shall be glad to send to him personally.

Mr. MASSEY: I realize that. There is one further point, which might not be covered completely by the minister's statement in Hansard and which is very important, namely, in regard to apprenticeship. I realize that there are plans under way, in Ontario particularly, with regard to apprenticeship courses. Would the minister give a statement as to the progress of those particular courses and what are under way for next year?

Mr. ROGERS: I can say to my hon. friend that urban occupational training, which covers apprenticeship and shorter learnership courses, has been adopted in most provinces, but in varying degree. In the large industrial provinces, of course, there is a greater opportunity for this type of work, and we shall do whatever is possible to extend it during the coming year.

Mr. MASSEY: Has the minister found the experience to date satisfactory? In other words, has the employer been ready to cooperate?

Mr. ROGERS: I should say the readiness of employers to cooperate has increased, and on the basis of the experience of last year we believe we will obtain greater cooperation during the coming year.

Mr. MASSEY: Has the minister any plans in connection with those who complete these learnership or apprenticeship courses or whatever projects they may be engaged in, to aid them in securing employment wherever it may offer?

Mr. ROGERS: In some provinces before young men and women are registered in these special courses ultimate employment is found for them on the completion of such courses. We do believe that it will be wise to appoint at least one placement officer, and possibly more in the various provinces, certainly in the larger ones, who will give full time to assisting these young men and women to find their way into employment on the completion of their courses.

Mr. MASSEY: How are those selected who register in these courses?

Mr. ROGERS: They are selected through the Employment Service of Canada, where possible, and there is provision for ultimate approval of men or women in higher age groups, even if they have not come within the original qualification as to age.

Mr. MASSEY: Must they be unemployed?

Mr. ROGERS: Not necessarily unemployed, but the preference is given to those who have been unemployed or whose families have been on relief. The phrase also used is "in necessitous circumstances."

Mr. MASSEY: What is the name of the committee that is operating?

Mr. ROGERS: There is an advisory committee.

Mr. MASSEY: What are the administration expenses of this committee?

Mr. ROGERS: That committee was not actually in operation last year as such; it has been set up only within the present fiscal year. Some of those now serving on this committee were formerly members of the youth employment committee and the women's employment committee, and in future they will serve without remuneration, receiving only their actual travelling expenses. That is all that has been paid so far.

Mr. MASSEY: This vote amounts to $1,750,000, and I was wondering what part of that would apply directly to the training of young people and how much would be expended in administration, travelling expenses, and so on.

Mr. ROGERS: Practically all of it will go for the training of unemployed young people. The administration costs have been very small.

Mr. KENNEDY: Will the statement the minister is going to place on Hansard include the expenditures made by the provinces in connection with these schemes, or has he that information?

Mr. ROGERS: I will see that it includes the amounts allocated to the different provinces.

Mr. KENNEDY: I believe this is on a dollar for dollar basis between the provinces and the dominion?

Mr. ROGERS: Yes.

Mr. KENNEDY: I believe the dominion is paying only dollar for dollar for the actual training, while the provinces have to pay the expenses of transporting the young people to the various training centres. Can the minister tell us the amount expended by each province under this scheme? I should think there would be more expended by the provinces than by the dominion.

Mr. ROGERS: Actually the province assumes certain administrative costs which are not shared by the dominion, but apart from that the costs of the projects are divided equally between the dominion and the provinces?

Mr. KENNEDY: Including the cost of transportation?

Mr. ROGERS: In certain cases it includes the cost of transportation.

Mr. COLDWELL: Has the minister any record of the number of young persons who, having taken these courses, have found employment afterwards in the work in which they were trained?

Mr. ROGERS: Our present figure is twenty-two per cent of those who were actually engaged in occupational training, forestry or mining. Of course that does not apply to the special rural training courses.

Mr. COLDWELL: That is rather a dismal picture.

Mr. ROGERS: I would not consider it so.

Mr. COLDWELL: Well, that leaves 78 per cent, and I understand those figures do not include the rural training.

Mr. ROGERS: That is correct.

Mr. COLDWELL: Then I think the picture is rather dark, if only 22 per cent, after taking the training, are able to get positions. That emphasizes the point I made earlier, that we have made no adequate provision for the employment of these young unemployed people. I want to press that upon the minister and the committee.

Mr. ROGERS: Those I have mentioned, of course, are those who have gone direct from training to employment. Certainly I would not consider that for the first year twenty-two per cent was a disappointing figure. Naturally I would wish that it were larger, but we hope to have better results this year.

Mr. COLDWELL: Would it not be well for the department to keep a record of the persons who take this training and have them, within six months or a year, notify the department if employment has been found, in order that we may have an adequate picture?

Mr. ROGERS: That will be given consideration.

Mr. GREEN: Are the younger men among the single transient unemployed in British Columbia being given an opportunity now to go into the forestry training camps and the placer mining camps in that province?

Mr. ROGERS: I believe my hon. friend raised that question before, and I have taken it up with the minister of labour of British Columbia. Actually, following their practice in previous years, they have not admitted to their forestry training projects men who were in the forestry conservation projects during the winter months. That is the position in British Columbia. However, in our agreements with all the provinces, which will be concluded as soon as these estimates pass, we are inserting a clause which will provide that there shall not be discrimination against non-resident transients; in other words, that they shall be given at least some opportunity to secure training under these plans.

Mr. GREEN: We have these younger men in British Columbia among the single transient group, and is the minister going to insist that they be given an opportunity to go into, or that they be placed in, these camps, or is it all going to be left to the province?

Mr. ROGERS: That question is still under consideration between the dominion and the provincial governments.

Mr. GREEN: Are the men registered? I notice, according to the press, that a registration was to be carried out.

Mr. ROGERS: The registration has not proceeded as quickly as was hoped originally. That has been due not to a lack of facilities but apparently to reluctance on the part of some of the leaders of the relief project workers' union to expedite the registration.

Mr. GREEN: Attempts are being made to register them?

Mr. ROGERS: Yes.

Mr. MASSEY: Have all the provinces already indicated their willingness to cooperate during the coming year, and particularly during the coming winter?

Mr. ROGERS: I have already stated that all the provinces have indicated their willingness to cooperate.

Mr. MASSEY: How many young persons between the ages of sixteen and thirty, say, are unemployed at the moment?

Mr. ROGERS: I have not that information available at the moment. I shall be glad to secure it and send it to my hon. friend.

Item agreed to.

Special—To provide, in cooperation with the provinces, for rehabilitation of unemployed persons, $500,000.

Mr. GREEN: This is something new. Apparently it is carrying out one of the recommendations of the Purvis commission. What type of rehabilitation is to be carried on?

Mr. ROGERS: We are following the same course here that we did with the youth training projects. That is to say, we are asking the provinces to submit training projects for older unemployed men, which will be most likely to bring about their reestablishment in the particular province. We are asking the provinces to submit these projects to us for study and approval before they are adopted.

Mr. GREEN: Have no projects been submitted yet?

Mr. ROGERS: Yes, from one province there have been. But the hon. member will understand that the vote itself has not been passed. Letters have gone out to all the provinces asking them to submit proposals.

Item agreed to.

Amount required to provide for administration expenses generally, including salaries and travelling expenses; unemployment relief branch, $211,500; national registration, $110,000.

Mr. BENNETT: This would seem to be the appropriate place for me to say that since we last had under discussion the conditions of unemployment I have seen the Hon. Wesley Gordon, former minister of labour, and he informs me that the copy of a letter attached to a public file and marked "personal" from Ralph Webb was not to the best of his belief and knowledge on the file when he left the office. Secondly, I have looked in my own personal files, and I find no trace of any such document being received from Mr. Webb. But I assume it did come to the office. He was advised, I notice, that the Hon. Mr. Murphy, then Minister of the Interior, would go to Manitoba and investigate the whole situation there, that he did so, that the very persons who were discussing the matter in this house were publicly in favour of the work being done, and that after conferences with the provincial government the Minister of the Interior did so advise, and that action was taken.

Further, Mr. Gordon informs me that the reason it was determined that no further work should be carried on after the date of the election was that the time for the writs had expired, and as the now Prime Minister had been criticizing the action of the government in entering into contracts, contracts entered into after that date contained the provision that no further commitments should be made after the election, and that they could then be the subject matter of further consideration.

Lastly, it is wholly in violation of all the rules that govern that a personal and private letter marked "personal and confidential" should be submitted to parliament; for the privilege is not the privilege of the receiver but that of the sender. When Hon. Vincent Massey wrote a letter to Hon. Arthur Meighen marked "personal," even after he had gone into the government, and Mr. Meighen asked him to release the privilege, he declined to do so. It was recognized in all quarters that that was the privilege of the sender or the writer of a letter, and not of the receiver or addressee. Upon that we have acted continuously, including shall I say the case in which Mr. Abramsky says he had a personal letter from the minister. Whether he has or not I cannot say. But the privilege is the privilege of the minister, and not of the receiver of the letter. I say this in view of the definite knowledge I have, and which can be further supported when occasion necessitates.

Mr. ROGERS: I should add first of all that the letter to which my right hon. friend has referred was on the file. I was not aware that it was on the file until the file was requested. But there is no question whatsoever as to the letter having been on the file.

Mr. BENNETT: When was it put there?

Mr. ROGERS: I assume it was there from the beginning; I have no reason to assume otherwise.

Mr. BENNETT: I have, and so has Mr. Gordon.

Mr. ROGERS: As to the question with respect to the termination of the work, as I recall it that was not a point at issue. The particular agreement to which the right hon. gentleman refers called for the beginning of the work—

Mr. BENNETT: No; that the work should not proceed beyond October 10.

Mr. ROGERS: It was required that the work should begin as of a certain date.

Mr. BENNETT: October 10.

Mr. ROGERS: Yes, October 10. That had occurred on rare occasions before, but not to my knowledge during the last three years—certainly not under any agreement.

Mr. BENNETT: No; I say Mr. Gordon tells me that it was limited entirely to the work that arose after the date of the return of the writs. Instructions were issued that such provision should be made with respect to all expenditures. In other words, if the government was defeated, the new incoming administration should not be bound to pay any commitments for expenditures after the date of the return of the writs.

Mr. ROGERS: I do not wish to labour the point, but the agreement actually contained a clause requiring that the work should begin on October 10.

Mr. BENNETT: No—

Mr. ROGERS: That it must begin at least before October 10.

Mr. BENNETT: Yes.

Mr. BEAUBIEN: Copies of that letter were sent to Hon. R. J. Manion and Hon. Mr. Lawson. Once a letter is sent to four or five people, surely, taking my right hon. friend's own view, the letter ceases to be private and confidential, and this was a copy. The copy has been circulated all over the country.

Mr. BENNETT: The copies were each marked "personal and confidential."

Mr. BEAUBIEN: But when a man writes a personal and confidential letter, has he the right to send a copy to everybody?

Mr. MACKENZIE KING: The point is that the letter which was addressed to Mr. Gordon making a request was not marked personal, confidential or private. It was a public letter signed by Mr. Webb and appeared on the files as such. It would have been improper that it should not be there. That letter contained a reference to an enclosure, which the original letter said was of importance as giving the reasons why the request made in the original letter should be carried out. That letter was attached to the formal public letter, and I submit the minister or anyone in his department would have been violating every sound rule if he had detached from a letter, which was a public letter, any part of the communication which was referred to in it as an enclosure, and which was intended to explain the letter itself.

May I say something in regard to what my right hon. friend has just said with respect to publicity to be given letters marked "private and confidential." He himself made a statement on the subject on May 30 of this year.

Mr. BENNETT: He certainly did.

Mr. MACKENZIE KING: And I should like to read it. Speaking on May 30, the right hon. gentleman is reported at page 3337 of Hansard in these words:

> Right Hon. R. B. Bennett (Leader of the Opposition): Mr. Speaker, the issue is far larger than a controversy between the Minister of Transport (Mr. Howe) and an hon. member of the house. It is a matter of extraordinary importance. I do not think any words I could use would be language too strong to employ in dealing with the matter.
>
> A member of a public tribunal created by this parliament has seen fit to write a letter to a member of a firm which does business with this country. There cannot be anything personal about that, if it touches public business.

This letter touched public business. It was wholly and solely concerned with public business.

Mr. BENNETT: No, it was not.

Mr. MACKENZIE KING: Then it was concerned with political organization, I suppose; that is the only other thing. But the one was inseparable from the other.

> There cannot be anything personal about that, if it touches public business. He can write about visiting the city, or he can write about social engagements, but the minute he touches upon public business he has no privacy.

That was the position taken by my right hon. friend, namely that he may talk about anything, such as visiting the city, or social engagements—

Mr. BENNETT: Or political organization.

Mr. MACKENZIE KING: He said:

> —but the minute he touches upon public business he has no privacy. He cannot protect himself by putting "personal" on the letter, and the rights of the House of Commons so much transcend that that I trust the minister will not arrive at a hasty conclusion with respect to it.
>
> I wonder if he realizes just what is involved. I had occasion to traverse this matter with a great deal of care some years ago when I was leader of the opposition, as I still am. I had difficulty in dealing with a matter in which certain correspondence was marked "private." The minister properly took the view that it had to be introduced and was on the file.

That was the statement of my right hon. friend.

Mr. BENNETT: Yes, because it was on the file. And this was not on the file.

Mr. ROGERS: The leader of the opposition has suggested that this letter was not on the file. That is an extraordinary suggestion.

Mr. BENNETT: That is the minister's suggestion, I say.

Mr. ROGERS: It is an extraordinary suggestion.

Mr. BENNETT: No, not at all.

Mr. ROGERS: If the leader of the opposition has received any information which would indicate that any members of the Department of Labour altered the files in any way, I wish he would give it to me here and now.

Mr. BENNETT: I will deal with the first question first. The Prime Minister read my statements with respect to the Minister of Transport. That represents my considered opinion with respect to a matter which was discussed with the right hon. the leader of the government, and it referred to a file which had to do with post office matters. We came to the conclusion that when you deal with public business you cannot escape the publication of it by merely putting "personal" on it. It also had to do with questions raised in connection with pensions. But the present letter, dealing with a political matter, marked "personal and confidential," is a privileged communication, and always has been in this house, unless the writer of the letter removes the privilege. That is his privilege, not somebody else's. I think the most striking case of this kind was that concerning a letter written by Hon. Vincent Massey to the present Conservative leader in the senate, Right Hon. Arthur Meighen. He marked that letter "personal," and in view of the fact that he had become a political factor in the life of the country, Mr. Meighen desired that Mr. Massey should remove that privilege. He declined to do so, and after careful investigation Mr. Meighen was satisfied that he could not use or publish that letter unless he had the consent of the writer. That is his privilege, not somebody else's. So far as the other feature of it it is concerned, it is the considered opinion of the former minister that he did not leave that letter on that file.

Mr. ROGERS: Where could it come from?

Mr. BENNETT: That is what he would like to know.

Mr. ROGERS: It was attached to his letter.

Mr. BENNETT: It was there in 1936 and 1937 but it was never produced in this house. The motion was made on the sixth and acceded to on the ninth. The return was made so hurriedly that it was signed by the Minister of Labour for the Secretary of State. The return had to do with correspondence between two dates, one in August and one in October. The former Minister of Labour has no detailed recollection of it; all he says is that to the best of his belief and knowledge that letter was not on the file when he left that office. That is his view.

[Mr. Rogers.]

Mr. ROGERS: The only answer to that is that the letter was there when the file was examined. I have said already that I had no knowledge that the letter was there until the file was requested. The file was requested by a member of this house who was particularly interested in the construction of those roads.

Mr. BENNETT: Apparently he had knowledge of the fact that the letter was there.

Mr. BEAUBIEN: I deny that I had any knowledge.

Mr. BENNETT: We know differently.

Mr. BEAUBIEN: My right hon. friend knows that if he looks through his files he will find a copy of that letter.

Mr. BENNETT: I have had my files searched carefully, and I took the trouble myself to do it. There is no letter or copy of that letter on my personal file. But in my opinion some such letter was received from Mr. Webb, for he was advised in four lines that Hon. Mr. Murphy, then Minister of the Interior, was going to western Canada and would investigate the whole question in connection with rust and drought. Those matters were mentioned separately. He did so, and the very hon. member who has just spoken was one of those who urged that the work should be done. The work was continued after October, but has not yet been completed.

Mr. BEAUBIEN: My right hon. friend cannot deny that the work was started with the object of winning three seats and not to give work to those who needed it.

Mr. BENNETT: I say no such thing—just the opposite.

Mr. MacNEIL: I cannot allow this vote to pass without a brief reference to the unfortunate disturbance that occurred in Vancouver on June 19. I have already stated my views with regard to that situation. I regard it as a terrible blot on the record of this administration. Since this matter was last discussed in the house several points have come into view which I should like to bring to the attention of the committee. We have had an opportunity to examine the sessional paper containing the correspondence and telegrams exchanged between the department and the departmental representative in Vancouver and the department of labour in Victoria. I cannot condemn too definitely the incompetence of the departmental representative in Vancouver, Mr. Mitchell. I have carefully read his communications to the minister, and in my opinion he made no attempt, while staying at the hotel Vancouver in Vancouver

or the Empress hotel in Victoria, to do anything more than send clippings and quotations to the minister. There is no indication that he made any effort to effect a conciliation or to ease the continuation of the situation. On the contrary he definitely minimized the gravity of the situation and emphasized what he termed to be the subversive character of the leadership. He told the minister that the patience of the men would be worn down and they would disperse.

Mr. ROGERS: I have already pointed out that Mr. Mitchell, whom I have found to be a most competent officer of the Department of Labour and who was a former member of this house, was sent to Vancouver to keep me advised of any developments in that situation and to serve as a medium of communication with the provincial government, if that should appear desirable. Mr. Mitchell carried out both of those orders. He was not authorized to deal directly with the single unemployed men, for the simple reason that the provincial government was dealing with the matter.

Mr. MacNEIL: The sessional papers disclose that Mr. Mitchell entered into frequent consultation with Mr. Pearson and with the mayor of Vancouver. Such influence as he may have had on the situation was exercised in the wrong direction. I have before me a copy of his telegram to the minister under date of June 17, from which I quote:

> John Stanton, president, youth council, on return from Victoria to-day said, "Premier Pattullo and Hon. G. S. Pearson made it clear the government would do nothing for the unemployed in the post office."

Then follow what are apparently Mr. Mitchell's own words:

> We hope to prevent the trip to Victoria on Sunday. Now I suppose they will go anyway but I don't believe they will get anywhere.

As an answer to his emphasis on the subversive leadership, I should like to quote from an editorial that appeared in the Vancouver Daily Province of June 24, reading as follows:

> The public knows, unquestionably, if Mr. Pearson does not, that the subversive element among the transient unemployed, though present, has been numerically small and that is the reason for public sympathy for the unemployed and public criticism of the governments at Victoria and Ottawa.
>
> The public knows that the men who immured themselves for a month in two of Vancouver's public buildings were neither reds nor scalawags nor hoodlums, but of the fair average type of young Canadians—men who want work, and would be happy to get it, men who want to get on in the world but find themselves frustrated by the turn of events.
>
> If these men have yielded to so-called subversive influences, they have, of course, made a mistake. But the mistake is entirely understandable—much more understandable than the government's harsh and narrow and immutable policy. The subversive influences at least seemed to offer a hope. The governments to which the men had a right to turn in their distress offered nothing but insults and flouts and starvation.

There is one further point I desire to make. The photographs taken prove beyond a shadow of a doubt that inexcusable brutality was used to evict the men from the post office and that the officers and the police, acting as we understand on the orders of the federal government, as is indicated by the sessional papers, singled out the leaders of the men and used clubs and lengths of water hose upon them until they were insensible. These men are at present in the hospital in Vancouver. That is something that should not be condoned by this government. That day is rightly called "bloody Sunday" in Vancouver because of the inexcusable brutality used upon these men who are properly described by the words I have just quoted.

Mr. ROGERS: There is one other point arising from an item which was passed previously by the committee. The leader of the opposition drew the attention of the committee to some direct charges that had been made against the superintendent of the employment office in Kingston, Ontario. I said I would bring these charges to the immediate attention of the superintendent of the employment services in the Ontario government.

Mr. BENNETT: They were investigated.

Mr. ROGERS: They were investigated, yes. I wish to place on the table of the house a letter from Mr. Rigg, director of unemployment, to Mr. Hudson, general superintendent for Ontario, and a copy of a report made by Mr. Hudson to the minister of labour of the Ontario government. My right hon. friend fully acknowledged at the time that the superintendent of the employment office in Kingston was a provincial official.

Mr. BENNETT: All of them are.

Mr. ROGERS: Therefore the report was properly made to the minister of labour of Ontario. I should like to refer to it very briefly. One charge was that Mr. Mooers had given his services to those who had offered to do him special favours. The basis of that charge was a statement made by Mr. Leggatt before the magistrate's court in Kingston.

Mr. BENNETT: There were others as well.

Mr. ROGERS: Mr. Hudson interviewed Mr. Leggatt, and Mr. Hudson says in his report:

> When I interviewed Mr. Leggatt he was absolutely unable to provide me with the name

of one individual whom he knew, from his personal knowledge, had obtained employment by adopting the course of action indicated in his remarks, namely, by the purchase of beer for the Kingston office superintendent.

I cross-examined him carefully on this point for at least five minutes, offering to take him anywhere in Kingston or to go to any address however remote where substantiation of his charges might possibly be obtained. He could not even give me the name of anyone who might have definite information, and I am submitting for your consideration my conclusion therefore, that the statement made in court was without adequate foundation in fact.

The second charge was that the superintendent was not performing his duties properly because of drunkenness. On that point Mr. Hudson states:

A very thorough investigation in Kingston convinces me that the word "drunken" is too strong an adjective to apply to Mr. Mooers, although it is admitted that he is not a teetotaller. I have made unannounced visits to Kingston at least twenty times during the past four years, and never once have I found Mr. Mooers absent from duty during office hours, and never once has there been the slightest evidence of his having indulged in beer or any other intoxicating beverage during business hours.

I am sorry to take up time with this matter; but on the other hand it was raised before, and as the investigation was made by Mr. Hudson, I felt I ought to provide the information, which I now lay on the table of the house.

Mr. BENNETT: I would regard the investigation as wholly inadequate. It is general knowledge in Kingston that the last finding cannot be justified.

Item agreed to.

Grants-in-aid—Amount required to provide for monthly grants-in-aid to the provinces, $17,500,000.

Mr. ROSS (St. Paul's): The gross expenditure for relief in Toronto in the first five months of this year was reduced from $3,591,420 to $3,481,159, a reduction of $110,461. That is the gross expenditure. The estimated amount of the government contribution to that city has been reduced from $2,430,000 to $2,106,601, a reduction of $323,399. There has been a net increase in the cost of relief in Toronto of $213,138 for the first five months of the year, which on a yearly basis would be about $500,000. In other words, that city is bearing about one-fourth of the total reduction in this vote. I want to protest against the reduction in the government's contribution to relief because the taxpayers of Toronto are burdened just about as heavily as they can stand at the present time. What is the use of trying to do something about housing when taxes are so high? Why was that reduction made?

[Mr. Rogers.]

Mr. ROGERS: Actually there has been no reduction in recent months. As my hon. friend is aware, the amount paid monthly during the winter months was $465,000 to Ontario in the last quarter, or 30 per cent of the actual costs, whichever sum was the lower. There has been no reduction since then. The amount of $465,000 per month is being continued to Ontario, governed by the 30 per cent principle, namely, that the amount paid shall be either $465,000 or 30 per cent of the total cost, whichever sum is the lower.

Item agreed to.

DEPARTMENT OF TRANSPORT

Air Service—Civil Aviation division—Airways and airports—Operation and maintenance including lighting, radio and meteorological services—further amount required, $50,000.

Mr. GREEN: What is the present position with regard to trans-Canada airways, when are operations expected to commence and over what portion of the route?

Hon. C. D. HOWE (Minister of Transport): Since March 1, the mail service has been operated between Winnipeg and Vancouver. On the first of July a day and night mail service, that is two services a day, will be operated over that part of the route. Experimental flying is being conducted from Winnipeg to Kapuskasing, and I believe, although I am not sure, that mail is being carried over part of that distance. Facilities at the eastern end are nearing completion. The Malton airport at Toronto we expect to be ready about the first of August, and the same with regard to North Bay. It is expected by that time a mail service can be carried from coast to coast. The carriage of passengers has been held back to some extent on account of shortage of equipment, but the balance of our equipment will be delivered in August, and I sincerely trust that the route from Vancouver to Montreal and Toronto will be in full operation not later than September 1, for mail, passengers and express.

Mr. GREEN: This year?

Mr. HOWE: Yes. The services conducted to date indicate that a very high operating efficiency has been maintained which has been entirely satisfactory to the Post Office Department, and there has been no accident of any kind to life or property.

Mr. GREEN: We hear very little of the transatlantic service. What progress is being made with that?

Mr. HOWE: My understanding is that the first flight will be made between the tenth and fourteenth of July. It is a flight on an experimental basis, trying out a type of equipment not previously used over this route.

Mr. GREEN: There will be nothing but experimental flights this year?

Mr. HOWE: That is all.

Mr. BENNETT: How many men were brought in from the United States to assist in managing our airways?

Mr. HOWE: Five.

Mr. BENNETT: What are their relative positions?

Mr. HOWE: One is Mr. Johnson, vice-president in charge of operations, with his assistant, Mr. Collyer, stationed in Winnipeg. We have one man in charge of radio training, Mr. Stevens, and then we have Mr. Snaith, who was born in Canada, naturalized in the United States, and is now being repatriated. We count him one of the five. He is chief pilot. Then Mr. Lee is in charge of the technical training of pilots.

Mr. BENNETT: Were any of them British subjects?

Mr. HOWE: Mr. Snaith was born in Canada.

Mr. BENNETT: Are any of them British subjects?

Mr. HOWE: None of those five. They are the only ones on the line who are not British subjects.

Item agreed to.

Airways and airports—Construction and improvements including lighting and radio facilities (capital)—further amount required, $800,000.

Mr. BARBER: It was my intention to take up at some length under this item the question of airports in the lower Fraser valley, but I shall not do so at this stage. Since this matter was last discussed in the house, I have received a return which bears out what I said in regard to influence being used in the selection of landing fields. When this matter was under discussion before, the minister stated that he would investigate the Chilliwack field and the Langley field, and that he might possibly make a trip out there this summer. If I could receive an assurance from the minister that he will look into this matter and give it his careful personal attention, I should be satisfied to let the item pass.

Mr. HOWE: I am glad to give that assurance. The fields that are being fully developed to-day are the one hundred mile fields that are essential to the operation of trans-Canada. The matter of secondary fields has been entirely suspended until the necessary fields for the operation of the trans-Canada line are completed. However, I shall be in Vancouver this summer and shall be pleased to drop in at both sites.

Mr. BENNETT: If the minister will take the file with him, he will see that there is direct interference with respect to the acquisition of the field. I took some part in the debate that occurred, and the minister said that he would look into the matter. I have gone over the file, and I have the letters. It is clear that orders were given to clean it up by direct instructions of the minister, and it would seem that action was not taken. If he says he will look into it, that covers the matter, but he should see the file.

Mr. HOWE: All this happened before I had anything to do with it.

Mr. BENNETT: Quite so.

Mr. BARBER: I wish to make it clear that the present minister is not to blame. This took place under the department as it was before, and I absolve the present minister of any blame in regard to the development or non-development of any of these fields. I shall be pleased to meet him this summer or arrange for him to see the property.

Mr. ROSS (St. Paul's): When will the island airport be completed, and what percentage of the service will operate therefrom? What arrangement has been made for connecting the island with the city of Toronto?

Mr. HOWE: The island airport and the Malton airport are really matters for the city of Toronto. They are both municipal fields. All we had to do with the situation there was to examine the fields chosen by the city of Toronto, give approval for flying purposes and contribute roughly one-quarter towards the development of the fields. Any arrangements made for the use of the field are made by those desiring to use it, and they are made direct with the managers of the airport. Trans-Canada Air Lines has made an arrangement for the use of both fields. I have not seen the details of the arrangement, and therefore I am not familiar with the matter. I assume that whenever weather conditions permit, the island airport will be used, and whenever the weather is difficult, Malton will be resorted to.

Mr. ROSS (St. Paul's): If the air lines use the island airport what arrangement will be made to take passengers to the city?

Mr. HOWE: I have no knowledge of that. I have heard the suggestion that there will be a ferry across, but it will be entirely up to the municipality and the users.

Item agreed to.

To provide for assisting municipalities to improve existing airports or to provide new airports—further amount required, $500,000.

Mr. BENNETT: I was asked whether or not some were favoured as against others, and I said I understood that there was a fixed rule established from which there was no departure. Is that correct?

Mr. HOWE: That is not altogether correct. In building the line it has been found impossible always to get the necessary facilities. In Calgary, for example, we needed an airport, and the city was unable to provide it. In that instance we made the only arrangement that was workable. We said that if the city provided the land and undertook to operate the airport, we would build it. In Lethbridge we had to go beyond the proportion simply in order to get the field into condition to operate. That, however, was done because they needed it.

Mr. BENNETT: Public necessity.

Mr. HOWE: Yes. There are no others treated in that way.

Item agreed to.

Railway service—specials—Amount to be applied towards the actual cost of construction work for the protection, safety and convenience of the public in respect of highway crossings of railways as the governor in council may from time to time determine, $1,000,000.

Mr. COLDWELL: I would impress upon the minister the extreme need for proper protection at railway crossings. A large number of accidents are occurring, and I believe it is at times impossible on account of drainage and other conditions to build subways or bridges. Does the minister contemplate a large expenditure this year on the installation of safety devices? If so, would he consider looking into Canadian devices, of which I believe there are some. The majority of those now in use for the protection of crossings, are, I understand, of United States origin.

Mr. HOWE: The minister has absolutely nothing to do with the expenditure of the fund, which is administered entirely by the board of railway commissioners.

Mr. BENNETT: On public application made by the municipality.

[Mr. Howe.]

Mr. HOWE: Yes. The application comes from interested parties.

Mr. COLDWELL: But this is public money, and perhaps the minister, if it is at all possible, will see to it that Canadian equipment is used.

Mr. HOWE: In so far as I have anything to do with the matter, I shall be glad to consider the suggestion.

Item agreed to.

Special—To provide for contribution to cost of railway projects now needed but which have been deferred under present conditions, $850,000.

Mr. BENNETT: This looks like a deferred maintenance item which should be in another place.

Mr. HOWE: It is similar to the vote put through in the first session of this parliament. The purpose is for cooperation with the railways to absorb unemployment.

Mr. BENNETT: Oh, that is what it is for.

Mr. HOWE: Yes. The contribution that we shall make will not be more than the actual labour involved in the project.

Mr. BENNETT: That is sufficient to identify it. It did not indicate on the face of it what it was.

Item agreed to.

Government Owned Enterprises
(Non-active Accounts)

Canadian National Railway Company

Amount not exceeding $42,000,000 to be paid from time to time, under such conditions as the Minister of Finance may prescribe, to the Canadian National Railway Company (hereinafter called "the national company") and to be applied by the national company in payment of the deficit arising in the calendar year 1938, including such supplementary contribution to the intercolonial and Prince Edward Island railway employees' provident fund as may be necessary to provide for payment in full of monthly allowances under the provisions of the Intercolonial and Prince Edward Island Railway Employees' Provident Fund Act notwithstanding, the limitation contained in section four of the said act, and including such supplementary contribution to the Grand Trunk Railway of Canada superannuation and provident fund as may be necessary to enable payment to be made of monthly allowances under the rules and regulations of the fund, notwithstanding the limitation contained in section thirteen of chapter sixty-five of the Statutes of Canada, 1874, but not including amounts charged to proprietor's equity of the national railway system as defined in chapter twenty-two of the Statutes of Canada, 1937—

Canadian National Railways, exclusive of eastern lines, $39,900,000.

Eastern lines, $2,100,000.

Mr. BENNETT: These amounts have been considered by the special committee?

Mr. HOWE: Yes.

Item agreed to.

Resolutions reported, read the second time and concurred in.

SUPPLY—CONCURRENCE

Hon. J. L. ILSLEY (Acting Minister of Finance) moved:

That the reports of the committee of supply made to this house on February 15, 18, 22, 24, 25, March 3, 4, 11, 17, April 25, 26, May 4, 6, 12, 13, 16, 17, 18, 19, 20, 23, 25, 26, 27, 31, June 1, 2, 3, 6, 7, 10, 13, 14, 15, 16 and 17, less amounts voted in interim supply, be now received, read a second time and concurred in.

Mr. BENNETT: And to-day—July 1.

Mr. ILSLEY: That has been covered previously.

Motion agreed to.

WAYS AND MEANS

SUPPLY BILL

Hon. J. L. ILSLEY (Acting Minister of Finance) moved that the house go into committee of ways and means.

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

Mr. ILSLEY moved:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending 31st March, 1939, the sums of $156,230,497.94 and $88,757,863.42 respectively, be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce Bill No. 176, for granting to His Majesty certain sums of money for the public service for the fiscal year ending the 31st March, 1939.

Motion agreed to, bill read the first and second time, considered in committee, reported, read the third time and passed.

RIGHT HON. R. B. BENNETT

REPORTED RETIREMENT FROM PARTY LEADERSHIP—OBSERVATIONS OF THE PRIME MINISTER

Right Hon. W. L. MACKENZIE KING (Prime Minister): This concludes the work of the present session so far as the sitting of this house is concerned. As hon. members are aware, my right hon. friend the leader of the opposition (Mr. Bennett) has indicated that he does not intend to continue in the office of leader of the Conservative party, and therefore may not be sitting where he is to-day when the house resumes at its next session. We have sat opposite each other for some eleven years in our capacity as leaders of our respective political parties, and I should not like to allow this moment to go by without just a parting word to my right hon. friend. He has indicated, as I have said, his desire to retire from the leadership of his party for reasons that are known to all of us. However, since his first intimation was given there have been persistent rumours to the effect that my right hon. friend might still be persuaded to continue in the position which he now holds. The last announcement we have had on the subject which I have regarded as at all authoritative were his words, as reported, that he had no desire to succeed himself as leader of his party. That may be his personal desire, but desires may be overruled by the persuasion of the coming Conservative convention. Not being too sure what the outcome of the convention may be, I do not think I should attempt at this moment to go too far in the way of pronouncing a eulogy upon my right hon. friend. For that reason I shall simply content myself by saying to him, "Au revoir, but not good-bye."

Right Hon. R. B. BENNETT (Leader of the Opposition): Mr. Speaker, I cannot find terms adequately to express my grateful appreciation of the observations of the Prime Minister (Mr. Mackenzie King). We have sat opposite one another for eleven years. Sometimes our relations have been very cordial, and other times they were not. We have both given and taken. I should think that probably I have given as much as I have taken, and taken as much as I have given. It is all part of the rough and tumble of public life. It is a tiresome task. It is a wearying task. It is an ungrateful task. Yet someone must discharge public duties. Sometimes the lot falls on one and sometimes on another.

In a country like this, where we have so few accumulations, it is almost impossible for a man to adopt public life as a career. I wish we had provision in our universities for endowments which would enable young men to undertake great public service to the state. Whether they be in office or out of office is not a matter of importance. Sometimes one is able out of office to render as useful service to the state as if he were in office. The only thing is to endeavour to keep in mind always some thought of the nation as a whole. Here it is the first day of July, 1938. He would be a bold man indeed who would say that the sense of Canadian unity is anything like

as great as we should like to have it; and he would be a bold man who would say that there are not in operation forces that we fain would destroy, that do not conduce to that unity of thought, of purpose and of action which is essential to the development of a national outlook in this dominion.

I have tried to keep that thought in mind. I think perhaps I had better say to my colleagues in the house that this is not the time to deliver a valedictory; and while I have expressed myself as clearly as I can as to what is my own position, I shall never forget your kindness at times or your cruelty at others, and I again thank the Prime Minister.

Right Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, as the oldest member of this house in point of service, and representing more particularly a certain section and element of the population of Canada, I wish to pay a tribute to my right hon. friend the leader of the opposition (Mr. Bennett). We have fought many battles; we have differed, at times violently; but I must say that my association with the right hon. gentleman has always been of the finest kind. I am pleased to have been associated with him, and personally, as well as in his capacity in the public life of the country, I am pleased to render him my warmest tribute and homage. At the first session after he was selected as the leader of his party, I said he was a fine type of Canadian manhood, and I wish to repeat those words on this, his last day as leader of his party.

Mr. BENNETT: I am sorry that the right hon. Minister of Justice (Mr. Lapointe) had not spoken before I said what I had to say, because two speeches in the form of valedictories are too much for this assembly to listen to in one day. I should like to say this, however. I went to the province of Quebec a stranger. I went into the small communities, and I shall never forget as long as I live the kindness, the hospitality and the courtesy that I was shown there on every occasion. It has always been a matter of regret to me that I have not been able to see more of the people of that province. Certainly the relations between the Minister of Justice and myself, strained though at times they were, have always been characterized by courtesy and kindness when we removed that veneer which sometimes is the result of political associations and partisan views. At heart we have never had any differences. We belong to the same profession; we have been members of the same associations; we know some of the vicissitudes of public life, and I shall never forget his rising in his place to-day and, in the face of many political differences, expressing himself in such a kindly manner.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, as one of the representatives of Alberta I should like to take this opportunity to express our happiness and satisfaction that the right hon. leader of the opposition (Mr. Bennett) is an Alberta product. His heart and soul were in that province. I think we have always been proud of his stalwart defence of Canadian and British unity and greatness. There are those who do not understand the social credit movement which I represent. Let me take this occasion to state this: that man is deliberately deluding himself who persists in believing that the movement which to-day is outstanding in Alberta is any less enthusiastic for Canadian and British unity and greatness than is the illustrious right hon. leader of the opposition. If at times it seems that this is not so it is simply because we are not understood.

I rejoice greatly in tendering to the right hon. gentleman the tribute of respect which I think we all feel for him, whether or not we agree with his political and economic ideas. Throughout Canada it is believed, I think, that to the extent of his ability all during his public life he has honestly and sincerely discharged his duties.

Mr. MACKENZIE KING: I hope the right hon. leader of the opposition and other hon. members of the house will excuse me if I leave at this time. It is part of my official duties to meet the deputy of the governor general when he arrives for prorogation, and I shall have to leave the house for that purpose.

Mr. A. A. HEAPS (Winnipeg North): I feel sure that if the leader of our group had been in his seat at this time he would have been extremely happy to associate himself with the sentiments that have been expressed to the right hon. leader of the opposition (Mr. Bennett). It may be true that the right hon. gentlemen has had his heart and soul in the province of Alberta, but I think his real heart and soul have been in the work carried on in this chamber. I can think of no one in this house who has given more time and attention to the work carried on here than has the right hon. leader of the opposition. If I were to be asked who was the hardest working member of this house I think I would give first place to him. I believe many of us who try to follow the work done here, who give as much time to it as we possibly can, often sit

and marvel at the way the right hon. gentleman attends here day after day, week after week, concentrating upon his work, and at the wealth of information which he has drawn upon in connection with many of the important questions that have come before us from time to time. Whether he continues to be leader of the opposition or whether he remains in this house as a private member, I feel sure that to those of us who have been associated with him the work he has done in this chamber in the past will always be worthy of the highest traditions of this parliament. I am sure many of us would exceedingly regret it if the right hon. gentleman should cease to be a member of this chamber, because it is difficult to think of this house without him. However, whether he retains the leadership of his party or whether he becomes a private member of the house, we wish him all good health and happiness.

Hon. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, I trust the hon. members who have paid such eloquent tribute to the right hon. leader of the opposition (Mr. Bennett) will not leave this chamber this afternoon with an entirely erroneous impression as to his retirement from public service. I have known the leader of the opposition for very many years, ever since, in the autumn of 1890, he commenced his law studies at the Dalhousie School of Law at Halifax. He was then a young man, avid for information. In his second year he received an appointment as assistant law librarian of the law school, in order that he might successfully complete his law studies, as he did in 1893. I have been associated with him more or less closely ever since. He then started out on a great career, with high aspirations for Canada and for the empire of which Canada forms a part. Never throughout his public career has there been any wavering from that high ideal which inspired him when I first heard him delivering addresses in the old Sodales Club of Dalhousie University.

But do not rest under any misapprehension. Though the present leader of the opposition may possibly leave this chamber, he certainly cannot altogether retire from political life, and he will not, I think, cease to exercise a very powerful influence upon the public opinion of this country, and I trust a still more powerful influence upon the public life of the empire of which we form a part.

PROROGATION OF PARLIAMENT

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

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

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

In the Senate chamber His Honour the Deputy Governor General was pleased to give, in His Majesty's name, the royal assent to the following bills:

BILLS ASSENTED TO

An Act for the relief of Frank Roy Hedges.
An Act for the relief of Jessie Fields Chambers Henry.
An Act for the relief of Marguerite Oldham Jamieson Macdonald.
An Act for the relief of Ida Hillman Livermore Woodall.
An Act for the relief of Gabrielle Rachel Cécile Pelissier de Kermeno de Gouzillon.
An Act for the relief of Millicent Barbeau Edmondson.
An Act for the relief of Théodore Charles Grothé.
An Act for the relief of Stella Maude Lash Dawes.
An Act for the relief of Elizabeth Dubnitsky, otherwise known as Elizabeth Dubney.
An Act for the relief of Harry Roth.
An Act for the relief of Marjorie Ruth Nicholson Lowe.
An Act for the relief of Anna Vereszczak Finchuk.
An Act for the relief of Aldège Nault.
An Act for the relief of Muriel Gladys Jones Roberts.
An Act for the relief of Virginia Amelia Loomis Wadsworth.
An Act for the relief of Jennie Erdrich Ettenberg.
An Act for the relief of Thomas McDade.
An Act for the relief of Isabel Bovill Clarke.
An Act for the relief of Bessie Goldberg Katz.
An Act to amend The Seeds Act, 1937.
An Act to amend the Dairy Industry Act.
An Act to amend the Bank of Canada Act.
An Act to amend the Special War Revenue Act.
An Act to amend the Income War Tax Act.
An Act to authorize the provision of moneys to meet certain expenditures made and indebtedness incurred by the Canadian National Railways System during the calendar year 1938, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.
An Act respecting the Franchise of Electors and the Election of Members of the House of Commons.
An Act to establish a Board of Transport Commissioners for Canada, with authority in respect of transport by railways, ships and aircraft.
An Act respecting Radio in Canada.
An Act to assist in the Construction of Houses.
An Act to amend The Farmers' Creditors Arrangement Act, 1934.
An Act to amend The Criminal Code.
An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1939.

To these bills the royal assent was pronounced by the Clerk of the Senate in the following words:

In His Majesty's name the Honourable the Deputy Governor General doth assent to these bills.

Then the Honourable the Speaker of the House of Commons addressed the Honourable the Deputy Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted supplies required to enable the government to defray certain expenses of the public service.

In the name of the commons, I present to Your Honour the following bill:

An act for granting to His Majesty certain sums of money for the public service for the financial year ending March 31, 1939.

To which bill I humbly request Your Honour's assent.

To this bill the Clerk of the Senate, by command of the Deputy of His Excellency the Governor General, did thereupon say:

In His Majesty's name, the Honourable the Deputy Governor General thanks his loyal subjects, accepts their benevolence, and assents to this bill.

GOVERNOR GENERAL'S SPEECH

After which His Honour the Deputy Governor General was pleased to close the third session of the eighteenth parliament of the Dominion of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

In bringing the present session to a close, I desire to express my appreciation of the careful attention given the many measures submitted for your consideration.

International relations and domestic conditions continue to be affected by conflict, disorders and tensions in different parts of the world. The disturbed situation abroad, and prolonged and unprecedented drought in western Canada, have, unfortunately, somewhat retarded recovery. Improvement in economic conditions has, however, been more steadily maintained in Canada than in many other countries. Gratifying factors in the situation are the further diminution in the numbers on relief, and the progressive and substantial reductions in the deficits in the national accounts. The outlook for agriculture in the west is more hopeful than it has been for some years.

An outstanding feature of the session has been the adoption of measures constituting a long-range nation-wide program of conservation and development, designed to stimulate employment and enlarge the national income. They include a comprehensive housing scheme, under which special assistance will be afforded in the construction of houses to be owned by families of limited means, and of housing accommodation in urban centres to be leased at less than economic rentals.

The dominion has undertaken to pay a substantial proportion of municipal real estate taxes, over a three-year period, on new houses erected before the end of 1940, and to make loans, at low interest rates, to municipalities to enable them to undertake projects of a self-liquidating character.

The housing program has been further aided, and increased activity in the construction industry fostered by the exemption from sales tax of materials entering into the construction of houses and other buildings.

Under the Prairie Farm Rehabilitation Act, further progress has been made, in the development and conservation of water supplies, and the formation of community pasture areas where lands are not suitable for cultivation.

Appropriations have been made for the continuation, on a broader scale, of the youth training program, and for its extension to include persons of older age.

Provision has been made for the complete nationalization of the Bank of Canada through the acquisition by the government of the ownership, in its entirety, of the capital stock of the bank.

The Board of Railway Commissioners for Canada has been superseded by a Board of Transport Commissioners, with authority in respect of transport by air and water, as well as by rail.

The trans-Canada air service is now operating a regular air mail schedule over a considerable area of the dominion. It is expected that, at an early date, a coast to coast service will be in operation.

The provisions of the criminal code relating to the improper driving of motor vehicles have been made more stringent. Other important amendments have been adopted.

The War Veterans' Allowance Act has been amended to provide for veterans who, although not totally incapacitated, are incapable of maintaining themselves, and for those who served in South Africa and were domiciled in Canada at the time of their enlistment.

The registration of shop cards has been authorized, a measure which has been advocated for many years by labour unions in Canada.

The special committee of the House of Commons on Elections and Franchise Acts has given careful study to the means employed to effect redistribution in Canada and other countries, and to proposals with respect to political expenditures. A new Dominion Elections Act has been enacted.

Considerable progress has been made in the negotiations which, for several months past, have been carried on with the government of the United States, with a view to revising and extending the trade agreement concluded in 1935. It is hoped the negotiations will result in a comprehensive Agreement, which will facilitate the further development of trade between the two countries.

Members of the House of Commons:

I thank you for the provision you have made for the public sevice.

Honourable Members of the Senate:

Members of the House of Commons:

In taking leave of you at this time, I pray that the blessing of Divine Providence may rest upon your labours.

This concluded the third session of the eighteenth parliament.

END OF VOLUME IV.