

DOMINION OF CANADA  
OFFICIAL REPORT  
OF  
DEBATES  
HOUSE OF COMMONS

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FIFTH (SPECIAL WAR) SESSION—EIGHTEENTH PARLIAMENT

September 7—September 13, 1939

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3 GEORGE VI, 1939

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IN ONE VOLUME (WITH INDEX)

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OTTAWA  
J. O. PATENAUDE, I.S.O.  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
1939

MEMBERS OF THE GOVERNMENT  
OF THE  
RIGHT HON. WILLIAM LYON MACKENZIE KING

(Sworn in, October 23, 1935.)

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Prime Minister, President of the Privy Council, Secretary of State for External Affairs..	Right Hon. WILLIAM LYON MACKENZIE KING
Member of the Administration and Minister without portfolio..	Hon. RAOUL DANDURAND
Minister of Mines and Resources..	Hon. THOMAS ALEXANDER CRERAR
Minister of Justice and Attorney General of Canada ..	Right Hon. ERNEST LAPOINTE
Minister of Public Works..	Hon. PIERRE JOSEPH ARTHUR CARDIN
Minister of Trade and Commerce ..	Hon. WILLIAM DAUM EULER
Minister of Finance ..	<sup>1</sup> Hon. CHARLES AVERY DUNNING <sup>2</sup> Hon. JAMES LAYTON RALSTON
Postmaster General ..	<sup>3</sup> Hon. NORMAN ALEXANDER McLARTY <sup>4</sup> Hon. CHARLES GAVAN POWER
Secretary of State ..	<sup>5</sup> Hon. FERNAND RINFRET <sup>6</sup> Right Hon. ERNEST LAPOINTE
Minister of National Defence ..	<sup>7</sup> Hon. IAN ALISTAIR MACKENZIE <sup>8</sup> Hon. NORMAN McLEOD ROGERS
Minister of Pensions and National Health ..	<sup>9</sup> Hon. CHARLES GAVAN POWER <sup>10</sup> Hon. IAN ALISTAIR MACKENZIE
Minister of National Revenue ..	Hon. JAMES LORIMER ILSLEY
Minister of Fisheries..	Hon. JOSEPH ENOIL MICHAUD
Minister of Labour ..	<sup>11</sup> Hon. NORMAN McLEOD ROGERS <sup>12</sup> Hon. NORMAN ALEXANDER McLARTY
Minister of Transport..	Hon. CLARENCE DECATUR HOWE
Minister of Agriculture ..	Hon. JAMES GARFIELD GARDINER
Minister without portfolio..	Hon. JAMES ANGUS MACKINNON

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<sup>1</sup> Resigned office, September 6, 1939.  
<sup>2</sup> Appointed, September 6, 1939.  
<sup>3</sup> Appointed, January 23, 1939.  
<sup>4</sup> Appointed, September 19, 1939.  
<sup>5</sup> Died, July 12, 1939.  
<sup>6</sup> Appointed Acting Secretary of State, September 6, 1939.  
<sup>7</sup> Appointed Minister of Pensions and National Health, September 19, 1939.  
<sup>8</sup> Appointed, September 19, 1939.  
<sup>9</sup> Appointed Postmaster General, September, 19, 1939.  
<sup>10</sup> Appointed, September 19, 1939.  
<sup>11</sup> Appointed Minister of National Defence, September 19, 1939.  
<sup>12</sup> Appointed Minister of Labour, September 19, 1939.

# HOUSE OF COMMONS

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Speaker . . . . . HON. PIERRE-FRANÇOIS CASGRAIN, B.A., LL.M.,  
K.C.

Deputy Speaker . . . . . FREDERICK GEORGE SANDERSON.

Deputy Chairman of Committees of the Whole  
House . . . . . J. FREDERICK JOHNSTON.

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Clerk of the House . . . . . ARTHUR BEAUCHESNE, C.M.G., M.A., K.C.,  
LL.D., Litt.D., F.R.S.C.

Clerk Assistant . . . . . THOMAS MUNRO FRASER, LL.B.

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Sergeant-at-Arms. . . . . Major MILTON FOWLER GREGG, V.C., M.C.  
and Bar, M.A.

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Editor of Debates. . . . . EARL COURTNEY YOUNG.

Associate Editor of Debates . . . . . FREDERICK W. S. GALBRAITH.

Editor of French Debates . . . . . J. HENRI MACKAY.

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French: Hector Benoit.

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## SELECT COMMITTEE ON OFFICIAL REPORT OF DEBATES

Messieurs: Côté, Esling, Finn, Gauthier, Hill, Lawson, MacKinnon (Edmonton),  
McIntosh, McNevin (Victoria, Ont.), Mitchell, Pinard.

Chairman: Mr. Jean-François Pouliot

## ALPHABETICAL LIST

OF THE

### Members of the House of Commons

*Fifth (Special War) Session, Eighteenth Parliament*

Hon. PIERRE-FRANÇOIS CASGRAIN, Speaker

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AHEARN, THOMAS FRANKLIN—Ottawa West.	CLARKE, HARRY GLADSTONE—Rosedale.
ANDERSON, ALEXANDER JAMES—High Park.	CLEAVER, HUGHES—Halton.
BAKER, RICHARD LANGTON—Eglinton.	COCHRANE, KENNETH JUDSON—Cumberland.
BARBER, HARRY JAMES—Fraser Valley.	COLDWELL, MAJOR JAMES WILLIAM—Rosetown- Biggar.
BARRY, JOHN PATRICK—Northumberland (N.B.)	<sup>1</sup> CÔTÉ, PIERRE EMILE—Bonaventure.
BEAUBIEN, ARTHUR LUCIEN—Provencher.	CRERAR, HON. THOMAS ALEXANDER—Churchill.
BERCOVITCH, PETER—Cartier.	CRÈTE, J. ALPHIDA—St. Maurice-Lafèche.
BERTRAND, ELIE OSCAR—Prescott.	
BERTRAND, ERNEST—Laurier.	DAMUDE, ARTHUR B.—Welland.
BLACK, DONALD ELMER—Châteauguay-Hunt- ingdon.	DAVIDSON, ROBERT GREIG—Stanstead.
BLACK, MARTHA LOUISE—Yukon.	DEACHMAN, ROBERT JOHN—Huron North.
BLACKMORE, JOHN HORNE—Lethbridge.	DENIS, AZELLUS—St. Denis.
BLAIR, JOHN KNOX—Wellington North.	DESLAURIERS, HERMAS—St. Mary.
BLAIS, FRANK—Chapleau.	DONNELLY, THOMAS F.—Wood Mountain.
BLANCHETTE, JOSEPH ADÉODAT—Compton.	DOUGLAS, JAMES LESTER—Queens.
BONNIER, JOSEPH ARSÈNE—St. Henry.	DOUGLAS, THOMAS CLEMENT—Weyburn.
BOTHWELL, CHARLES EDWARD—Swift Current.	DUBOIS, LUCIEN—Nicolet-Yamaska.
BOUCHARD, GEORGES—Kamouraska.	DUBUC, JULIEN EDOUARD ALFRED—Chicoutimi
BOULANGER, OSCAR L.—Bellechasse.	DUFFUS, JOSEPH JAMES—Peterborough West.
BRADETTE, JOSEPH ARTHUR—Cochrane.	DUNNING, HON. CHARLES AVERY—Queens.
BRASSET, MAURICE—Gaspé.	DUPUIS, VINCENT—Chambly-Rouville.
BROOKS, ALFRED JOHNSON—Royal.	DUSSAULT, JOSEPH ETIENNE—Lévis.
BROWN, ALBERT A.—Hamilton East.	
BRUNELLE, HERVÉ EDGAR—Champlain.	ELLIOTT, HON. JOHN CAMPBELL—Middlesex West.
CAHAN, HON. CHARLES HAZLITT—St. Lawrence- St. George.	<sup>2</sup> ELLIOTT, OTTO BUCHANAN—Kindersley.
CAMERON, CHARLES ALEXANDER—Hastings South.	EMMERSON, HENRY READ—Westmorland.
CARDIN, HON. P. J. ARTHUR—Richelieu-Ver- chères.	ESLING, WILLIAM KEMBLE—Kootenay West.
CASGRAIN, HON. PIERRE-FRANÇOIS—Charlevoix- Saguenay.	EULER, HON. WILLIAM DAUM—Waterloo North.
CASSELMAN, ARZA CLAIR—Grenville-Dundas.	EVANS, CHARLES ROBERT—Maple Creek.
CHEVRIER, LIONEL—Stormont.	
CHURCH, THOMAS LANGTON—Broadview.	FACTOR, SAMUEL—Spadina.
CLARK, STUART MURRAY—Essex South.	FAFARD, J. FERNAND—Montmagny-L'Islet.
CLARK, WILLIAM GEORGE—York-Sunbury.	FAIR, ROBERT—Battle River.
	FARQUHAR, THOMAS—Algoma East.
	FERGUSON, RORK SCOTT—Hastings-Peterborough.
	FERLAND, CHARLES EDOUARD—Joliette-l'Assomp- tion-Montcalm.

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<sup>1</sup> Resigned to enter Quebec provincial election, October 10, 1939.

<sup>2</sup> Resigned, October 25, 1939.

- FERRON, J. EMILE—Berthier-Maskinongé.  
 FINN, ROBERT EMMETT—Halifax.  
 FISET, SIR EUGÈNE, KT.—Rimouski.  
 FLEMING, HARRY RAYMOND—Humboldt.  
 FONTAINE, TH. ADÉLARD—St. Hyacinthe-Bagot.  
 FOURNIER, ALPHONSE—Hull.  
 FOURNIER, SARTE—Maisonneuve-Rosemount.  
 FRANŒEUR, JOSEPH NAPOLÉON—Lotbinière.  
 FRASER, WILLIAM ALEXANDER—Northumberland (Ont.).  
 FURNISS, STEPHEN JOSEPH—Muskoka-Ontario.
- GARDINER, HON. JAMES GARFIELD—Assiniboia.  
 GARIÉPY, WILFRID—Three Rivers.  
 GAUTHIER, PIERRE—Portneuf.  
<sup>1</sup>GIROUARD, WILFRID—Drummond-Athabaska.  
 GLADSTONE, ROBERT WILLIAM—Wellington South.  
 GLEN, JAMES ALLISON—Marquette.  
 GOLDING, WILLIAM HENRY—Huron-Perth.  
 GOSSELIN, LOUIS—Brome-Missisquoi.  
 GOULET, ALFRED—Russell.  
 GRANT, THOMAS VINCENT—Kings.  
 GRAY, ROSS WILFRED—Lambton West.  
 GRAYDON, GORDON—Peel.  
 GREEN, HOWARD CHARLES—Vancouver South.
- HAMILTON, HENRY SIDNEY—Algoma West.  
 HANSELL, ERNEST GEORGE—Macleod.  
 HANSON, OLOF—Skeena.  
 HARRIS, JOSEPH HENRY—Danforth.  
 HARTIGAN, DAVID JAMES—Cape Breton South.  
 HAYHURST, WILLIAM—Vegreville.  
 HEAPS, ABRAHAM ALBERT—Winnipeg North.  
 HÉON, GEORGES HENRI—Argenteuil.  
 HILL, BURTON MAXWELL—Charlotte.  
 HOMUTH, KARL K.—Waterloo South.  
 HOWARD, CHARLES BENJAMIN—Sherbrooke.  
 HOWDEN, JOHN POWER—St. Boniface.  
 HOWE, HON. CLARENCE DECATUR—Port Arthur.  
 HURTUBISE, JOSEPH RAOUL—Nipissing.  
 HUSHION, WILLIAM JAMES—St. Ann.  
 HYNDMAN, ALONZO BOWEN—Carleton.
- ILSLEY, HON. JAMES LORIMER—Digby-Annapolis-Kings.  
 ISNOR, GORDON B.—Halifax.
- JAQUES, NORMAN—Wetaskiwin  
 JEAN, JOSEPH—Mercier  
 JOHNSTON, CHARLES EDWARD—Bow River  
 JOHNSTON, JOHN FREDERICK—Lake Centre
- KENNEDY, ORVIS A.—Edmonton East.  
 KING, RIGHT HON. W. L. MACKENZIE—Prince Albert  
 KINLEY, JOHN JAMES—Queens-Lunenburg  
 KIRK, JAMES RALPH—Antigonish-Guysborough  
 KUHLE, WALTER FREDERICK—Jasper-Edson
- LACOMBE, LIGUORI—Laval-Two Mountains  
 LACROIX, EDOUARD—Beauce  
 LACROIX, WILFRID—Quebec-Montmorency  
 LALONDE, MAURICE—Labelle  
 LANDERYOU, JOHN CHARLES—Calgary East  
 LAPOINTE, ARTHUR JOSEPH—Matapédia - Matane  
 LAPOINTE, RIGHT HON. ERNEST—Quebec East.  
 LAWSON, HON. JAMES EARL—York South  
 LEADER, HARRY—Portage la Prairie  
 LECLERC, JOSEPH HERMAS—Shefford  
 LEDUC, RODOLPHE—Wright.  
 LENNARD, FRANK EXTON—Wentworth  
 LITTLE, WALTER—Timiskaming  
 LOCKHART, NORMAN J. M.—Lincoln
- MACDONALD, WILLIAM ROSS—Brantford City  
 MACINNIS, ANGUS—Vancouver East  
 MACKENZIE, FREDERICK DONALD—Neepawa  
 MACKENZIE, HON. IAN ALISTAIR—Vancouver Centre  
 MACKINNON, HON. JAMES A.—Edmonton West  
<sup>2</sup>MACLEAN, ALFRED EDGAR—Prince  
 MACLEAN, MATTHEW—Cape Breton North-Victoria.  
 MACLENNAN, DONALD—Inverness-Richmond  
 MACMILLAN, JOHN ANGUS—Mackenzie  
 MACNEIL, CHARLES GRANT—Vancouver North  
 MACNICOL, JOHN RITCHIE—Davenport  
 MACPHAIL, AGNES CAMPBELL—Grey-Bruce  
 MACRAE, JOHN DONALD—Glengarry  
 MCAVITY, ALLEN GETCHELL—St. John-Albert.  
 MCCALLUM, ANGUS NEIL—Frontenac-Addington.  
 MCCANN, JAMES J.—Renfrew South  
 MCCUAIG, DUNCAN FLETCHER—Simcoe North  
 MCCULLOCH, HENRY B.—Pictou

<sup>1</sup> Resigned, to enter Quebec provincial election, October 6, 1939.

<sup>2</sup> Died, October 28, 1939.

- McDONALD, GEORGE WILLIAM—Souris  
 McDONALD, WALLACE REGINALD—Pontiac  
 McGEER, GERALD GRATTAN—Vancouver-Burrard  
 MCGREGOR, ROBERT HENRY—York East  
 McINTOSH, CAMERON ROSS—North Battleford  
 McIVOR, DANIEL—Fort William  
 MCKENZIE, HUGH ALEXANDER—Lambton-Kent  
 MCKINNON, HUGH BATHGATE—Kenora-Rainy River  
 McLARTY, HON. NORMAN ALEXANDER—Essex West  
 McLEAN, GEORGE ALEXANDER—Simcoe East  
 McLEAN, MALCOLM—Melfort  
 McNEVIN, BRUCE—Victoria (Ont.)  
 McNIVEN, DONALD ALEXANDER—Regina City  
 McPHEE, GEORGE W.—Yorkton  
 MANION, HON. ROBERT JAMES—London  
 MARSH, JOHN ALLMOND—Hamilton West.  
 MARSHALL, JAMES ALEXANDER—Camrose  
 MARTIN, PAUL—Essex East  
 MASSEY, DENTON—Greenwood  
 MATTHEWS, JAMES EWEN—Brandon.  
 MAYBANK, RALPH—Winnipeg South Centre  
 MAYHEW, ROBERT WELLINGTON—Victoria (B.C.)  
 MICHAUD, HON. JOSEPH ENOIL—Restigouche-Madawaska.  
 MILLS, WILSON HENRY—Elgin.  
 MITCHELL, ARCHIBALD HUGH—Medicine Hat.  
 MOORE, WILLIAM HENRY—Ontario.  
 MOTHERWELL, HON. WILLIAM R.—Melville.  
 MULLINS, JAMES PATRICK—Richmond-Wolfe.  
 MULOCK, WILLIAM PATE—York North.  
 MUTCH, LESLIE ALEXANDER—Winnipeg South.  
 NEEDHAM, JOSEPH—The Battlefords.  
 NEILL, ALAN WEBSTER—Comox-Alberni.  
 O'NEILL, THOMAS JAMES—Kamloops.  
 PARENT, CHARLES—Quebec West and South.  
 PARENT, LOUIS ETIENNE—Terrebonne.  
 PATTERSON, J. E. JACK—Victoria-Carleton.  
 PELLETIER, RENÉ ANTOINE—Peace River.  
 PERLEY, ERNEST EDWARD—Qu'Appelle.  
 PINARD, JOSEPH ALBERT—East Ottawa.  
 PLAXTON, HUGH JOHN—Trinity.  
 POOLE, ERIC JOSEPH—Red Deer.  
 POTTIER, VINCENT JOSEPH—Shelburne-Yarmouth-Clare.  
 POUILLIOT, JEAN-FRANÇOIS—Témiscouata.  
 POWER, HON. CHARLES GAVAN—Quebec South.  
 PURDY, GORDON TIMLIN—Colchester-Hants.  
 QUELCH, VICTOR—Acadia.  
 RAYMOND, MAXIME—Beauharnois-Laprairie.  
 REID, THOMAS—New Westminster.  
 RENNIE, ALMON SECORD—Oxford.  
 RHÉAUME, MARTIAL—St. Johns-Iberville-Napierville.  
 RICKARD, WILBERT FRANKLIN—Durham.  
 ROBERGE, EUSÈBE—Mégantic-Frontenac.  
 ROBICHAUD, LOUIS P. A.—Kent (N.B.).  
 ROGERS, HON. NORMAN McLEOD—Kingston City.  
 ROSS, DOUGLAS GOODERHAM—St. Paul's.  
 ROSS, DUNCAN GRAHAM—Middlesex East.  
 ROSS, JOHN GORDON—Moose Jaw.  
 ROWE, PERCY JOHN—Athabaska.  
 ROWE, HON. WILLIAM EARL—Dufferin-Simcoe.  
 ST-PÈRE, EDOUARD CHARLES—Hochelaga.  
 SANDERSON, FREDERICK GEORGE—Perth.  
 SENN, MARK CECIL—Haldimand.  
 SLAGHT, ARTHUR GRAEME—Parry Sound  
 SPENCE, DAVID—Parkdale.  
 STEVENS, HON. HENRY HERBERT—Kootenay East.  
 STEWART, HON. HUGH ALEXANDER—Leeds.  
 STIRLING, HON. GROTE—Yale.  
 STREIGHT, JOHN EVERETT LYLE—York West.  
 SYLVESTRE, ARMAND—Lake St. John-Roberval.  
 TAYLOR, JAMES SAMUEL—Nanaimo.  
 TAYLOR, WILLIAM HORACE—Norfolk.  
 TELFORD, WILLIAM PATTISON—Grey North.  
 THAUVETTE, JOSEPH—Vaudreuil-Soulanges.  
 THOMPSON, THOMAS ALFRED—Lanark.  
 THORSON, JOSEPH THORARINN—Selkirk.  
 TOMLINSON, WILLIAM RAE—Bruce.  
 TREMBLAY, LÉONARD DAVID—Dorchester.  
 TUCKER, WALTER ADAM—Rosthern.  
 TURGEON, JAMES GRAY—Cariboo.  
 TURNER, JOHN MOUAT—Springfield.  
 TUSTIN, GEORGE JAMES—Prince Edward-Lennox.  
 VENIOT, CLARENCE JOSEPH—Gloucester.  
 VIEN, THOMAS—Outremont.

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WALSH, WILLIAM ALLEN—Mount Royal.

WARD, WILLIAM JOHN—Dauphin.

WARREN, RALPH MELVILLE—Renfrew North.

WEIR, WILLIAM GILBERT—Macdonald.

WERMENLINGER, EDGARD JULES—Verdun.

WHITE, ROBERT SMEATON—St. Antoine-West-  
mount.

WINKLER, HOWARD WALDEMAR—Lisgar.

WOOD, GEORGE ERNEST—Brant.

WOODSWORTH, JAMES SHAVER—Winnipeg North  
Centre.

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**ALPHABETICAL LIST**  
OF THE  
**CONSTITUENCIES OF THE HOUSE OF COMMONS**

*Fifth (Special War) Session, Eighteenth Parliament*

<b>ACADIA</b> —Quelch, Victor.	<b>CHARLEVOIX-SAGUENAY</b> —Casgrain, Hon. Pierre-François.
<b>ALGOMA EAST</b> —Farquhar, Thomas.	<b>CHARLOTTE</b> —Hill, Burton Maxwell.
<b>ALGOMA WEST</b> —Hamilton, Henry Sidney.	<b>CHÂTEAUGUAY-HUNTINGDON</b> — Black, Donald Elmer.
<b>ANTIGONISH-GUYSBOROUGH</b> —Kirk, J. Ralph.	<b>CHICOUTIMI</b> —Dubuc, Julien Edouard Alfred
<b>ARGENTEUIL</b> —Héon, Georges Henri.	<b>CHURCHILL</b> —Crerar, Hon. Thomas Alexander.
<b>ASSINIBOIA</b> —Gardiner, Hon. James Garfield.	<b>COCHRANE</b> —Bradette, Joseph Arthur.
<b>ATHABASKA</b> —Rowe, Percy John.	<b>COLCHESTER-HANTS</b> —Purdy, Gordon Timlin.
<b>BATTLE RIVER</b> —Fair, Robert.	<b>COMOX-ALBERNI</b> —Neill, Alan Webster.
<b>BEAUCE</b> —Lacroix, Edouard.	<b>COMPTON</b> —Blanchette, Joseph Adéodat.
<b>BEAUHARNOIS-LAPRAIRIE</b> —Raymond, Maxime.	<b>CUMBERLAND</b> —Cochrane, Kenneth Judson.
<b>BELLECHASSE</b> —Bou langer, Oscar L.	<b>DANFORTH</b> —Harris, Joseph Henry.
<b>BERTHIER-MASKINONGÉ</b> —Fenton, J. Emile.	<b>DAUPHIN</b> —Ward, William John.
<b>BONAVENTURE</b> <sup>1</sup> —Côté, Pierre Emile.	<b>DAVENPORT</b> —MacNicol, John Ritchie.
<b>BOW RIVER</b> —Johnston, Charles Edward.	<b>DIGBY-ANNAPOLIS-KINGS</b> —Ilsley, Hon. James Lorimer.
<b>BRANDON</b> —Matthews, James Ewen.	<b>DORCHESTER</b> —Tremblay, Léonard David.
<b>BRANT</b> —Wood, George Ernest.	<b>DRUMMOND-ARTHABASKA</b> <sup>4</sup> —Girouard, Wilfrid.
<b>BRANTFORD CITY</b> —Macdonald, William Ross.	<b>DUFFERIN-SIMCOE</b> —Rowe, Hon. William Earl.
<b>BROADVIEW</b> —Church, Thomas Langton.	<b>DURHAM</b> —Rickard, Wilbert Franklin.
<b>BROME-MISSISQUOI</b> —Gosselin, Louis.	<b>EDMONTON EAST</b> —Kennedy, Orvis A.
<b>BRUCE</b> —Tomlinson, William Rae.	<b>EDMONTON WEST</b> —MacKinnon, Hon. James A.
<b>CALGARY EAST</b> —Landeryou, John Charles.	<b>EGLINTON</b> —Baker, Richard Langton.
<b>CALGARY WEST</b> <sup>2</sup> —Bennett, Right Hon. Richard Bedford.	<b>ELGIN</b> —Mills, Wilson Henry.
<sup>3</sup> Cunnington, Douglas George Leopold.	<b>ESSEX EAST</b> —Martin, Paul.
<b>CAMROSE</b> —Marshall, James Alexander.	<b>ESSEX SOUTH</b> —Clark, Stuart Murray.
<b>CAPE BRETON NORTH-VICTORIA</b> — MacLean, Matthew.	<b>ESSEX WEST</b> —McLarty, Hon. Norman Alexander.
<b>CAPE BRETON SOUTH</b> —Hartigan, David James.	<b>FORT WILLIAM</b> —McIvor, Daniel.
<b>CARIBOO</b> —Turgeon, James Gray.	<b>FRASER VALLEY</b> —Barber, Harry James.
<b>CARLETON</b> —Hyndman, Alonzo Bowen.	<b>FRONTENAC-ADDINGTON</b> —McCallum, Angus Neil.
<b>CARTIER</b> —Bercovitch, Peter.	<b>GASPÉ</b> —Brasnet, Maurice.
<b>CHAMBLY-ROUVILLE</b> —Dupuis, Vincent.	<b>GLENGARRY</b> —MacRae, John Donald.
<b>CHAMPLAIN</b> —Brunelle, Hervé Edgar.	
<b>CHAPLEAU</b> —Blais, Frank.	

<sup>1</sup> Resigned to enter Quebec provincial election, October 10, 1939.

<sup>2</sup> Resigned, January 28, 1939.

<sup>3</sup> Elected in by-election, September 18, 1939.

<sup>4</sup> Resigned to enter Quebec provincial election, October 6, 1939.

GLOUCESTER—Veniot, Clarence Joseph.  
 GREENWOOD—Massey, Denton.  
 GRENVILLE-DUNDAS—Casselman, Arza Clair.  
 GREY-BRUCE—Macphail, Agnes Campbell.  
 GREY NORTH—Telford, William Pattison.  
 HALDIMAND—Senn, Mark Cecil.  
 HALIFAX—Finn, Robert Emmett.  
     Isnor, Gordon B.  
 HALTON—Cleave, Hughes.  
 HAMILTON EAST—Brown, Albert A.  
 HAMILTON WEST—Marsh, John Allmond.  
 HASTINGS-PETERBOROUGH—Ferguson, Rork  
     Scott.  
 HASTINGS SOUTH—Cameron, Charles Alexander.  
 HIGH PARK—Anderson, Alexander James.  
 HOCHÉLAGA—St. Père, Edouard Charles.  
 HULL—Fournier, Alphonse.  
 HUMBOLDT—Fleming, Harry Raymond.  
 HURON NORTH—Deachman, Robert John.  
 HURON-PERTH—Golding, William Henry.  
 INVERNESS-RICHMOND—MacLennan, Donald.  
 JACQUES-CARTIER—<sup>1</sup>Mallette, Vital.  
     <sup>2</sup>Marier, Elphège.  
 JASPER-EDSON—Kuhl, Walter Frederick.  
 JOLIETTE-L'ASSOMPTION-MONTCALM — Ferland,  
     Charles Edouard.  
 KAMLOOPS—O'Neill, Thomas James.  
 KAMOURASKA—Bouchard, Georges.  
 KENORA-RAINY RIVER—McKinnon, Hugh Bath-  
     gate.  
 KENT (N.B.)—Robichaud, Louis P.A.  
 KENT (ONT.)—<sup>3</sup>Rutherford, James Warren.  
     <sup>4</sup>Thompson, Arthur Lisle  
 KINDERSLEY—<sup>5</sup>Elliott, Otto Buchanan.  
 KINGS—Grant, Thomas Vincent  
 KINGSTON CITY—Rogers, Hon. Norman Mc-  
     Leod  
 KOOTENAY EAST—Stevens, Hon. Henry Herbert  
 KOOTENAY WEST—Esling, William Kemble  
 LABELLE—Lalonde, Maurice  
 LAKE CENTRE—Johnston, John Frederick  
 LAKE ST. JOHN-ROBERVAL—Sylvestre, Armand  
 LAMBTON-KENT—McKenzie, Hugh Alexander  
 LAMBTON WEST—Gray, Ross Wilfred  
 LANARK—Thompson, Thomas Alfred

LAURIER—Bertrand, Ernest  
 LAVAL-TWO MOUNTAINS—Lacombe, Liguori  
 LEEDS—Stewart, Hon. Hugh Alexander  
 LETHBRIDGE—Blackmore, John Horne  
 LÉVIS—Dussault, Joseph Etienne  
 LINCOLN—Lockhart, Norman J. M.  
 LISGAR—Winkler, Howard Waldemar  
 LONDON—Manion, Hon. Robert James.  
 LOTBINIÈRE—Francœur, Joseph Napoléon.  
 MACDONALD—Weir, William Gilbert  
 MACKENZIE—MacMillan, John Angus  
 MACLEOD—Hansell, Ernest George  
 MAISONNEUVE-ROSEMOUNT—Fournier, Sarto  
 MAPLE CREEK—Evans, Charles Robert  
 MARQUETTE—Glen, James Allison  
 MATAPÉDIA-MATANE—Lapointe, Arthur Joseph  
 MEDICINE HAT—Mitchell, Archibald Hugh  
 MÉGANTIC-FRONTENAC—Roberge, Eusèbe  
 MELFORT—McLean, Malcolm  
 MELVILLE—Motherwell, Hon. William R.  
 MERCIER—Jean, Joseph  
 MIDDLESEX EAST—Ross, Duncan Graham  
 MIDDLESEX WEST—Elliott, Hon. John Camp-  
     bell  
 MONTMAGNY-L'ISLET—Fafard, J. Fernand  
 MOOSE JAW—Ross, John Gordon  
 MOUNT ROYAL—Walsh, William Allen  
 MUSKOKA-ONTARIO—Furniss, Stephen Joseph  
 NANAIMO—Taylor, James Samuel  
 NEEPAWA—MacKenzie, Frederick Donald  
 NEW WESTMINSTER—Reid, Thomas  
 NICOLET-YAMASKA—Dubois, Lucien  
 NIPISSING—Hurtubise, Joseph Raoul  
 NORFOLK—Taylor, William Horace  
 NORTH BATTLEFORD—McIntosh, Cameron Ross  
 NORTHUMBERLAND (N.B.)—Barry, John Patrick  
 NORTHUMBERLAND (Ont.)—Fraser, William A.  
 ONTARIO—Moore, William Henry  
 OTTAWA EAST—Pinard, Joseph Albert.  
 OTTAWA WEST—Ahearn, Thomas Franklin  
 OUTREMONT—Vien, Thomas  
 OXFORD—Rennie, Almon Secord  
 PARKDALE—Spence, David  
 PARRY SOUND—Slaght, Arthur Graeme  
 PEACE RIVER—Pelletier, René Antoine  
 PEEL—Graydon, Gordon

<sup>1</sup> Died, April 17, 1939.

<sup>2</sup> Elected in by-election, December 18, 1939.

<sup>3</sup> Died, February 27, 1939.

<sup>4</sup> Elected in by-election, December 18, 1939.

<sup>5</sup> Resigned, October 25, 1939.

- PERTH—Sanderson, Frederick George.  
 PETERBOROUGH WEST—Duffus, Joseph James  
 PICTOU—McCulloch, Henry B.  
 PONTIAC—McDonald, Wallace Reginald.  
 PORTAGE LA PRAIRIE—Leader, Harry.  
 PORT ARTHUR—Howe, Hon. Clarence Decatur.  
 PORTNEUF—Gauthier, Pierre.  
 PRESCOTT—Bertrand, Elie Oscar.  
 PRINCE—<sup>1</sup>MacLean, Alfred Edgar.  
 PRINCE ALBERT—King, Right Hon. W. L. Mac-  
 kenzie.  
 PRINCE EDWARD—LENNOX—Tustin, George  
 James.  
 PROVENCHER—Beaubien, Arthur Lucien.  
 QU'APPELLE—Perley, Ernest Edward.  
 QUEBEC EAST—Lapointe, Right Hon. Ernest.  
 QUEBEC—MONTMORENCY—Lacroix, Wilfrid.  
 QUEBEC SOUTH—Power, Hon. Charles Gavan.  
 QUEBEC WEST AND SOUTH—Parent, Charles.  
 QUEENS—Dunning, Hon. Charles Avery.  
 Douglas, James Lester.  
 QUEENS—LUNENBURG—Kinley, John James.  
 RED DEER—Poole, Eric Joseph.  
 REGINA CITY—McNiven, Donald Alexander.  
 RENFREW NORTH—Warren, Ralph Melville.  
 RENFREW SOUTH—McCann, James J.  
 RESTIGOUCHE—MADAWASKA—Michaud, Hon.  
 Joseph Enoil.  
 RICHELIEU—VERCHERES—Cardin, Hon. P. J.  
 Arthur.  
 RICHMOND—WOLFE—Mullins, James Patrick.  
 RIMOUSKI—Fiset, Sir Eugène, Kt.  
 ROSEDALE—Clarke, Harry Gladstone.  
 ROSETOWN—BIGGAR—Coldwell, Major James  
 William.  
 ROSTHERN—Tucker, Walter Adam.  
 ROYAL—Brooks, Alfred Johnson.  
 RUSSELL—Goulet, Alfred.  
 ST. ANN—Hushion, William James.  
 ST. ANTOINE—WESTMOUNT—White, Robert  
 Smeaton.  
 ST. BONIFACE—Howden, John Power.  
 ST. DENIS—Denis, Azellus.  
 ST. HENRY—Bonnier, Joseph Arsene.  
 ST. HYACINTHE—BAGOT—Fontaine, Th. Adélar.  
 ST. JAMES—<sup>2</sup>Rinfret, Hon. Fernand.  
<sup>3</sup>Durocher, Eugène  
 ST. JOHN—ALBERT—McAvity, Allan Getchell.  
 ST. JOHNS—IBERVILLE—NAPIERVILLE—Rhéaume,  
 Martial.  
 ST. LAWRENCE—ST. GEORGE—Cahan, Hon. Charles  
 Hazlitt.  
 ST. MARY—Deslauriers, Hermas.  
 ST—MAURICE—LAFLECHE—Crête, J. Alphida.  
 ST. PAUL'S—Ross, Douglas Gooderham.  
 SASKATOON—<sup>4</sup>Young, Alexander MacGillivray.  
<sup>5</sup>Brown, William George  
 SELKIRK—Thorson, Joseph Thorarinn.  
 SHEFFORD—Leclerc, Joseph Hermas.  
 SHELburne—YARMOUTH—CLARE—Pottier, Vincent  
 Joseph.  
 SHERBROOKE—Howard, Charles Benjamin.  
 SIMCOE EAST—McLean, George Alexander.  
 SIMCOE NORTH—McCuaig, Duncan Fletcher.  
 SKEENA—Hanson, Olof.  
 SOURIS—McDonald, George William.  
 SPADINA—Factor, Samuel.  
 SPRINGFIELD—Turner, John Mouat.  
 STANSTEAD—Davidson, Robert Greig.  
 STORMONT—Chevrier, Lionel.  
 SWIFT CURRENT—Bothwell, Charles Edward.  
 TÉMISCOUATA—Pouliot, Jean-François.  
 TERREBONNE—Parent, Louis Etienne.  
 THE BATTLEFORDS—Needham, Joseph.  
 THREE RIVERS—Gariépy, Wilfrid.  
 TIMISKAMING—Little, Walter.  
 TRINITY—Plaxton, Hugh John.  
 VANCOUVER—BURRARD—McGeer, Gerald Grattan.  
 VANCOUVER CENTRE—Mackenzie, Hon. Ian  
 Alistair.  
 VANCOUVER EAST—MacInnis, Angus.  
 VANCOUVER NORTH—MacNeil, Charles Grant.  
 VANCOUVER SOUTH—Green, Howard Charles.  
 VAUDREUIL—SOULANGES—Thauvette, Joseph.  
 VEGREVILLE—Hayhurst, William.  
 VERDUN—Wermenlinger, Edgard Jules.  
 VICTORIA (B.C.)—Mayhew, Robert Wellington.  
 VICTORIA (Ont.)—McNevin, Bruce.  
 VICTORIA—CARLETON—Patterson, J. E. Jack.

<sup>1</sup> Died, October 28, 1939.

<sup>2</sup> Died, July 12, 1939.

<sup>3</sup> Elected in by-election, December 18, 1939.

<sup>4</sup> Died, July 9, 1939.

<sup>5</sup> Elected in by-election, December 18, 1939.

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<b>WATERLOO NORTH</b> —Euler, Hon. William Daum.	<b>WINNIPEG SOUTH</b> —Mutch, Leslie Alexander.
<b>WATERLOO SOUTH</b> —Homuth, Karl K.	<b>WINNIPEG SOUTH CENTRE</b> —Maybank, Ralph.
<b>WELLAND</b> —Damude, Arthur B.	<b>WOOD MOUNTAIN</b> —Donnelly, Thomas F.
<b>WELLINGTON NORTH</b> —Blair, John Knox.	<b>WRIGHT</b> —Leduc, Rodolphe.
<b>WELLINGTON SOUTH</b> —Gladstone, Robert William.	<b>YALE</b> —Stirling, Hon. Grote.
<b>WENTWORTH</b> —Lennard, Frank Exton.	<b>YORK EAST</b> —McGregor, Robert Henry.
<b>WESTMORLAND</b> —Emmerson, Henry Read.	<b>YORK NORTH</b> —Mulock, William Pate.
<b>WETASKIWIN</b> —Jaques, Norman.	<b>YORK SOUTH</b> —Lawson, Hon. James Earl.
<b>WEYBURN</b> —Douglas, Thomas Clement.	<b>YORK-SUNBURY</b> —Clark, William George.
<b>WINNIPEG NORTH</b> —Heaps, Abraham Albert.	<b>YORKTON</b> —McPhee, George W.
<b>WINNIPEG NORTH CENTRE</b> —Woodsworth, James Shaver.	<b>YORK WEST</b> —Streight, John Everett Lyle.
	<b>YUKON</b> —Black, Martha Louise.

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## CANADA

# House of Commons Debates

## OFFICIAL REPORT

**Thursday, September 7, 1939**

FIFTH (SPECIAL WAR) SESSION—  
EIGHTEENTH PARLIAMENT—  
OPENING

Speaker: The Hon. PIERRE-FRANÇOIS CASGRAIN

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

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

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

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

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

Accordingly the house went up to the Senate chamber.

And the house being returned to the Commons chamber:

### OATHS OF OFFICE

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

Motion agreed to and bill read the first time.

### GOVERNOR GENERAL'S SPEECH

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

*Honourable Members of the Senate:*

*Members of the House of Commons:*

As you are only too well aware, all efforts to maintain the peace of Europe have failed. The United Kingdom, in honouring pledges given as

a means of avoiding hostilities, has become engaged in war with Germany. You have been summoned at the earliest moment in order that the government may seek authority for the measures necessary for the defence of Canada, and for co-operation in the determined effort which is being made to resist further aggression, and to prevent the appeal to force instead of to pacific means in the settlement of international disputes. Already the militia, the naval service and the air force have been placed on active service, and certain other provisions have been made for the defence of our coasts and our internal security under the War Measures Act and other existing authority. Proposals for further effective action by Canada will be laid before you without delay.

*Members of the House of Commons:*

You will be asked to consider estimates to provide for expenditure which has been or may be caused by the state of war which now exists.

*Honourable Members of the Senate:*

*Members of the House of Commons:*

I need not speak of the extreme gravity of this hour. There can have been few, if any, more critical in the history of the world. The people of Canada are facing the crisis with the same fortitude that to-day supports the peoples of the United Kingdom and other of the nations of the British commonwealth. My ministers are convinced that Canada is prepared to unite in a national effort to defend to the utmost liberties and institutions which are a common heritage.

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

That the speech of His Excellency the Governor General to both houses of parliament be taken into consideration on Friday next.

Motion agreed to.

### EUROPEAN WAR

TABLING OF DOCUMENTS RELATING TO OUTBREAK OF WAR—EMERGENCY ORDERS IN COUNCIL

Right Hon. W. L. MACKENZIE KING (Prime Minister): With the consent of the house I desire to lay on the table documents relating to the outbreak of war, September, 1939, copies of which, in English and French, are being distributed this afternoon.

I desire also to lay on the table copies of emergency orders in council passed since August 25, 1939, to date. The house I think will be interested in having immediately a

*Emergency Orders in Council*

statement indicating the purpose of the various orders, which I shall give, perhaps omitting the numbers of the orders.

Order relating to the issue of special warrant for \$8,918,930 for expenditures for naval service, militia service and air service.

Regulation regarding calling out militia under section 63 of the Militia Act.

Regarding purchase of aircraft, spares and accessories up to \$7,500,000.

Regarding control of shipping.

Regarding warrant for \$1,453,000 making provision for thirty days for militia personnel, transportation, rations, engineer services and purchase of stores.

Regarding approval of financial regulations and instructions for the Canadian field force covering pay and allowances, etc.

Regarding employment of parts and personnel of the auxiliary active air force and the reserve air force.

Warrant of \$150,000 regarding air raid precautions.

Constitution of subcommittees of council.

I should like to say with regard to this particular order that while committees were named and personnel selected, with reference to what at the time seemed the best arrangement to make, the order is not to be construed as necessarily restricting the personnel of each committee to the names which appear in the list. It will be obviously desirable from time to time to change the personnel of the different committees.

The designation of the committees themselves will indicate the purposes for which they have been formed.

Warrant for \$536,600 to cover expenses in connection with transfer of units of the Royal Canadian Air Force to east coast and calling out for training of Auxiliary Air Force, for a period of thirty days.

Proclamation regarding meeting of parliament on September 7, 1939.

Regarding proclamation concerning existence of apprehended war.

Placing on active service the reserve naval forces of Canada.

Placing on active service the permanent naval forces.

Regarding warrant for \$5,345,590 to bring up the permanent active air force to full peace establishment.

Establishment of censorship regulations.

Placing active militia on war establishment.

Establishing the defence of Canada regulations.

Regarding engagement of ex-members of the Royal Canadian Mounted Police force.

[Mr. Mackenzie King.]

Appointment of the commissioner of the Royal Canadian Mounted Police as registrar general of alien enemies.

Constitution of prize courts.

Regulations regarding pensions.

Warrant for \$50,000 to cover employment of extra civilian personnel for emergency duty.

Regarding censorship in respect of cable, radio, telegraph and telephone companies or circulation of prohibited matter.

Regarding expression "Canadian active service force" to be used instead of "Canadian field force."

Censorship regulations 1939.

Regarding calling out of units, formations and detachments of the auxiliary active air force.

Application by the government of the United Kingdom of the war risks insurance scheme to British ships registered in Canada.

Regarding postal censorship.

Placing on active service depots of corps of the active militia.

Authorization to call out officers and airmen of the reserve air force as required.

Regulations regarding trading with the enemy, 1939.

Setting up the censorship coordination committee.

Regarding members of the naval forces, the militia, or the Royal Canadian Air Force, being retained as civil servants if required by their department.

Appointment of Walter S. Thompson as chairman of the censorship coordination committee.

Establishment of regulations concerning prices of food, fuel and other necessities of life.

Appointment of the War-time Prices and Trade Board.

Internment of enemy aliens.

Regarding control of shipping.

Regarding employees of the Canadian Broadcasting Corporation, National Harbours Board, Canadian National Steamships, Trans-Canada Air Lines, railway and telegraph companies to be retained as civil servants, if deemed necessary by departmental heads.

Calling out for active service certain units, formations and detachments of the auxiliary active air force.

Transfer of Canadian government ships to naval services, non-application of Government Vessels Discipline Act.

Constitution of dependents and allowance board.

Appointment of cable and trans-oceanic radio censorship personnel with remuneration rates.

Censorship regulations; application of same in regard to circulation of prohibited matter and press censorship.

Censorship regulations; application of same in regard to the operations, offices, works or property of radiotelegraph or radiotelephone stations, radio broadcasting station or any other class of radio station.

Mr. MANION: Am I right in understanding that this is a complete list of the emergency orders in council?

Mr. MACKENZIE KING: Yes.

Mr. MANION: My right hon. friend has read a complete list?

Mr. MACKENZIE KING: Yes. Of course, there have been many other orders passed in the last week; but these are the orders which refer to the emergency situation.

Mr. MANION: The ones my right hon. friend has read?

Mr. MACKENZIE KING: Yes.

#### ROYAL VISIT

MESSAGE FROM HIS MAJESTY THE KING  
EXPRESSING APPRECIATION AND THANKS

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I am pleased to inform the house that I have the gracious permission of the king to table a copy of a letter which I received from His Majesty upon the return to England of the king and queen, after their majesties' visit to Canada and the United States. I assume it will be the wish of hon. members that His Majesty's letter should appear in *Hansard*, and if the house agrees I will ask the Clerk so to instruct the Editor of Debates. It is my intention to have the letter itself placed in the Canadian Archives.

The king's letter is as follows:

Buckingham Palace

13th July, 1939.

My dear Prime Minister:

Since my return to England, I have been fully occupied with work which had accumulated in my absence; I fear you must have had a similar experience when you got back to Ottawa.

But I do not wish to let more time elapse without telling you how deeply grateful I am to you, and to your colleagues in my Canadian government, for all the care and forethought that you bestowed on the preparations for my recent visit. Both the queen and I realize what heavy responsibilities such a tour as ours lays on the shoulders of ministers, and we appreciate highly the manner in which those responsibilities were discharged. Its unquestioned success was very largely due to the skill with which it was planned; and though it could not, in the time at our disposal, be anything but strenuous in

character, we were sensible throughout that every possible consideration had been given both to our safety and to our comfort.

It was a great satisfaction to me to have an opportunity from time to time of meeting so many of my Canadian ministers, and I feel that my knowledge of the country as a whole has been considerably enlarged by the conversations that I had with them on many occasions.

To you personally I am particularly grateful for your helpful advice and support while you were in attendance on me; I need hardly say that I found your mature experience of Canadian affairs of very great value.

The gold bowl, given to us by the Canadian government, has now arrived here safely; I should be glad if you would, on some suitable occasion, convey to your colleagues the cordial thanks of the queen and myself for this present, which, apart from its beauty of design and craftsmanship, is a delightful memento of our long journey.

Before the summer is over you will, I hope, be able to get some real rest, for you have had an especially busy and exacting year. I send you my best wishes for a pleasant holiday.

Believe me,

Yours very sincerely,

George R.I.

The Right Honourable  
W. L. Mackenzie King, LL.D.,  
Prime Minister of Canada.

#### THE MINISTRY

APPOINTMENT OF MINISTER OF JUSTICE AS ACTING  
SECRETARY OF STATE

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, my next duty is to announce changes in the ministry since our last meeting. As hon. members are aware the post of Secretary of State became vacant upon the death of the Hon. Fernand Rinfret, and I should like to table the order in council appointing my colleague, the right hon. the Minister of Justice (Mr. Lapointe) as acting Secretary of State to hold the position until another Secretary of State will be appointed.

THE MINISTER OF FINANCE—RESIGNATION OF  
MR. DUNNING AND APPOINTMENT  
OF MR. RALSTON

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, as hon. members are aware the Hon. Mr. Dunning some time ago asked me for reasons of health to accept his resignation as Minister of Finance. At the time I hoped very much it might not become necessary to accept Mr. Dunning's resignation, and that after a change and a rest Mr. Dunning would possibly be able to take up again the duties of his department.

However, almost immediately after Mr. Dunning's resignation was tendered fearing that a situation might arise which would make it imperative to fill the post of Minister of Finance at short notice, I got in touch with my former colleague, Colonel Ralston, to ask him if he would join the ministry and take Mr. Dunning's portfolio. Colonel Ralston said to me that he had not contemplated returning to public life and would not like to enter the ministry immediately. He volunteered however that in the event of an emergency arising I could count upon him to accept any post the government might wish to offer him. Upon the outbreak of the present emergency, I again got in touch with Colonel Ralston and, as hon. members are aware, he came forthwith to Ottawa and yesterday was sworn as Minister of Finance in the present administration.

I should like to table the letter which Mr. Dunning wrote me at the time of tendering his resignation and the final reply which I sent to Mr. Dunning yesterday. Without being read, they might be allowed to appear in *Hansard*.

Ottawa, July 21st, 1939.

My dear Prime Minister:

As you know, I have been endeavouring during the past twelve months to recover my health and at the same time carry on the duties and responsibilities of Minister of Finance. During that time you and my colleagues in the cabinet have tried to relieve me as much as possible, and only by reason of that kind assistance have I been able to carry on.

For some time past medical advice has been definite to the effect that I can expect complete recovery only if I free myself from responsibility and work for some time to come. It is evident that I cannot undergo the strain of a general election.

Under the circumstances, I feel it my duty to ask you to accept my resignation as Minister of Finance, effective on a date convenient to you.

In doing so, I wish to thank you and all my colleagues for the kindness and consideration I have received from them during a difficult and trying time.

Yours faithfully,

Charles Dunning.

Ottawa, September 6, 1939.

My dear Dunning:

As you will recall, on July 21st last, you advised me by letter that, owing to the impaired condition of your health, you deemed it your duty to ask me to accept your resignation as Minister of Finance, effective on a date convenient to myself.

When your letter was received I did not hesitate to say to you that I hoped you would not think of pressing for an immediate acceptance of your resignation, but would take a complete rest and change, to see if, with time, your health might not so improve as to permit

[Mr. Mackenzie King.]

you to continue in the position of Minister of Finance. I have all along hoped that your progress would be sufficiently favourable and rapid as to permit you to reconsider resigning from the ministry.

Were the international situation not what it has become, I would have been prepared to wait some little time longer before finally deciding to act upon your letter. However, with conditions as critical as they are, I feel I must not longer delay in filling the position of Minister of Finance and, at the same time, relieving my colleague, Mr. Isley, from continuing to carry on the duties of Minister of Finance in addition to administering the affairs of the Department of National Revenue.

You will be pleased to know that our former colleague, Colonel Ralston, has responded to my urgent request that he should rejoin the ministry and give to the country, as Minister of Finance, the benefit of his exceptional experience and abilities. I have already informed His Excellency the Governor General of my intention to recommend Colonel Ralston for the portfolio mentioned. His Excellency has warmly approved, and I am looking forward to Colonel Ralston being sworn into office this afternoon.

After our close association over many years, and the intimate personal friendship enjoyed with yourself, to say nothing of the invaluable services you have been rendering the government and the country, it is natural that I should feel the deepest regret at the severance of official relations which have been so pleasant and helpful, and which your fine sense of public duty caused you to continue over a period when the condition of your health demanded a complete rest. I am sure the citizens of Canada generally will share the regret of all the members of the cabinet at the loss of your presence at the council table.

I can only hope that, despite the very grave anxieties which have come upon us all since you left on your trip to the old land, you may return much benefited by the change, and that, ere long, your health may be fully restored.

With my warmest regards and wishes, and with an abiding sense of gratitude as well for your loyal cooperation in the affairs of state during the years we have been associated together in the public life of our country.

Believe me, dear Dunning,

Yours very sincerely,

W. L. Mackenzie King.

#### INTERNAL ECONOMY COMMISSION

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

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

## BUSINESS OF THE HOUSE

## CHANGES IN STANDING ORDERS

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

That the following changes be made in the standing orders of the house for the duration of the present session:

1. The house shall meet on every sitting day and the provision of standing order No. 2 relating to the adjournment of the house on Friday shall be suspended.

2. Standing order No. 6 adjourning the house at six o'clock on Wednesdays shall be suspended and the procedure and order of business on Wednesdays shall in every respect be the same as on other days.

3. Government notices of motions and government orders shall have precedence over all other business except questions and notices of motions for the production of papers.

4. Standing order No. 15 relating to the consideration of private and public bills from eight until nine o'clock, p.m., on Tuesdays and Fridays shall be suspended.

5. Standing orders Nos. 63, 80, 84, 102 and 122 shall be suspended.

These particular standing orders have reference largely to matters of procedure and to other measures that would not be of importance at this special session. Standing order 63 relates to select standing committees. Standing order 80 relates to the report of the proceedings for the preceding year of the commissioners of internal economy. Standing order 84 relates to the list of the reports which have to be made to the house. Standing order 102 relates to the introduction of private bills, and standing order 122 relates to the library of parliament. The motion continues:

6. The provision of standing order No. 46 requiring unanimous consent for a motion in case of urgent and pressing necessity shall be suspended.

7. Standing orders 69-77, both inclusive, shall be suspended in relation to public bills introduced by private members.

Motion agreed to.

## TRIBUTES TO DECEASED MEMBERS

Right Hon. W. L. MACKENZIE KING (Prime Minister): At a time when, everywhere, there is so much anxiety and personal distress, I hesitate to speak of the loss which the membership of this house has sustained in the few months since parliament prorogued. I feel, however, that the members would wish to have on the pages of *Hansard* some mention of our sense of the loss, alike to parliament and to the country, occasioned by the death, on July 9, of Doctor Alexander MacGillivray Young, and the death, on July 12, of the Honourable Fernand Rinfret.

Doctor MacGillivray Young was the representative of the city of Saskatoon, Saskatchewan. He was a member of this house in two previous parliaments and served as a member of parliament altogether for about eight years. Hon. Mr. Rinfret was the representative of the constituency of St. James, Montreal. Mr. Rinfret had been a member of parliament for nineteen years and at the time of his death was Secretary of State for Canada, which position he had also held in a previous administration. He had served as a minister of the crown for nearly eight years.

It must be a comforting thought to the members of their respective families who have been thus bereaved, as it will be to the hon. members of this house with whom they have been in close association over many years, to know that while it was yet day Doctor Young and Mr. Rinfret availed themselves so largely of the opportunity which was afforded them to devote their lives and talents to the service of the state in its halls of parliament, and that on the membership roll of the House of Commons of Canada they have left names which will be long and gratefully remembered.

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, I should like to join with the Prime Minister (Mr. Mackenzie King) in expressing to the families of the two deceased members the sincere sympathy of this section of the house. I knew both members well. Mr. Rinfret and I came into the house at the same time, and I knew Doctor Young for very many years. Both were outstanding members of this house who deserved the gratitude of the sections of the country which they represented for the splendid work they did. I want to express to the party to which they belonged the sympathy of this party, and I join with the Prime Minister in sending to the families of the deceased our most sincere sympathy.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, I am sure that the members of our group would desire to associate themselves with the expressions of sympathy as given by the Prime Minister (Mr. Mackenzie King) and the leader of the opposition (Mr. Manion). While I did not have a close personal relationship with either of the deceased members, I think those of us who have been in the house a number of years come to realize quite keenly the fine personal relationships which are possible between members of the house even though they differ widely in their opinions.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, the members of the social credit group desire also to associate themselves with

the words of the leaders of the two major parties, and also with the words of my hon. friend, the leader of the Cooperative Commonwealth Federation (Mr. Woodsworth).

On motion of Mr. Mackenzie King the house adjourned at 4.10 p.m.

## Friday, September 8, 1939

The house met at three o'clock.

### PETITION

#### OPPOSITION TO PARTICIPATION BY CANADA IN ANY EXTRA-TERRITORIAL WAR

Mr. MAXIME RAYMOND (Beauharnois-Laprairie): I desire to lay on the table a petition signed by thousands of citizens against participation by Canada in any extra-territorial war.

### GOVERNOR GENERAL'S SPEECH

#### ADDRESS IN REPLY, MOVED BY MR. H. S. HAMILTON AND SECONDED BY MR. J. A. BLANCHETTE

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

Mr. H. S. HAMILTON (Algoma West) moved:

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

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

May it Please Your Excellency:

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

He said: The tragic conditions in Europe at this time, under the shadow of which this house meets, and which are of such grave significance to Canada, suggest that talk should be as brief as possible, and action as prompt and vigorous as possible. I suggest that we refute by our action the criticisms often levelled at democracies, that they are good as debating societies but incapable of vigorous action. I could not help thinking yesterday, as I saw the members assembling from all parts of Canada, fresh from contact

[Mr. Blackmore.]

with the people throughout this dominion, knowing their thoughts, knowing their wishes and their hopes, that had such a parliament been assembled in Germany before any war action was taken a war would not be raging in Europe to-day.

I believe that all the people in the world detest war and crave for peace. The voice of the people in Germany has been silenced. It is for us to see that never in Canada shall the voice of our people be silenced. At this time, as a free member of a free parliament of which I am to-day particularly conscious and particularly proud, I conceive it to be my duty not to make an eloquent or platitudinous speech but rather, as a Canadian, to say plainly and freely what I think.

Canada is not concerned to-day how we speak, but Canada is interested in what we say. His Excellency's address reads in part as follows:

You have been summoned at the earliest moment in order that the government may seek authority for the measures necessary for the defence of Canada, and for cooperation in the determined effort which is being made to resist further aggression. . . .

I think, sir, that the keynote of the speech is contained in the words, "that the government may seek authority for measures necessary for the defence of Canada and for cooperation in the determined effort which is being made to resist further aggression."

May I at once express my thanks to the government for implementing a pledge long since given to the people of Canada that parliament would be consulted before Canada was committed to war. In doing that, as was to be expected, they have kept faith with the Canadian people, and for the moment I would express several tributes of appreciation with respect to two or three matters. Under the pressure which we know was exerted upon the Prime Minister (Mr. Mackenzie King) to declare this and that as to Canada's attitude under certain hypothetical conditions, he declined to do so. In my opinion, and I merely record it, it was sound judgment on his part so to do. I express appreciation of the fact also that he did not prematurely convene parliament and thus precipitate possibly a debate that would result in misunderstandings and misrepresentations arising again out of a discussion of hypothetical conditions that might exist, which misunderstandings and misrepresentations might easily be used throughout the world for purposes of propaganda. To have allowed that to happen would have been a disservice to the greatest national asset we have, namely, the unity of the Dominion of Canada. In passing, may I pay my respects to the wisdom of the Prime Minister in declin-

ing to dissolve parliament this summer. That wisdom is now, I think, obvious to all. I express my appreciation further of the many measures that have been quietly and effectively taken in connection with the present emergency. In my own town the military have assumed their duties quietly and efficiently. I appreciate also the various measures taken in the attempt to control prices from skyrocketing, and all that sort of thing.

May I express to the leader of the opposition (Mr. Manion) my appreciation of the understanding and restraint which he has shown in the past difficult months, and particularly in recent weeks, in allowing the government a free hand and giving his co-operation in their endeavours. These same remarks I extend to the leaders of the other two groups in this house.

It would be idle for me to take up the time of the house in any effort to review the events that have been taking place in Europe or their significance to Canada. He who has eyes has seen or read, he who has ears has heard, and he who has understanding must realize their deep significance to this dominion. I suggest that never in all history have the democratic or liberty-loving countries engaged in a greater and more necessary effort to see to it that government of the people, by the people and for the people shall not perish from the earth.

We are confronted with a philosophy that knows nothing of the individual man but his obligation to obey, that knows nothing of the value of human individuality and human liberty, whose instruments are ruthless and unscrupulous force and violence, an utter negation of all the things we have been taught to value, of the philosophy, to which we hold, that has regard for human personality and human liberty, within and by which philosophy we shall yet achieve the splendid destiny that lies ahead of the Canadian people.

Believing this, Mr Speaker, to me this war is Canada's war. To me the defeat of Britain is the defeat of Canada; the defeat of France is the defeat of Canada. To me the death of every British, French or Polish soldier, sailor or aviator in resisting German force and violence at this time is a life given in the service of Canada.

To my mind the effective defence of Canada consists in the utilization of the organized and united power and strength of this dominion however, wherever, and whenever it can best be used to defeat Germany's armed forces and to destroy the philosophy on which they are based. If the method of doing it involves primarily the utilization of our industrial and productive resources, then I am for that. If it involves partly the use of such forces and

also the use of armed forces, expeditionary or otherwise, I am for that. If a certain type of assistance would be most advantageous now, changing to a different type of assistance later, then I am for that. And if the assistance which can effect that which I believe to be so vital can best be given on the Atlantic, on the North Sea, on the fields of Europe, I am also for that.

It seems to me that Canada as a nation at this time might well pattern herself on the Canadian corps at the end of the last war. At that time the Canadian corps was one of the finest fighting units on the western front—well balanced, well organized, highly efficient, and splendidly led. This is what we require of Canada to-day: a nation in action, mobilized, well organized, highly efficient and splendidly led. We must make every effort to bring our whole capacity to bear in the struggle that is before us. How may this be done? I mention briefly some of the things which occur to me as being important.

First we must have the complete confidence and faith of the Canadian people. This confidence and faith can best be secured by outstanding service, outstanding sacrifice, outstanding willingness to participate when and how one may, among the leaders in Canadian life. The first essential thing for securing that confidence is equality of sacrifice, and I break that into three headings. First, equality of sacrifice in a physical sense. The ultimate terror of war is death or mutilation on the battlefield. It is easy to send the young men of this land to the battlefield; our only justification for ever doing such a thing is that all able Canadian citizens shall be ready to share equally in that type of sacrifice. Next, equality in the form of financial contribution. For the present I do not intend to stress that, but I shall come back to it in a moment. If a man cannot give his physical service, his normal income should in an equal degree be available for the service of Canada. If the bodies of Canadian boys can be used for the defence of Canada for a pittance, it is only fair that where that form of service cannot be given the wealth of the individual non-combatant shall be used for an equivalent pittance.

Then apart from normal income I mention now a point that has been so often emphasized, namely, profiteering in war. I am not going to say more than this: the house knows, the government knows, that the mood of the Canadian people is such that they are determined that nobody shall be better off as a result of this war than he would be if no war had taken place. This result can be attained by different methods, and qualified

experts can bring forth appropriate measures. But I know something of how they deal with things at the front in France, and I say they should be dealt with as summarily back here in Canada. If the penalties meted out to youth can be so severe, I suggest that the penalties for the cruder and coarser types of profiteering during war should be equally severe and equally decisive. In passing I suggest to the authorities one way, for what it is worth, in relation to gains acquired during the war: that anything acquired during war-time over the average normal income of a man over the past five years should be the property of the Dominion of Canada before you start taxation at all. I close my remarks on this branch of the subject with the statement that my conduct in this house will depend largely on the measures that are taken in this matter. The people are determined that there shall be a greater measure of equality of sacrifice, and I am confident that the government will give effect to this paramount demand of the Canadian people.

I have said that confidence and faith are essential. I know of nothing more important than the unity of our country. We want a united Canada; we want all parts, all sections, all races, all creeds, all people in Canada to march step by step in the spirit of a great national endeavour.

Permit me, Mr. Speaker, to refer to the fact that I served in the ranks during the last war, as did other members of my family; and I voted against conscription. I do not know what my thoughts on conscription are at the moment. I have thought that possibly a fairer, more effective and more practical realization of efficiency and a better balancing of our power and strength could be attained by some such measure, but I say now that if it is in the interests of the unity and the co-operative effort of Canada from coast to coast to do so I am prepared to make a concession in that regard, no matter what I think.

In passing I ask permission to refer to a news item and a radio broadcast of about a week ago, in which it was stated that young Italians rushed the canal guard at Sault Ste. Marie and were repelled. That, Mr. Speaker, was a wholly inaccurate and unfortunate dispatch, which did a gross injustice to a fine body of loyal Canadian citizens. Such reports, unfounded and carelessly disseminated, will not make for unity in this country. Let us have faith that our Canadian citizenry will do their duty according to their best realization of what that duty may be.

[Mr. Hamilton.]

Another thing we must have is the organization of our industrial life for war purposes. This applies also to other phases of our productive capacity, but for a moment I want to emphasize this: lack of war material is paid for in human lives. To-day war is largely a matter of material and equipment. Without it man power is incapable of doing very much; with it man power is capable of doing tremendous things. Those of the Canadian forces who recall the inadequacy of equipment and material at the beginning of the war, which gradually became equality and then superiority, have some knowledge of what that means. I conceive, therefore, that one of our first duties in this great struggle is to establish a body of able men, under vital and aggressive industrial leadership, to bring about our maximum efforts in this regard. In passing I should like to recall—and I trust I shall not be considered as saying anything with particular reference to my own community—that during the last war many opportunities for swinging our industrial capacity into action were neglected. For a long time the great industry in my home town had no opportunity to participate in the production of war material, though eventually it contributed over seven hundred thousand tons of shell steel for the purpose of making munitions. So I say we should have a body of men that can organize our industrial life and bring it into effective action.

I should like to express one other thought as to the mobilization of our man power. The mobilization of man power surely means more than the recruiting offices in our towns and cities. I know, as I am sure other members and the various departments of the government know, that thousands are offering their services individually, as groups and as organizations. Unless the services thus offered by anxious people throughout the dominion are analysed and considered as a national contribution they may be put aside and advantage may not be taken of them. It occurs to me, sir, that there should be some method by which such people, who may not be capable of joining the armed forces, should be able to have their abilities and qualifications analysed and then used to the best advantage in the effort we are making. Perhaps I might give this simple example in passing. I have close to a hundred letters addressed to the Minister of National Defence (Mr. Mackenzie), which I am to deliver to the minister, offering the services of individuals, groups and organizations. Some of these organizations—knowing as I do something of war—offer services which are vital to this dominion. Such offers should be

carefully considered by some body having the time, the capacity and the knowledge to see how such services could be usefully employed. If we fail to do this we will neglect a great reservoir of ability, capacity and energy that might be made available to this country.

I want to make one or two observations with reference to our military effort. As I have said, in the early part of the last war I had some experience with the Canadian forces, and I should like to point out one or two matters of which I have personal recollection and which I think should be noted now. If you have—and I think you have—capable military men who know their profession and who are experts in it, put your military affairs in their hands and leave them there. Keep them clear of outside influences; keep them clear of any attempted political influence. It is a terrible thing to send young men to war, if we should do so, and it is only fair that we should conscientiously try to build for them the finest type of military organization with the most capable officers it is possible to find. I know military men quite often think politicians are stupid; I suppose sometimes politicians think military men are stupid, and there may be a degree of truth in both thoughts. But if I may go beyond the government to my military friends I would like to emphasize this: Keep open the military mind. Do not let it become sealed with army acts, regulations and orders. Keep it open. Canada has genius; she has initiative. That genius and initiative can be utilized in military organizations and activity. This war will open wide opportunities for new and effective ideas, and I suggest that we be careful to see that where such exist, full advantage be taken of them.

To the military I also recall the well known saying: there are no bad battalions; there are only bad commanding officers, and our youth in any military effort they may make, regardless of precedent, regardless of regulations and orders, are entitled to the most efficient and able officers the Dominion of Canada can find. In the last war, Mr. Speaker, they did not start with promotion from within the forces, and many a man served for a long time while, time after time, men junior to him with no service came over and took the place to which he was entitled. Later that was changed. Out of the change developed that wonderful fighting machine, the Canadian corps.

I say to the military: let it be known that the way to go places in the Canadian army and the Canadian forces is by entering at the front door and working your way up through

merit. Build on that basis and you will start to build a fine and efficient fighting machine, similar to that which was built in the last war.

One other thought and I shall have finished with reference to this phase of the matter. In the last war it was six months from the time we enlisted until we went to France. During a considerable portion of that time we were trained in England. I suggest that the training can be done in Canada. I say it should be done in Canada, and that we can build here a well rounded out and efficient fighting force, to use as, when and where we think it should be used.

I had hoped it would not fall to my lot as a member of the house to have to cast my vote for measures which might involve the death or wounding of any Canadian boy. That hour has possibly come. To justify any action I may take or any vote I may cast, I am conscious of the necessity of being prepared to do what I might thereby ask others to do. It is a far cry back to 1914. At that time my age and my health permitted me to enter by the front door of a recruiting office; I am not so sure, but I think they will still permit me to do so. However I do submit to the government, and particularly to the Minister of National Defence, that if I am to justify the vote I may have to cast, it should, as it has the power to do, accord me and others an opportunity to justify that serious responsibility by sharing in the dangers and risks to which we may submit others. Then, sir, it is up to us. Subject to that, I never had a clearer sense of direction in the matters before us, a more resolute determination or a more peaceful conscience. In recent days, having in mind the magnitude of the forces involved and the meaning of all that is going on, I have asked myself many times—and I am not sure whether or not I quote correctly: Who lives, if England dies? Who dies, if England lives? Yes, and who lives if France dies; who dies if France lives?

On another occasion in this chamber I had occasion to make a statement with which I shall close my observations to-day. I ask the house to remember, I ask the people of Canada to remember—yes, I ask the world, and especially Hitler to remember—that because of the things England stands for, because of the forms of life she has been largely responsible for bringing into the world, and maintaining within the world; for those things and her part to-day in this world struggle, untold millions of people without the British common-

*The Address—Mr. Blanchette*

wealth of nations and without the nations allied with Great Britain are hoping and praying in their hearts that—

The meteor flag of England  
Shall yet terrific burn,  
Until danger's troubled night depart,  
And the star of peace return.

Is there a Canadian heart to-day, in the depth of its secret places, that does not hope and pray the same?

Mr. J. A. BLANCHETTE (Compton) (Translation): Mr. Speaker, I highly appreciate the honour of being asked by the government to second the address in reply to the speech from the throne. I thank the government on my own behalf and on behalf of the citizens of Compton county, which I have the honour to represent in this house.

I am particularly happy to note that the right hon. the Prime Minister (Mr. Mackenzie King) and the government have fulfilled the promise which they made to the country to consult parliament before engaging Canada in any military conflict. I find therein an additional reason to give my confidence to the government, all the more so that I am certain that my feelings in that regard are shared by the Canadians of every origin living in the county of Compton and, generally speaking, by all the enlightened citizens of my province as well as of the entire country.

It is quite noticeable that the members of this house do not assemble to-day in the spirit that usually marks the opening of a session of parliament. Instead of the gaiety and enthusiasm which usually prevail when we return to our parliamentary duties, we cannot help feeling anxious and we realize more than ever the extent of our responsibilities. This year, the prayer which opens our deliberations was listened to with deeper emotion and greater fervor than ever before.

The war clouds which have been darkening the skies of the civilized world have now clashed, starting a conflict the consequences of which cannot be foreseen.

For months and even years the two great European democracies, England and France, have, in a spirit of conciliation verging at times on the acceptance of humiliation, tried every pacific means to maintain peace in the world and avoid a repetition of the war of 1914. Their efforts have failed. To-day, the two doctrines, that of justice and conciliation and that of might making right, have come together in the war which has just burst upon the old world as a frightful calamity.

This country, a member of the British commonwealth of nations, cannot remain indifferent in the conflict which has just started. No one can seriously maintain that our mem-

[Mr. Hamilton.]

bership in the British commonwealth, to which we are all proud to belong, is motivated solely by the advantages it may afford us. Can it be seriously contested that a declaration of neutrality by this country would be tantamount to a declaration of independence?

Is it not a fact that Canada, having grown up in the national sense as well as in the economic and social fields, must assume obligations which belong to peoples who have attained the age of majority? No longer are we minors to whom others can dictate decisions, to whom others can impose obligations, or who can be neglected or ignored on account of their state of infancy or weakness.

Proudly, even brilliantly, we have attained the period of majority, of responsibility. No one can impose obligations upon us. We are free to act according to our own will, but it would be unworthy of us to reject the responsibilities that belong to us as a mature nation. In considering our situation, we must not fail to weigh the possible consequences of our present attitude.

The government of our country, of which I am proud, has adopted the appropriate attitude in the circumstances. They have taken and enforced the measures which were essential in a country like ours, a country conscious of its obligations as well as of its duty. But, before going further, they wished to consult the people of the country through their representatives, thus applying the democratic principles consistent with the British parliamentary system which we have lauded so much in the past and which still deserves our approval.

To my mind, that approval takes greater strength if we compare our system to the totalitarian system, which has no consideration for the individual, for the people itself, and which is the cause of the conflict that threatens once more to plunge the civilized world in a sea of blood. Some will perhaps find reasonable arguments to justify differences of opinions on the measures already taken or contemplated by the government; but I submit that those questions must be,—and I hope they will be,—considered seriously, with calmness, moderation, good faith and sincerity. I fervently hope that violence, excitement and prejudice will be banished from our deliberations, as such meannesses should be, and also from the discussion of those questions outside of parliament.

Appeals to violence and prejudice have never settled any problem. Only a serious, calm and unprejudiced study of the issues can lead to an acceptable solution.

The present government deserves well of the country for having protected our savings, for having organized our national life and for having given ceaseless and generous consideration to the problem of our finances, trade and industry. They have made every effort to ensure the welfare of our citizens and they have succeeded, in a great measure, in destroying the last causes of conflict or struggle between the nationalities of which our nation is composed. Canada occupies a most enviable position in the economic world of today. She has become a great country, and her people a great people, justly proud of themselves.

The record of our government during the years of relative peace which the world has enjoyed and throughout the depression should, I repeat, give us the greatest confidence in the wisdom, the moderation, the good faith and the sincerity of our respectable and deservedly respected leaders. Those who have so worthily administered the affairs of the country during the depression are undoubtedly capable of giving Canada wise leadership in these times of war. May I be permitted to state, without offending anyone, that I prefer their administration and that under their leadership I feel much safer than I would under that of a government composed of persons perhaps as sincere as they are, yet who have not and cannot have their experience, their spirit of moderation and their prudence. In this respect, I feel sure that I am expressing the opinion of the great majority of our citizens and, more particularly, of those of my province. I have no desire to-day, at this solemn moment, in this grave hour, to doubt their intentions nor to urge them to be moderate and prudent, for I know that they are and shall remain such. If the past is any guarantee of the future, the government's record in the past sufficiently guarantees, to my mind, both the present and the future. To the citizens of my country and my province who are slightly alarmed at the moment, I say most sincerely: "Be calm and confident."

I heartily endorse the government's decision to take all measures required to restrict profits and prevent speculation on the necessities of life. Our population needs to be protected against the activities of profiteers, big and small, who see in war an opportunity to rob the consumer and unjustly increase the cost of living. It is abundantly clear that the government shall adopt the necessary measures in this respect and that severe penalties may be inflicted on all offenders.

The present government does not intend, I am sure, to lead us into any venture exceeding the bounds of our economic and social position.

The statements made by the Prime Minister and his colleagues when, thinking of the future, we were somewhat uneasy, have reassured us. It is consoling to note that these statements have never been withdrawn; on the contrary, they have been reiterated on several occasions. I am convinced that they will be repeated once more during this session.

As a matter of fact, while recognizing our duty to interest ourselves in the conflict of ideas which has brought about this war, while recognizing the importance and the propriety of some form of cooperation with the countries which are defending the ideas and opinions which are ours and the attitudes from which we in Canada have benefited, it would be neither proper nor wise for us to go to extremes. Our cooperation, our participation must necessarily be limited by our interests and by our economic and national situation.

I feel that I express not only my own views but also those of the government when I say that I am strongly in favour of all useful and necessary measures tending to ensure the defence of Canada, the maintenance and protection of her institutions and the safeguarding of her trade and of her agricultural and manufacturing industry.

It would not be wise nor worthy of us to place our reliance in some foreign protection which, obviously, could not be disinterested. Canada, an independent nation, of full age and master of its destinies, should be willing to make the sacrifices necessary to ensure her existence.

I am entirely in favour of establishing the organization necessary to ensure the defence of my country. Coming from Quebec and belonging to the French-Canadian nationality, I deem it my duty to work for the defence of my country in the fullest harmony and the most complete cooperation with the other citizens of Canada whose origin is different from mine. I wish to view the question not from the narrow standpoint of a single province, but from the standpoint of Canada as a whole. Like my fellow-citizens of Compton and of the province of Quebec, I am attached to the whole of Canada and I want to safeguard the Canadian confederation.

To my mind, it cannot reasonably be contended, after due reflection, that it would not be wise to cooperate to a reasonable extent with France and England in the present conflict, taking into account, however, our resources and our capacity and without sacrificing our vital interests. Who is there in this house who will state that the form of government at present existing in Germany would be welcome in Canada? Who would dare to say that he prefers it to the system of government we have now?

Therefore, I have reason to believe that I am expressing the opinion of the majority of the electors in my province, in fact in all provinces, when I say that I am in favour of a reasonable and moderate cooperation, consistent with our interests and resources. I am prepared to let the government and the Prime Minister, whose genuine Canadianism is beyond question, the task of proposing to parliament the most appropriate measures of ensuring that cooperation, parliament remaining of course the supreme arbiter of our national destinies.

Viewing the matter from the standpoint of my province and of my compatriots of Quebec, I feel entirely reassured in this regard, as in all other indeed, knowing as I do the character, the experience, the ability and the sound patriotism of the ministers who represent the province of Quebec in the government of the country. I cannot see where it would be possible to find, in our midst, men more enlightened, better balanced and more respectable than our present ministers. If it is thought possible to find men equal to them, no one could seriously suggest that there are better men.

The other members from that province are also equal to the task. Considering all these points, I may confidently state to the country that it would be wise and indeed essential to view with distrust those who appeal to prejudice, who try to sow panic, to stir passions and to create disunion. It would be better to rely upon the good judgment, the calm and moderation of our representatives, who are directly interested, as any other citizen, in the welfare and the happiness of the nation. My determination to endorse any measure aimed at cooperating with the defenders of justice, order and conciliation who are presently the object of a brutal attack by the advocates of violence and force, remains limited to voluntary assistance. I am convinced that, in the final analysis, this method of voluntary contribution is the most effective and lasting.

I wish to state, without the slightest hesitation and without any mental reservation, that I am fully opposed to conscription. I am completely against a system so inconsistent with our Canadian turn of mind. Experience has shown moreover that it is not effective, for, without having given the desired results, it has, in the past, fostered trouble and unsettled our national life.

In order, therefore, that none may falsely construe my attitude in the matter, I repeat that I am completely opposed to conscription.

(Text) Mr. Speaker, coming from a county which has a number of English-speaking citizens I would not wish to allow this occasion

[Mr. Blanchette.]

to pass without saying a few words in the language of that citizenry, and to state that, if ever there was a time when national unity should be advocated in order to safeguard our democratic institutions, surely it is in the present crisis. Although we may have a vast territory, let us not forget that territory is but the body of a nation; the people who inhabit its hills and its valleys are its soul, its spirit, its life. Individuals may form communities but it is democratic institutions, and their attributes, that can create and maintain a nation; and upon those democratic attributes is predicated our progress, our advancement, and all that is dear to our hearts and very existence. It has truly been said that:

The multitude which does not reduce itself to unity is confusion and, as a corollary, the unity which does not depend upon the multitude is tyranny.

Whatever the views of each and every one of us may be, I am certain that if we remain calm and moderate in our deliberations, both in and out of this house, and if furthermore, should the necessity arise, we are disposed towards conciliation on this side of the Atlantic, lack of which has brought the conflict on the continent, then there can be no doubt that Canada will attain its aim and purpose in the present conflict, which is sincerely desired in all parts of the dominion, namely, that "effective cooperation" enunciated by our right hon. leader.

I wish to thank him for having called parliament as quickly as he did in order to submit to it matters of the greatest import for its consideration and attention.

I also wish to congratulate most heartily the mover of the address, the hon. member for Algoma West (Mr. Hamilton). The able manner in which he has acquitted himself on this occasion is not only a credit to himself but also an attendant honour to the county which he has so ably represented since his coming into this house.

(Translation) In conclusion, Mr. Speaker, I wish to express the profound hope that this house shall consider, as the country naturally expects it to do, the proposals advanced by the government, with the moderation, the calmness, the disinterestedness, the prudence and the real patriotism solely capable of maintaining and safeguarding a true feeling of Canadian unity, and, with this in mind, I have the honour to second the motion of the hon. member for Algoma West (Mr. Hamilton).

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, I had intended merely in a sentence to ask the forgiveness of the mover (Mr. Hamilton) and the seconder (Mr. Blan-

chette) of the address, if I congratulated them with brevity upon their performance this afternoon, but they have both done so well, exceptionally well indeed, that I feel constrained to add a sentence or two more to my remarks with respect to these hon. gentlemen. I listened particularly to the hon. member for Algoma West (Mr. Hamilton), coming as he does from a section of the country whence I come myself, northern Ontario, and I may say at once that with most if not all of the sentiments which he expressed I can agree. He offered to the government many constructive suggestions, some of which I had intended to discuss and which I shall deal with in my own way. Many of those constructive suggestions are worthy of the government's attention. I compliment the hon. gentleman and his constituency upon the excellent manner in which he moved the address. I believe I am safe in saying that not only the hon. member for Algoma West but the hon. member for Compton (Mr. Blanchette) had the honour of serving in the great war, the former in the Canadian and the latter in the United States forces. With that honour behind them they can speak with some authority in a session such as this.

The hon. member for Compton gave a moderate and reasonable address. I do not intend to discuss it in detail but I can say that as regards his final expression of a desire for moderation and tolerance I can stand by him absolutely. If ever there was a time when we required moderation in this country we require it in a crisis such as this, and if I may dare to supplement what the hon. member for Compton has said, I should like to add that I also hope that not only in this parliament but out of it we shall be tolerant of the points of view of other Canadians.

I do not intend to make any protracted remarks on this occasion. I agree with the hon. member for Algoma West when he says that this is a time for action rather than for words, and I would add that so far as this party is concerned I can speak with authority when I say that there will not be, either now or later, anything in the way of political manoeuvring or captious criticism. We are going through a very grave crisis, perhaps the gravest that the world has ever known. After all, we cannot forget that it was just twenty-five years ago that this parliament met in a special war session—twenty-one years ago that we ceased to participate in the last war. In other words, there will have been two great wars within the life-time of a generation. Certainly that is a heavy load for all of us to bear. But at the same time all the allies in the last war and in this one can feel the certainty that they did

not desire the war; that this war, as the last one, was thrust upon them. In fact Mr. Chamberlain and M. Daladier were so strongly opposed to entering the war at all that we all know there was a certain amount of grumbling in certain countries, in some cases where they were not taking any part in the war, because it was thought that these leaders hesitated to stand by Poland. But that very delay and hesitation is to-day a source of pride to all of us, proving as it does so fully and completely that neither England nor France would have entered into a war at all had they not been driven into it by Hitler.

It is no exaggeration to say that this is a war for the preservation of human liberty. We have had abundance of evidence that Hitlerism means autocracy, barbarism, international gangsterism—I used that term about it at the last session of this parliament and I think it is a proper term to describe the actions of Hitler. Should Hitler win this war it may well be the end of civilization as we know it. The civilization which we enjoy to-day may go as other civilizations have gone before it.

This session of parliament was called particularly for the purpose of getting parliamentary sanction and authority for the actions of the government in support of the part that Canada will play in this war. The Prime Minister (Mr. Mackenzie King) the other day, in a statement which I have before me, said that he would seek parliament's authority for "effective cooperation by Canada at the side of Britain." In that expression of desire for the effective assistance and authority of parliament I may say at once that the Prime Minister has the assent and support of the party which I have the honour to lead. It is our duty to let the world, friends and foes alike, know that we are to-day unitedly behind the mother country in this war for human liberty. England and France went into this war with no selfish motives, with no hope of financial gain, with no desire for aggrandizement, with no imperialistic ambitions; they went in to save civilization from Hitler, a man whose plighted word we have all learned gives no security, a man who has on numerous occasions in his own country and Austria at any rate instigated murder for the attainment of his ends, a man who rode roughshod over Austria and Czechoslovakia, a man who apparently holds nothing sacred. Individual liberties, national rights, treaty obligations, international boundaries, may all be violated for the purpose of attaining his wild ambitions.

He is not the first man who has attempted to dominate the world. A much greater man

than he attempted it about one hundred and thirty years ago in the person of Napoleon Bonaparte. After that attempt Napoleon ended his life in early middle age as a prisoner on the island of St. Helena, and I hope, and probably I am expressing the hope of this whole house when I say this, that Hitler will meet some such fate as that.

Sir, we are bound to participate in this war. We are British subjects, we are part of the British empire, and as I have expressed it on other occasions, I do not see how we can possibly be in and out of the British empire at the same time. At the special session of parliament held twenty-five years ago the leader of the opposition of those days—leading the Liberal opposition as I am leading the Conservative opposition to-day—that brilliant French-Canadian, Sir Wilfrid Laurier, expressed himself more eloquently than I am capable of doing; therefore I shall quote two or three of his sentences. He said:

We have long said that when Great Britain is at war we are at war; to-day we realize that Great Britain is at war and that Canada is at war also.

A little further on he said:

Upon this occasion I owe it to the house and to myself to speak with absolute frankness and candour. This is a subject which has often been an occasion of debate in this house. I have always said, and I repeat it on this occasion, that there is but one mind and one heart in Canada. At other times we may have had different views as to the methods by which we are to serve our country and our empire. More than once I have declared that if England were ever in danger—nay, not only in danger, but if she were ever engaged in such a contest as would put her strength to the test—then it would be the duty of Canada to assist the motherland to the utmost of Canada's ability.

And still further on he said:

It will be seen by the world that Canada, a daughter of old England, intends to stand by her in this great conflict.

And Sir Robert Borden in the same debate, answering Sir Wilfrid Laurier, as the Prime Minister will speak after myself to-day, said:

As to our duty, all are agreed: we stand shoulder to shoulder with Britain and the other British dominions in this quarrel. And that duty we shall not fail to fulfil as the honour of Canada demands.

With those sentiments I wholly agree. I have said on other occasions, and I repeat to-day, that I do not believe there can be any neutrality for any part of the empire when some other part of the empire is at war. But in addition to that, we are fighting to-day for our conception of civilization. We are fighting for Christianity, in all its branches, because Christianity, Protestant and Catholic alike, has been persecuted in Germany by

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Hitler. We are fighting for religion, because Judaism and the Jews have been persecuted even more cruelly by Hitler. We are fighting for democracy, for liberty of person, liberty of speech and assembly, liberties which we in Canada enjoy. Hitler's philosophy is a tyrannical autocracy. He places the state above everything and treats the individual as nothing, as a soulless animal to be used and sacrificed. His attitude goes back thousands of years to the law of the jungle, the law of tooth and fang. There are those who say that we owe nothing to Poland and therefore we should take no part in this war. In the same way we might say, if walking down the street we saw a mad dog attacking a child, that we owe nothing to the child. Nevertheless most of us would go to the help of the child.

One point I wish to make very clear is that to my mind we have no quarrel with the German people as a people. For generations they have given generously to the world in science and art and literature. We have well over half a million citizens of German descent in this country, and they are amongst our very best citizens. But, sir, Germany is controlled at the present time by an unscrupulous egoist. It is true he served Germany well, and had he stopped at a certain point he might well have gone down into history as a great German hero. He raised the German people from discouragement, gave them back their pride after a just but humiliating defeat. Had he stopped there he would have been accepted perhaps by all the world as a German hero. But he did not stop there. He realized that the nations which had been fighting Germany from 1914 to 1918 were sick of war and anxious for peace and disarmament, so anxious that they would do almost anything to secure peace. He saw his chance in that desire on the part of the allies and took advantage of it. It is one of his outstanding characteristics that he sees his chance and immediately takes advantage of it. I think we all know to-day that when he refortified the Rhine he was bluffing the French and the British. He had a very small army which might well have been driven back; but again probably their desire for peace kept them from interfering. Immediately after the refortification of the Rhine he rearmed Germany, and during that process he found it necessary to begin his murders. Many of the military leaders of Germany who differed from him with regard to some of his methods were wiped out of existence in what were called blood purges. Then he conquered Austria, again without a doubt instigating the murder of the little

chancellor, Dollfuss, and imprisoning Schuschnigg, who as far as we know is still in prison if he is not dead. These two men were crucified by Hitler and his nazi followers for the crime of loving their country and desiring its freedom. Then he destroyed Czecho-Slovakia, putting the Prussian heel on the neck of that democratic little country, and now it is his desire to make Poland the next victim.

As we know, Poland has had a tragic history. One can go back to the last quarter of the eighteenth century and find that Poland was partitioned three times. Incidentally the leader in those partitions was Germany, supported by Russia and Austria. Those of us who have studied the life of Napoleon will remember that on his first trip to Warsaw he was petitioned by the Polish people to declare Poland a nation. We recall the sacrifice of beauty and purity on that altar of national desire; and during all the decades since Napoleon first visited Warsaw hopes for national re-creation have sprung eternal in the breasts of the Poles. Then after a century of national aspiration the treaty of Versailles, following the last war, re-created Poland, much in the likeness of the great country it had been prior to the partitions of the eighteenth century, and since Poland has been re-created it has become a great and proud state. Now this international gangster demands that Poland submit to him or be destroyed. He refuses anything in the way of conciliation or negotiation with the Poles themselves, who naturally are most vitally interested. He demands total submission, and his alternative is destruction. That is the choice he has placed before the Poles. They must give up their nation, even their nationality; they must give up their liberty; they must submit to Prussian dictation, and all this is demanded with the example of the Czechs and the Slovaks before their very eyes. They have refused. I believe it was the only choice that could be made by free men. Most people who have enjoyed freedom would prefer death to slavery. The Poles deserve success, and if they do not get it justice indeed must be blindfolded.

Then France and Britain proffered aid, in accordance with their pledges. They could not do otherwise, nor can we do otherwise if we wish to possess our own souls. In this war, sir, we line up with Britain and France, and with mercy, justice and righteousness. Surely we may be confident of the outcome; for, sir, we must win. If we do not I believe there will be little else that matters. If Hitler and his philosophy conquer the world, civilization itself is likely to disappear, and the liberties

for which our ancestors fought for a thousand years will go with it. Patrick Henry, a great American patriot, on one occasion said:

Is life so dear, or peace so sweet, as to be purchased at the price of chains and slavery? Forbid it, almighty God! I know not what course others may take, but as for me, give me liberty, or give me death!

Poland might well say that to-day, and we in unison with Poland; for if the war is lost the lights of civilization are indeed going out. But I believe we may with confidence repeat the prayer so eloquently expressed on Sunday last by His Majesty the King, when he said:

We may reverently commit our cause to God.

Let us remember, sir, that if the democracies fall, Canada is the richest prize among the nations of the world. We should remember as well that this Canada of ours is very vulnerable to attack in these ultra-scientific days. Last session from my place in the house I pointed out the dangers that I saw enveloping Canada if some great nation should defeat England and France, or even if some great nation, without defeating England and France, should succeed in getting one of its liners or its fairly heavy ships through the barricade of the British and French navies and come across the Atlantic or the Pacific to our shores. I pointed out the dangers on the Pacific, the dangers on the Atlantic, the dangers up the St. Lawrence river, and particularly the dangers down into James bay, from which point this city is less than six hundred miles distant. All the cities and towns of Canada between the city of Quebec on the east and the city of Winnipeg on the west are within that distance of Charlton island in James bay, and to-day six hundred miles is a very short trip for bombarding aeroplanes.

Therefore I say that this is the danger to Canada if we are not properly protected. If the democracies should be defeated the battle ground might well be at our own gates instead of being three thousand miles away across the Atlantic, as it is to-day. I submit that our best defence is an offensive in those far-off lands. Our home defences, as I said last session, should be strengthened; for we need a real defence force in this day's world.

Now, sir, following these brief general statements in regard to the causes for which Canada is going to war, together with Britain and France, before resuming my seat I should like to offer, as the hon. member for Algoma West in particular offered, what I conceive to be a few practical suggestions concerning matters of which I have some knowledge, and I am offering them in a constructive and advisory way. The hon. member for Algoma West and the hon. member for Compton mentioned the very

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unpopular question of profiteering. I say, sir, that to-day I know of no more important question and no more important policy for this government to adopt than to insist that there is no profiteering during this war. By profiteering I mean unfair or excessive profits made by taking advantage of the critical condition in which our country and our empire find themselves. So far as I am concerned this is not a new thought. I have been expressing it for many years, particularly in London and Toronto just a year ago this month. I expressed it again the other day in a statement I gave to the press the day Poland and Germany went to war. That was two days before Britain and France declared war, one week ago to-day, and for the sake of the record I am going to take this opportunity of placing this brief statement upon *Hansard*. It was as follows:

In this crisis, as in those of September and March last, I refrained from making statements regarding the international situation, because I felt that, at this terribly critical hour in world affairs, it is the duty not only of our public men, but of all others, to endeavour to unify and solidify Canadian public opinion. To hold our country together is the first duty of all of us.

But, unhappily, war between Germany and Poland is now in progress, and undoubtedly England and France, in accordance with their pledges, will be forced to declare war on the side of Poland and against international gangsterism, as displayed by Hitler throughout the past year. In this conflict Christianity, democracy, and personal liberty are fighting for their existence.

Now that the die is cast, I feel that I should reiterate my position as leader of the National Conservative party. I adhere completely to the position which was set out clearly by me on March the 30th last in the House of Commons, when I declared my complete agreement with Sir Wilfrid Laurier's declaration that "when Britain is at war Canada is at war."

There can be no neutrality for Canada while Britain is engaged in a war of life and death. Therefore, in my opinion the united voice of Canada will call for full cooperation with Britain and France in this terrible conflict.

I wish to leave the next paragraph until I have read the two remaining paragraphs, because I should like to deal with it separately. The press release continues:

The government during this crisis has not followed the course taken by Mr. Chamberlain by calling into consultation myself or the leaders of the other parties. Nevertheless, as in the other crises, so in this, I informed Mr. King that I hold myself available for consultation and cooperation at any time, and any assistance I can give to Mr. King and his government will be freely given.

I learn by the press that a special session of parliament is being called for next Thursday. In view of this, I am communicating to my followers the request that they be in Ottawa a day or two in advance of the session.

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And now I shall read the paragraph I passed over. It is as follows:

At the same time, in giving this cooperation, it must be the steadfast determination of all of us that there be no profiteering of any kind—no unfair advantage taken by anyone—no enrichment for some while others are offering their lives.

I repeat that I consider that principle perhaps the most important that the government can adopt in carrying out this cooperation. I believe that all Canadians desire that that be carried out, and they desire it ardently. They feel that anything made in the way of excess profits by anyone at a time like this is, in a sense, blood money. The idea of some growing rich on the suffering of their fellow-Canadians is repugnant to everyone. It must not be permitted; there should be an absolute and rigid control to prevent it. Anyone taking unfair advantage of the Canadian people in this critical time deserves the severest condemnation and punishment. If allowed it will, to my mind, wreck our system, as surely as would a successful Hitler.

Our system is on trial. While the volunteer is offering his life the profiteer and the racketeer must be eliminated. The hon. member for Algoma West expressed it as equality of sacrifice, and I agree that that is the desire of all good Canadians.

Now, one further suggestion. I think the government should take immediate steps to mobilize our industry, to coordinate industrial production and to ensure full and effective aid from our industrial life to Canada and our allies at this trying time. In the last war the industrialists of Canada did a magnificent piece of work. They were complimented on their work by the British war cabinet, when they were thanked for the splendid assistance they gave to Great Britain.

Another suggestion, and it is this: Let not the abuses of political patronage and favouritism interfere with our national efforts. Canada as a whole is fighting—not one party—and Canada demands that we do our duty fearlessly and fairly. Let service and quality and honesty rule in all our vast expenditures. We must not let any scandal destroy our efforts.

Then, another suggestion. Based upon personal knowledge and experience I should like to point out that one of the grave errors in the conduct of the last war was the permitting of huge numbers of unfit men to get into the forces. I say, with knowledge, that in 1916, two years after the war began there were in some battalions in England as high as one-third of the personnel unfit for service, one-third of the personnel who should never have been accepted at all. This condition was brought about by two chief reasons. Gentlemen who

desired to raise battalions loyally and patriotically hurried men into the ranks so that they would make a record in getting numbers sufficient to form a battalion. Individual Canadians who joined the army, but were unfit, joined from patriotic reasons, perhaps realizing that they were unfit, but anxious to serve. As I have said, many of them—tens of thousands—got as far as England, at great cost to Canada, because they had to be returned to Canada at a cost to this country which had to be added to our huge debt. I submit that this must not be repeated, and I submit further that it can be very easily prevented.

Here is another suggestion. From the very beginning we should give generous treatment to the dependents of those who enlist for overseas service. But, sir, there is one further thought: unless it is necessary for the preservation of our national life, so far as possible those who have dependents should be kept out of the danger zone. It will not only save losses to families, but it will save by way of lessening the huge debt of our country and the huge pensions which would have to be paid.

Some time ago a suggestion came out from England, which I believe was met with a good deal of favour here in Canada, that Canada be a haven for British children. One month and a day ago at my home city of Fort William I supported that idea. The press report of August 7 respecting my speech quoted me as follows:

I say here to-day that not only would every man and woman in Canada gladly agree to such a plan, if it is feasible, but I go farther and say that under similar circumstances, if some of the allies of the empire made the same request, again Canada would rise to the occasion and do her humane and Christian duty, just as any Canadian citizen would gladly give shelter in the midst of winter to the children of a neighbour whose house was being destroyed by fire.

I repeat that sentiment. For, after all, one of the greatest of Christian precepts is this: "Suffer little children to come unto Me, for of such is the kingdom of heaven." I repeat: If the proposal made is feasible I believe the government should forthwith accept it and do everything it can to carry it out.

Then, sir, yesterday in my mail I received what I consider to be a very wise suggestion from a dear friend of mine, a brilliant Canadian, an outstanding man of letters, loyal, able and anxious to serve, but a man who has almost attained old age, and who has one rather serious disability which would prevent him from doing ordinary active service. In his letter he says this:

Could not some genius organize a Canadian legion of honour at this time, not for foreign service but to serve Canada, to restore its pride in its destiny, and to heal its divisions?

To my mind that is a most worthy idea, even in peace time, because in Canada we have thousands of well-to-do citizens who would offer to serve—as this gentleman offered to serve, as indicated in the letter—without payment by the country. These people are anxious to do something for their country—and that is more true to-day, in war time. I submit this suggestion to the government because I think it is certainly more worthy of deep consideration to-day even than it would be in ordinary times.

There are one or two further points I would offer before I resume my seat. One is that I believe local Canadian problems must not be neglected or forgotten because Canada is at war. After all, in this time of trial it would be a poor service to the empire if Canada, our Canada, were forgotten. I expect we are to be called upon in this session—perhaps tomorrow or the next day—to pass a bill providing for an expenditure of some such figure as \$100,000,000, with which to finance our part in this war. That is right and proper—though I should like to interject that with the huge amount of money on deposit in the banks the money we need should be obtained at very low rates of interest, not at such rates and on such terms as it was obtained in 1914 and in subsequent years. But in the absence of our men themselves let us strive to make Canada a land really worthy of their love, a land really worth living in.

I should like to touch briefly upon the speech from the throne itself and read one paragraph which is really the gist of the speech. If there is any objection I shall read it all, because it is not lengthy; but I think this one paragraph covers the speech pretty thoroughly. It reads:

You have been summoned at the earliest moment in order that the government may seek authority for the measures necessary for the defence of Canada, and for cooperation in the determined effort which is being made to resist further aggression, and to prevent the appeal to force instead of to pacific means in the settlement of international disputes. Already the militia, the naval service and the air force have been placed on active service, and certain other provisions have been made for the defence of our coasts and our internal security under the War Measures Act and other existing authority. Proposals for further effective action by Canada will be laid before you without delay.

I have no desire to be critical when I say that to my mind that statement of Canada's position at the present time is not sufficiently definite and clear. Considering the telegraph and telephone messages and letters that I have received, considering the press statements that have been made, I think the people of Canada expect a full statement of

the government's position from the Prime Minister at this time. I hope that the Prime Minister will make a statement as full and complete, as clear and definite as it is possible to do. After all, the people have a right to such a statement. It is true that parliament has been called to give its sanction and authority to what the government will do, but the government must submit, clearly and definitely, its policy to parliament. After all, a lead must be given even to parliament.

As part of the British empire we are at war to-day. I do not think there is any doubt about that. There may be some argument on technical and legal grounds, but I believe that is our position. I have listened to speeches made by the Minister of Justice (Mr. Lapointe), the Prime Minister and various other members of the government; I have read the speeches of Laurier; I have studied the subject thoroughly and I have myself expressed the opinion that when Britain is at war, Canada is at war. I believe that is the realistic and the practical attitude that we must accept. I believe that is the opinion of the Prime Minister, of the Minister of Justice and of others who have studied the question. It was the opinion of Laurier, of Bennett, and various other people.

I hope the Prime Minister will heed me when I say that I think we might well declare our position openly and clearly. I repeat that we are at war. I do not think it can possibly be questioned that we are at war. In the interests of national understanding and clear thinking in our country, our position should be made quite clear. The Prime Minister in a statement to the press, made on the same day that I made the statement from which I quoted a few moments ago, used terms which were more definite than those contained in the speech from the throne. He said:

In the event of the United Kingdom becoming engaged in war in the effort to resist aggression, the government of Canada have unanimously decided, as parliament meets—

This is how it is quoted in the press.

—to seek its authority for effective cooperation by Canada at the side of Britain.

And again:

In the light of all the information at its disposal, the government will recommend to parliament the measures which it believes to be the most effective for cooperation and defence.

I sincerely hope and trust that when he speaks the Prime Minister will make clear the position and policy of the government. Upon that clear and definite statement depends everything. Upon that statement depends the effective and enthusiastic effort which will be

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made by Canadians. Upon it depends our co-operation. Upon it depends the real success of any efforts which Canada will make.

In closing I want to say that we are fighting in a war for justice, for honour and for liberty. We in Canada, like the people in England and in France, have no selfish motives and no desire for profit. We have no enmity toward any people. We are fighting, or we will be fighting, against policies and principles which are anti-christian and anti-democratic, policies and principles which are barbarous and brutal. Confident in the right of our cause, certain that justice will finally prevail, we should pledge ourselves here today to do our duty by Canada and the empire.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, my first word must be one of thanks to my hon. friend the leader of the opposition (Mr. Manion) for the speech which he has just delivered, and particularly for what it conveys of his appreciation of the great responsibility which rests upon the shoulders of my colleagues and myself at this time. Even more I should like to thank him for his words of hearty cooperation with the government, not only for himself but on behalf of his party in this house and throughout the country, in having the most effective effort put forth by this nation in its endeavour to preserve its own liberties and institutions, and also to preserve the liberties and institutions of all free countries in the world.

My hon. friend the leader of the opposition has chivalrously alluded to the fact that the mover (Mr. Hamilton) and the seconder (Mr. Blanchette) of the address were each enlisted for active service in the last great war, and that the mover of the address had served abroad in Canada's expeditionary force. I should like to remind the house and the country that my hon. friend the leader of the opposition also performed a similar service during the great war. He enlisted and served overseas in the expeditionary force. It is significant I think that the first three speeches to be made in this house at this time of great peril to the world should be made by three hon. members each of whom was prepared to sacrifice his life on the battlefield some twenty or twenty-five years ago for the cause of freedom. It shows how deep in the breasts of men lies the determination to preserve, to maintain and to defend freedom and all that freedom makes possible in the enjoyment of life itself. This deep-lying instinct for freedom is, I believe, characteristic of the citizens of Canada from one end of this great country to the other.

May I say to my hon. friend that with practically all of what he said I am in most hearty accord. He and I, as leaders of political parties, have opposing political doctrines. At times there has been sharp and considerable difference of opinion between us on debatable points. But I have never doubted for one moment that, if the time ever came when the world should again be threatened, as it was in 1914, by a war the end of which no one at the time could see, my hon. friend and myself would be found instantly side by side in an endeavour to unite this country as completely as it can be united, so as to enable it to put forth a supreme effort to preserve and defend its own liberties and institutions and to preserve and defend the liberties of mankind.

I feel it to be significant, not only that the mover and the seconder of the address, and my hon. friend opposite should all be war veterans, but that the two who have had the great responsibility of being the first to speak in the house and thereby to direct in some measure the thought of the people as they consider the mighty issue which is now before them, should be representative of the two great races of which this country is so largely composed. Although the hon. members differ in racial origin, differ also in some particulars in their religious views, they too have stood side by side, representing French and English, representing Protestant and Catholic, in declaring as far as they are concerned that the preservation of the liberty and security of this land alone makes possible the practice of any faith, the accomplishment of any worthy end, the enjoyment of life itself.

I think, sir, it is very significant indeed, that these two hon. gentlemen in their origin should also be representative of those two countries, Britain and France, which to-day have laid their all upon the altar of service and sacrifice in the cause of freedom. For my part, I cannot find words to express the admiration I feel for England and the stand that she in this hour is making for freedom, and for France and the stand which she is again taking to preserve her liberties and the liberties of the world.

Where did our liberties and freedom come from? I ask hon. members of this house to reflect upon that before they utter a word against full participation by this country in the great conflict which is now raging in Europe. Where did we get our constitutional rights and liberties? Where did we get our freedom of religion? We got our many freedoms as an inheritance from those men of Britain and France who never hesitated to lay down their lives for freedom and those of their

descent who followed their example on the soil of Canada itself.

May I say that I was greatly pleased to hear my hon. friend, at an early moment in the course of his speech, make a plea for toleration and moderation. Never is such a plea more necessary than at a time like the present. It is necessary in this House of Commons; it is necessary in this parliament; it is even more necessary in different parts of the country where there are men whose minds may not be trained to restraint as are those of many members here, many who are driven almost to desperation in anguish of mind with respect to those they love and what may become of them, may utter many bitter things and express words the like of which they would never express save under the provocation of the hour. I hope that throughout this country our citizens will be as tolerant as they can of differences of view and belief that are honestly held. There may of course be some things said which none of us would tolerate, and none of us will; but I ask above all else for a broad toleration. I was glad to hear my hon. friend make that plea, not only on behalf of citizens here in our own country who belong to the two great races, but as well on behalf of those of German descent who also are citizens of our country. May I go a step further—although I think my hon. friend also went that far—and make a plea for toleration on behalf of the German people themselves?

No more fatal error could be made with respect to the issue at stake in this great conflict than to believe that it is the German people who have plunged Europe into war. Europe has been plunged into war because of a hateful and tyrannical regime which cherishes and is seeking to perpetuate policies which would rob mankind of everything that is dear to the human heart and the human soul. That regime has brought its own people under its iron heel. For the most part the people of Germany to-day are slaves, enslaved by a government, so-called, a dictatorship which holds a rifle at the head of every one of its citizens unless he is prepared to do its bidding. I pity with all my heart the German people in this country and in the old world. I know something of the German people. I was born in Berlin, Ontario, as it was called at that time; Kitchener it is called now. I lived there until I was sixteen years of age. The county of Waterloo in which the town which was then called Berlin is located, has many other communities made up very largely of German settlers, some of whom came to this country to get away from forms of oppression for long all too prevalent in the old world. No better class of citizens is to be found in any country.

I have had the honour of representing those very people in this parliament. I imagine that if the votes could have been separately identified it might have been found that there were more votes cast from those of German descent than from those of the English or any other race, to send me to this parliament, with the opportunity soon after to become a minister of the crown. In anything concerning it that I may have to say, I am not going to be false to the views that I hold with respect to peoples so greatly affected by this conflict.

May I say further that when I was privileged to receive from Harvard university some forty years ago a travelling fellowship to study abroad in Europe, I spent a part of a year in the city of Berlin in Germany. I lived with a German family, the family of a noted artist in the city of Berlin, and at that time I came to see a good deal of the German people. Since then I have visited Germany on other occasions and I believe I know something of its people. But I know something also of what tyranny means in the world; I know something of the price at which freedom has been bought, and I am not going to be false to my whole inheritance by refraining to take any step that may be necessary to preserve freedom.

I never dreamed that the day would come when, after spending a lifetime in a continuous effort to promote and to preserve peace and goodwill in international as well as in industrial relations, it should fall to my lot to be the one to lead this Dominion of Canada into a great war; but that responsibility I assume with a sense of being true to the very blood that is in my veins. I assume it in the defence of freedom—the freedom of my fellow countrymen here, the freedom of those whose lives are unprotected in other communities and countries, the freedom of mankind itself.

The leader of the opposition has said that on his part there will be no political manoeuvring at this time, no captious criticism. I am quite sure that no one in this house has in his thoughts to-day anything of that kind; surely no one is thinking about any manoeuvring in the face of a situation such as that which now confronts us. My hon. friend need not have told me that he had no thought of that kind in his mind. I know him too well not to appreciate the fact that he would be the first to wish to drop political strife. May I thank him at once for being one of the first, without waiting for parliament to assemble, to come forward and assure me that he was at the side of the government in helping to meet this grave crisis.

[Mr. Mackenzie King.]

There is one small thing I should like to say to my hon. friend, because it may help to remove any misunderstanding that may exist between us. He seems to have felt that at one time I had not consulted him as much as I should have done, that I had not consulted him as the Prime Minister of Great Britain had consulted the leaders of other parties. If my hon. friend will parallel the circumstances he will see, I believe, that my action has followed very closely that of the Prime Minister of Great Britain. The Prime Minister of Great Britain called a conference of leaders when he was deciding the question whether parliament should be summoned or not, no doubt to give them information in his possession. Until we knew here that the British parliament was about to be summoned the necessity for a conference had not arisen. The British Prime Minister just the day before the British parliament was summoned to pass an act for the defence of the realm did call into conference the leader of the Labour party and one or two others. The day before the British parliament met, the very night that word came over the cables to me from England that the Prime Minister of Great Britain had decided to call parliament, I immediately asked one of my secretaries to see that the leader of the opposition was asked to come and meet me on the following morning. It was after ten o'clock at night that I received that word and I was then leaving for Toronto to attend the funeral of my late friend Senator O'Connor, at which I was to have been a pall bearer. I hesitated to cancel that engagement until I was certain that there was grave danger threatening and that it would not do for me to be away. That word came in a subsequent dispatch. I cancelled the trip and on the following morning when my hon. friend did not appear, and I received word that he was not in the city but in Toronto. I telephoned to him at Toronto and informed him of the serious conditions which had arisen. I told him what the news was so far as I had received it and said that I should be glad to show him the dispatches I had received. I said that they were there for him to see if he would come down. He spoke of engagements he had and asked whether I thought it was imperative for him to come. If I had doubted my hon. friend's loyalty, if I had thought that there would be delay on his part in sanctioning what the government was proposing to do, I would have told him it was important that he should come. I told him as best I could over the telephone what the situation was, and without doing more I felt every security in going ahead in a belief in his complete acquiescence as respects the measures that we have taken.

On the same day I telephoned to the leaders of the other parties. My hon. friend the leader of the Cooperative Commonwealth Federation (Mr. Woodsworth) was away in Vancouver at the time. He will recall the conversation we had. I wish to thank him at once for the manner in which he immediately expressed his sympathy with myself and my colleagues in the great responsibility we were facing. I did not attempt to convey to him at Vancouver all the details, but since his return here we have had conversations, just as I have had several conferences with my hon. friend in the last little while.

I also telephoned my hon. friend, the leader of the Social Credit group (Mr. Blackmore), and no one could have been more cordial than he was in the assurances he gave me at that time that whatever the government might do he would be with us, having due regard of course to his right to criticism of those policies with which he might not agree. He wanted me to feel that so far as he and his party were concerned there would not, as regards cooperation, be much question as to where they would stand. My hon. friend the member for Rosetown-Biggan (Mr. Coldwell) was kind enough to come to my office, where he informed me that unfortunately his leader was far away but that he himself wished at once to express his appreciation of the situation. He asked me to realize that when cooperation was necessary in so great a cause I would find the members of his party ready to do their part. There was no commitment so far as any of these gentlemen were concerned with respect to any particular policies. All I wish to convey at the moment is that there was on their part a very sincere expression of appreciation of the government's position, and of their desire and the desire of their parties to see that, when parliament assembled, what in their minds would be most effective as a national effort should be undertaken.

My hon. friend opposite has expressed in no uncertain way his views as to the immediate causes of this war. He has expressed them in very strong terms. I think perhaps I am inclined to be less emphatic than my hon. friend, not quite as strong in some of the words I use. May I say I agree with every word he has said of the fundamental, basic facts concerning this issue. He has described the issue as one which raises the whole question of the future of civilization itself. I do not think that is too strong a phrase to use. Before I conclude this speech, I shall give, if I have the opportunity, words from the lips of the man who himself has brought the world into this state of turmoil, sufficient to prove the truth of this assertion. Hitler himself has

said: "Whoever lights the torch of war in Europe can wish for nothing but chaos." "Nothing but chaos"; that is what the leader of the nazi party in Germany is seeking to bring upon the world to-day. And it is to prevent chaos becoming the fate of this as it may be of other lands that it becomes our duty as citizens of Canada to stand to a man in the defence of this country and at the side of Great Britain in the defence of freedom her citizens are making with their lives.

I was surprised when I heard my hon. friend say that the speech from the throne lacked an assertion of government policy. I certainly did not intend to water down anything I had said on a previous occasion. The responsibility for the words that were expressed by his excellency rests of course upon me; these words seem to me to be fairly emphatic:

You have been summoned at the earliest moment in order that the government may seek authority for the measures necessary for the defence of Canada, and for cooperation in the determined effort which is being made to resist further aggression, and to prevent the appeal to force instead of to pacific means in the settlement of international disputes.

If the leaving out of the words "with Great Britain," used in an earlier statement by myself, has any significance, it is to widen the duty of this country, and have it cooperate not only with Great Britain but with France and with every country that is prepared to stand and defend its liberties in this great world conflict. That at least was the intention. However I intend this afternoon, as hon. members will see when I come to refer to some notes I have prepared, to give as a statement of the government's policy what I said over the radio in a broadcast on Sunday last, and what I have given in other statements to the country already, so that there can be no mistake. I have felt right along that the most effective way in which to present the government's position was to make it known as early as possible to the country and then to make it known to hon. members in more detail when parliament assembled. My hon. friend knows that the speech from the throne does not necessarily set forth the different measures that are to be introduced; it contains a general statement of policy. Parliament has been summoned to hear the government's policy, and I am here to-day to expound it. Following the rules of parliament this is the first moment I have had in which to speak in the course of this debate. I shall seek to leave no doubt in the mind of anyone, if there is any doubt existing even now, as to what this government's policy is. We stand for the defence of Canada; we stand for the cooperation of this country at the side of

Great Britain; and if this house will not support us in that policy, it will have to find some other government to assume the responsibilities of the present. We are committed to that policy, and I believe when it comes to the expression of views of hon. members from every side of this House of Commons we shall find that we have the house very solidly behind us.

My hon. friend gave his impression of the prize the Germans would seek in the event of victory. He said the prize would be Canada. I noticed in the press last evening that one of the German papers which is supposed to be an organ of the administration had quoted Hitler as saying that if England wished to fight she must remember that if she entered this fight the prize of victory would be the British Empire. Well, that includes Canada. As my hon. friend has said, there is no portion of the globe which any nation would be likely to covet more than this Dominion of Canada. There is no other portion of the earth's surface that contains such wealth as lies buried here. Nowhere are there such stretches of territory capable of feeding for generations to come—not hundreds of thousands, but millions of people. No, Mr. Speaker, the ambition of this dictator is not Poland. At one time he said it was only the areas in which there were German speaking people. But we have seen that ambition grow. That may have been the thought in his mind some years ago, but we all know how ambition feeds upon itself; we all know how the lust for power blinds men's senses to all else. We know where and how he started, first with the militarization of the Rhineland. He then said—I quote Hitler's own words—he had no thought of annexing Austria. After giving his word that there would be no further attempt at conquest, he took Czechoslovakia. Then he took Moravia and Bohemia, then Memel, now Danzig and Poland. Where is he creeping to? Into those communities of the north, some of which to-day say they are going to remain neutral. I tell them if they remain neutral in this struggle, and Britain and France go down, there is not one of them that will bear for long the name that it bears at the present time; not one of them. And if this conqueror by his methods of force, violence and terror, and other ruthless iniquities is able to crush the peoples of Europe, what is going to become of the doctrine of isolation of this North American continent? If Britain goes down, if France goes down, the whole business of isolation will prove to have been a mere myth. There will in time be no freedom on this continent; there will in time be no liberty.

[Mr. Mackenzie King.]

Life will not be worth living. It is for all of us on this continent to do our part to save its privileged position by helping others.

My hon. friend was kind enough to offer to the government certain practical suggestions; the same course was adopted by the mover and the seconder of the address. May I say to my hon. friend and to all the members of this house that there is nothing the government will welcome more than suggestions of a practical and constructive nature. No greater service can be rendered the government than that every hon. member out of his individual knowledge and wide experience of affairs in this land, should give the government the benefit of any and every helpful suggestion. We welcome constructive suggestions; and, may I say in all sincerity, we shall also welcome constructive criticism. I have not the least doubt that before this war has gone on for any length of time, every man and woman in the country will be so deeply conscious of its nature and significance, that instead of criticizing its efforts, they will be praying to the government to keep on with what it is doing. What we need now is all the practical help and assistance we can get, so that the measures we bring forward may be the most effective that can possibly be initiated.

The hon. member for Algoma West (Mr. Hamilton) suggested that there should be a bureau to sort out the different offers of co-operation and assistance to see that due advantage was taken of them. That is something, may I say, which the government already has had in mind, and which we have been taking steps to arrange. In fact there is the nucleus of such a board already formed. I hope the men and women of this country who have had large experience in important matters will not hesitate to make their presence known to the government, so that no one may be overlooked who is anxious to serve. I would, however, have men and women who may wish to co-operate in the great effort which this country will be making realize that there will have to be careful consideration as to how they may best help.

I come to profiteering. I believe I have already stated in this house that I know of nothing in the world more contemptible than that any man should seek to profit from the sacrifices which others are making. And if the laws and other measures which this government may introduce and seek to enforce are not sufficiently strong to destroy anything in the nature of profiteering, I hope hon members of this house will bring to our attention, in a way that will also bring it to the attention of this country, what we ought to do to achieve that all important end. There are some things

that are very difficult of accomplishment. Unfortunately human nature has its weak and its bad sides as well as its strong and good sides. Sometimes it is very difficult to cope effectively with the underworld and its methods. But let me say this: I care not who the individual may be, how respectable in his own eyes or in the eyes of others he may appear, or what position he may hold; if in this crisis he seeks to profiteer he belongs to the underworld and should be treated as one of those who menace all that is sacred in human relations.

My hon. friend spoke also of mobilizing industry. I agree with him that perhaps as great a service as can be rendered will be the kind of service that highly mobilized industry can render. Already important steps have been taken to mobilize industry and later, when there is an opportunity to discuss the matter in detail, I think hon. members will appreciate what the government has already done in that direction.

Then there is the matter of patronage, of favouritism. May I say this to my own following in this House of Commons: If any of you desire to have persons given positions, in connection with this war, simply because they are favourites of yours; if primarily for such a reason you want to have any one given some special post, keep away from me, for I will never listen to you. I say the same to every hon. member of this house, and I say it not only on my own behalf, but on behalf of the government. We want no favouritism in this war. We want the name of this government and this country to be honourably sustained, and the man who seeks to profit indirectly by having his relatives or friends gain this contract or get that commission simply because they are among his favourites is no true friend of this administration.

My hon. friend, the leader of the opposition, has spoken about bringing little children here from the old country. He has made a plea which naturally would touch the heart of the nation. As he is aware, for some time one of our leading journals made that proposal a special cause. I said very little about it personally, but before I had said anything other than that there was need for the government to consider carefully what might be best in the way of cooperative effort should war come. I observed that Sir Thomas Inskip, then Secretary of State for the Dominions and now Lord Chancellor, said that the suggestion was an impossible one, that there would be conditions arising which would make it impossible in case of war for Britain to think of sending children overseas. I am not giving my words; I am giving those of a minister of the crown in Britain. We were attacked

for not coming out immediately and accepting the suggestion, as we probably will be attacked time and time again because we do not accept many other suggestions. I would ask hon. members to believe that whatever action we take or do not take with respect to matters overseas will be in the light of information received as the result of consultation with Great Britain and the other countries that may be associated in this war, and in the light of the knowledge and experience we ourselves possess.

My hon. friend said that local problems should not be forgotten. With that I also agree. I intended a little later on to say something in this connection which I have all along believed and believe now more strongly than ever. Our local problems in Canada, the most serious of them—the great question of unemployment—have not been due primarily to conditions in this country. They have been due to the extent to which the minds of men and women throughout this world have been filled with fear and terror—not for one year only, but for the past three or four years—a terror that has caused many men to hide away what little capital they have, instead of investing it; a terror that has caused one nation after another to spend its millions in increasing armaments instead of engaging in useful production.

We could have put unemployed labour in this country into the manufacture of munitions, into the manufacture of implements of war as has been done so largely in Europe, and even in Great Britain. Would this parliament have endorsed that step before to-day? Only to a very limited extent. I question very much if parliament would have voted the moneys necessary for such a purpose; indeed already I have seen a published statement to the effect that we should not take advantage of men who are unemployed by bringing them as the first into this great struggle. Far be it from this government to attempt anything of that kind. These men have suffered, and we are not going to increase their suffering, if we can possibly avoid it. We are going to do what we can for them. What we can do depends a good deal upon the demands that this house and the country make upon the government with respect to its effective action in the war.

I believe I have touched upon most of the points raised by my hon. friend. Again I hasten to repeat my thanks not only to him but also to the leaders of the other parties for such expressions of understanding and support as they have been kind enough to give to the government. May I say to them that I realize how difficult their task is

There are few men in this parliament for whom, in some particulars, I have greater respect than the leader of the Cooperative Commonwealth Federation. I admire him, in my heart, because time and again he has had the courage to say what lay on his conscience, regardless of what the world might think of him. A man of that calibre is an ornament to any parliament. I do not know what my hon. friend's views will be. He and I have talked over these matters at different times. I know he feels deeply that anything in the nature of war should not be countenanced at all. But I said to him the other day—and I wish to repeat it here: When it comes to a fight between good and evil, when the evil forces of the world are let loose upon mankind, are those of us who believe in the tenets of christianity, and all that christianity means and has meant to the homes and lives of men, in the present and through generations in the past—are those of us who have reflected with reverence upon the supreme sacrifice that was made for the well-being of mankind going to allow evil forces to triumph without, if necessary, opposing them by our very lives?

I believe the present conflict, in essence, to be just that very thing. I think this world year in and year out, age after age, has had forces contending for supremacy. They have been the forces of good and the forces of evil. To-day those forces are locked in mortal combat, and if we do not destroy what is evil, it is going to destroy all that there is of good. And what then is going to become of this world as a place in which to live?

I am inclined to agree with hon. members when they say that force qua force has never accomplished anything—and yet I am not so sure of that. I believe that force does not fundamentally change a situation, and that the only thing that in the end will change a situation is persuasion. You can persuade men; you can convert them, but there have been times—and history is there to record them—when, if force had not been opposed by force, there would have been no christianity left to defend.

I believe I have already expressed my thanks to the mover and the seconder of the address to his excellency in reply to the speech from the throne. I should like again to say how deeply I, and I am sure all hon. members in the house, appreciate the constructive nature of the eloquent and memorable speeches each made at the beginning of this historic debate.

Mr. Speaker, perhaps I may now be permitted to give to the house an outline of the developments which have taken place

[Mr. Mackenzie King.]

since parliament prorogued, and in particular a statement in greater detail than it has been possible to make it up to the present time of the government's position.

When I came into this house to-day I felt so fatigued that I was not confident of my ability to speak extemporaneously. Hon. members will realize at a time like the present, how great is the responsibility for every word that a member of a government uses. There is a special responsibility, perhaps, in every word uttered by one who holds the office of Prime Minister. If at times I have been silent and seemed to be shirking responsibility in not discussing every point that has been raised, it has been because for the last three years I have been living with this awful dread of war. I have wished that no word of mine might add fuel to the flame which I feared some day might blaze throughout this world.

By way of introduction to what, as leader of the government, I feel it my duty to say with respect to the momentous events which have occasioned the summoning of this special session of parliament, I cannot perhaps do better than to recall, as concisely as I can, the European situation as it existed at the time the present administration came into office, and refer more particularly to the grave developments which have occurred since parliament prorogued and also to the steps taken by my colleagues and myself to meet the appalling responsibility which was thereby placed upon our shoulders.

I need not tell hon. members that the sense of impending calamity was not something which was realized all of a sudden. Three years ago the government indicated its belief in the necessity for preparedness by asking parliament substantially to increase the amounts required for the defence services of our country. I frankly confess that from that day to this the possibility of a war in which Germany or other nations would be engaged, and which might spread to all parts of the world, has absorbed more of my time and thought than all else combined. Particularly have I been concerned with the position of our own country in the event of Great Britain becoming again engaged in war. I have not concealed my conviction as to what I feared might occur. Time and again when my own followers have been discussing with me many matters of major and minor importance, I have urged upon them the wisdom of keeping constantly in mind the terrible possibility of international conflict, before which all else would soon pale and be forgotten.

I have been taunted by friends and opponents alike in giving far too much of my time and thought to foreign affairs, and

thereby neglecting, as they seemed to feel, some of our own more immediate domestic problems. If I have given to developments abroad a degree of attention greater than some may have felt should be given, it has not been owing to any neglect of a more immediate situation at home but rather because I believed that the problems which were becoming increasingly baffling in this as well as in other countries were not due to causes originating in our own land, but were the direct result of the international situation as it was disclosing itself in Europe and Asia.

I have never doubted that when the fatal moment came, the free spirit of the Canadian people would assert itself in the preservation and defence of freedom, as it did a quarter of a century ago. I have, however, been anxious that when the inevitable hour came, our people should be as one from coast to coast in recognizing the magnitude of the issue which was presenting itself, and as one in their determination to meet it with all the strength and power at their command. I have made it, therefore, the supreme endeavour of my leadership of my party, and my leadership of the government of this country, to let no hasty or premature threat or pronouncement create mistrust and divisions between the different elements that compose the population of our vast dominion, so that when the moment of decision came all should so see the issue itself that our national effort might be marked by unity of purpose, of heart and of endeavour.

At six o'clock the house took recess.

### After Recess

The house resumed at eight o'clock.

Mr. MACKENZIE KING: When the house rose at six o'clock, I had been speaking of the conditions which this government faced when it came into office, and has been facing ever since, in reference to the European situation.

As hon. members will recall, when this parliament first assembled it was faced with a critical situation in Abyssinia. Ethiopia had been invaded; and the first question which confronted the present government was that of the sanctions to be imposed against Italy because of an act of aggression on her part at that time. That was 1935. In 1936, in the spring of the year, the world was confronted with the sudden remilitarization of the Rhineland by Hitler; before we had reached the

middle of that year there was an outbreak of war in Spain, a civil war which came ominously soon after the invasion of Ethiopia, and, I think equally ominously, at a time which coincided with sudden developments in the way of aggression elsewhere on Germany's part. In 1937 the world witnessed the revival of the Japanese intervention in China. At that time the Spanish war threatened to embroil all Europe. With that condition on two continents, the world was faced in 1938 with the seizure of Austria by Hitler. Then came the Sudeten crisis and the campaign for the annexation of the Sudetenland, which was followed by the Munich pact in September, 1938.

It must be apparent to everyone now that, if Mr. Chamberlain had not gone to Munich when he did, on each of the three occasions that he sought to preserve the peace, war would have broken out at that time at the instance of Hitler and his regime. What position the world would be in to-day, with the lack of preparation in different parts of Europe and elsewhere on the part of the peaceful nations, none of us I should think would care to contemplate.

That was in 1938. In 1939, which is the present year, there came in March the seizure of Bohemia and Moravia by Germany; a little later in the same month, the seizure of Memel also by Germany; then the next month, in April, the seizure of Albania by Italy; and on September 1, the invasion of Poland by Hitler and his forces.

In other words, there has been a steady progression of acts of aggression through the last five years. They point, I think, pretty clearly to some kind of understanding and agreement, at that time at any rate, between the powers involved. We have had war on all sides, a record of combined and continuous aggression. I think we may well ask ourselves from what source these acts of aggression drew their inspiration. We may well ask upon what secret understanding they may have been based, and what the world may yet witness if, in some way, this aggression is not checked.

I mention these facts for the reason that some there may be who have the impression that this war has been caused by a mere invasion of Poland and that it has to do only with a desire on the part of Germany to regain the city of Danzig. The record speaks for itself. It discloses clearly that in the last five years some country or group of countries has been acting on the supposition that the great free countries of the world, "the democracies," as they are sometimes called—I confess I am

getting a little tired of the use being made of the word "democracy"—were an effete lot, that they were not prepared to stand up and fight for their liberties, and that aggression was a safe method of procedure. Well, unless a pretty definite stand is taken now by those who prize their freedom, they may expect that aggression will not cease, but will continue to the limit.

I mention these facts also because I wish to place before the house evidence that the government, from the time that it came into office in the autumn of 1935, has been watching the situation closely and seeking to prepare, as best it could for the present moment. I need not recall how for a number of years prior to that time not this country only but many countries were not increasing but reducing armaments. The previous administration, as we all know, acting in some particulars at least as I assume almost any administration would have acted at the time, did considerably reduce the armaments of this country. In particular, the numbers of the air force were materially reduced from what they had been when we left office in 1930. That was due to the fact that most countries were placing a certain reliance upon the League of Nations and a certain reliance upon policies of disarmament in which they hoped all other nations would be prepared to join. Advantage was taken of that fact by the country which to-day is invading other lands. Let me pause here to say that while at the moment we cannot afford to discuss policies of the past more than is essential to an understanding of how these situations have arisen, I think that when this war is over we should examine very carefully into the policies which have been in force in the different countries and which have played their part in creating the present situation. I believe there was a time when Germany was quite prepared to sit in with other nations and do her part in seeing that the Versailles treaty, in so far as it related to the reduction of armaments, was carried out all round; and if Germany started to arm, as she did, there may be something to her contention that she had something to fear because other nations were arming when she was being denied that right. I mention that only because I am sure all of us are anxious, if it can be avoided, once this war is ended, not to see any situation ever again develop comparable with that which has developed in the last five years.

As I have said, when this government came into office we found the defences of the country in anything but the strength that

[Mr. Mackenzie King.]

the circumstances demanded. I am not attributing this by way of blame upon another administration. I am saying now that had we been in office in the previous years we, doubtless, would have done our utmost to cut down armaments and military expenditures. What I wish to make clear, however, is that the government which perceived the danger and was anxious to get defence estimates increased was obliged to take a great risk when it came into this house and asked for more money for purposes of defence. Hon. members will well recall that when in 1937 we greatly increased the estimates we had considerable difficulty in getting the support of many of our own party and, while in some quarters we were not opposed, we did not obtain from any quarter aught in the way of thanks or encouragement for the increased expenditures which we were proposing. It is easy to be wise after the fact, but as a government at that time we were presenting to parliament what we considered essential to Canada's defence in view of the possible development of affairs in other lands and having regard to the serious situation that existed throughout the world.

In 1938 we not only maintained the defence levels which had been raised in the previous year, but we asked for increased appropriations for defence purposes at that time. In 1939 we greatly increased the Canadian defence estimates. I will give a statement of the figures. The actual expenditure for defence in each of the following years was, in round figures:—

1935-36.. . . . .	\$17,000,000
1936-37.. . . . .	22,923,000
1937-38.. . . . .	32,760,000
1938-39.. . . . .	34,432,000

The estimate for 1939-40 amounted altogether to \$64,528,815. Of that, capital expenditures represented \$30,000,000 and ordinary expenditures \$34,000,000. Since then governor general's warrants have been issued, in addition to that sum, amounting to \$16,454,000.

These figures I give as indicating to hon. members that the government were going ahead with preparation for defence purposes just as far as they felt they could carry the house with them. Had we gone further we would not have received the necessary support to get through our appropriations. We were conscious of the growing threat of war, and basing our policies upon it. Nations have been living under this threat of war year in and year out. The war of nerves, as it has been graphically and appropriately called, has been going on for years. We have been seeking to do our part to put this country's defences in proper shape to meet the fatal moment should it come.

I will not take up the time of the house to go into the question of the relations between Great Britain and Germany with respect to the invasion of Poland. All that is to be said on that point is contained in the documents relating to the outbreak of war which were tabled yesterday and copies of which hon. members have. Those documents reveal clearly the tactics of Germany with reference to her invasion of Poland; they reveal equally clearly the patient and persistent efforts made both by Great Britain and by France to avoid war if at all possible; they make very clear what was done with a view to having the dispute settled by pacific means, by conference and discussion; and they show how completely of no avail that effort was in the end. They give a full explanation of the reasons why England felt it essential to give the pledges which she did to Poland at a time when this persistent aggression was so evident, at a time when England and France saw so clearly where that aggression was likely to lead if it were not summarily stopped.

However, the house will be interested in following the steps that were taken by the government of Canada in facing the situation that might arise out of the invasion of Poland and the pledges given to her by Britain and France, and I will give in rapid sequence, mainly for the purpose of helping hon. members who may wish to go into the matter in detail themselves, the chief events that have taken place between March 15 of this year and the present time.

As I have indicated, in March there came the seizure of Bohemia and Moravia and the establishment of a protectorate over Slovakia by Germany. It will be recalled that at that time all hon. members in this house were fearing the consequences of that invasion. We did not know whether it might not quickly lead to Britain and France becoming involved in war, and we had to consider then what our attitude would be should Britain become involved in war against Germany. I believe I made it quite clear in a statement I gave the house at that time, that if for example London were bombed from the air by an air force of an enemy such as Germany, we would regard such an act as threatening not merely the freedom of Britain but the freedom of the entire British commonwealth of nations. Will anyone at this moment say that the torpedoing a day or two ago of a vessel carrying Canadian and United States citizens to this continent to one of our own ports was not an act of unwarranted warfare of a character very similar to the bombing of London?

When the seizure of Memel came I again stressed in this parliament the gravity of the situation.

On April 28 Germany denounced the non-aggression pact with Poland, and at that time we greatly increased our defence estimates. On May 10 there came much in the way of a propaganda attack on Poland and a strong appeal for the return of Danzig to Germany. On May 11 Mr. Chamberlain warned Germany that the United Kingdom would go to war for the independence of Poland. On June 29 Lord Halifax issued warnings against aggression. On July 10 Mr. Chamberlain reiterated the agreement which had been given by Britain and France to Poland. On August 16 Herr Hitler began campaigning for the immediate return of Danzig and the solution of all Corridor problems. On August 18 Germany took over Slovakia. On August 20 the German-Russian trade agreement was announced. On August 21 the first announcement of the German-Russian non-aggression pact was made. On August 22 the British parliament was summoned.

The moment the British parliament was summoned the Minister of National Defence in this country announced additional recruits had been added to the naval service of Canada, and on the following day—that is, August 23—as prime minister, I announced, that the provisions of the War Measures Act would be used because of a state of apprehended war and that parliament would be summoned if efforts for peace were likely to fail. On August 23, the same day, the Minister of National Defence (Mr. Mackenzie) stated that all preparations were being made to deal with any possible emergency.

On August 24 Herr Foerster, the German leader in Danzig, became the head of the Danzig government, and Mr. Chamberlain and Lord Halifax again repeated their pledge to Poland. At that time I made the further statement that our own government was prepared for any emergency that might arise in so far as that emergency might immediately affect us. On August 25 the Anglo-Polish pact was signed. On that date I appealed to the German, the Polish and the Italian governments in the name of the government of this country to do all that could possibly be done in the way of the settlement of the existing dispute by pacific means instead of by resort to force. Appeals of this character were being made by countries all over the world, as the house well knows; strong appeals, appeals from the United States, the Vatican and from other sources of high authority. At that time we cancelled the leave of the permanent force and called for volunteers. I published on August 26 the various messages I had issued to the governments of Germany, Poland and Italy.

On August 28 Germany began rationing. On August 29 Mr. Chamberlain again reaffirmed the pledge given by Great Britain. On August 31 there came the ratification of the German-Russian pact, and the announcement of the sixteen points put forward by Herr Hitler. On September 1 the Germans took over Danzig and invaded Poland, Poland invoked British aid, and the British and French governments sent ultimatums to Germany. The king signed an order for the mobilization of the forces of the United Kingdom. On that same day as Prime Minister I announced that our parliament would be called for September 7. At the same time I announced that the government would seek authority to cooperate with the United Kingdom. On September 3 the United Kingdom and France were at war. On the afternoon of that day, Sunday last, I made a broadcast to the country in which I stated what the policy of the government would be, namely, that we were summoning parliament in order to make further provision for the defence of Canada and to be at the side of Great Britain cooperating in the great effort she was putting forth to resist further aggression.

I would ask the house to allow me to place on *Hansard* as read some of the communications to which I have referred. First is the one of August 23, 1939, at which time we received word that the United Kingdom was summoning parliament to pass a Defence of the Realm emergency act, and in which I announced that the government was availing itself immediately of the provisions of our War Measures Act to meet the situation with respect to apprehended war and that parliament would be immediately summoned. I imagine there will be no objection to that document appearing as part of the spoken record:

In the statement issued by the government of the United Kingdom last night and which appears in this morning's press, announcement was made that the United Kingdom parliament has been summoned to meet to-morrow at which time the government propose to invite both houses to pass through all its stages the Emergency Powers (Defence) bill. The effect of this will be to place the government in a position to take any necessary measures without delay should the situation require it.

An act of a similar character known as the War Measures Act was passed by the parliament of Canada in 1914. This act has never been repealed. It finds its place to-day as chapter 206 of the Revised Statutes of Canada, and is intitled "An act to confer certain powers upon the governor in council in the event of war, invasion or insurrection." The provisions of this act are exceedingly comprehensive. They apply to war "real or apprehended." Were the War Measures Act not already upon our statutes I would, in the existing circumstances, have considered it advisable and neces-

sary to summon parliament immediately for the purpose of the enactment of a similar statute. However, with the provisions of the act what they are, the government is already in a position, should the situation require, to take any necessary precautionary measures without delay. For some time past careful consideration has been given by the several government departments as to action that may be necessary in the event of an emergency.

While taking these measures of precaution, the Canadian government, like the government of the United Kingdom, remain of the opinion that "there is nothing in the difficulties that have arisen between Germany and Poland which would justify the use of force involving a European war with all its tragic consequences," and that there are "no questions in Europe which should not be capable of peaceful solution if only conditions of confidence could be restored."

Should it become apparent that the efforts being made to preserve the peace of Europe are likely to be of no avail, parliament will be immediately summoned. With agencies of communication and transportation what they are to-day it should be possible to have parliament meet within a week from the date of summons.

The important sections of the War Measures Act are as follows:

Extract from chapter 206, Revised Statutes of Canada, 1927—1914 (second session).

An act to confer certain powers upon the governor in council in the event of war, invasion or insurrection.

Powers of the governor in council.

3. (1) The governor in council may do and authorize such acts and things, and make from time to time such orders and regulations, as he may by reason of the existence of real or apprehended war, invasion or insurrection deem necessary or available for the security, defence, peace, order and welfare of Canada; and for greater certainty, but not so as to restrict the generality of the foregoing terms, it is hereby declared that the powers of the governor in council shall extend to all matters coming within the classes of subjects hereinafter enumerated, that is to say:

(a) Censorship and the control and suppression of publications, writings, maps, plans, photographs, communications and means of communication;

(b) Arrest, detention, exclusion and deportation;

(c) Control of the harbours, ports and territorial waters of Canada and the movements of vessels;

(d) Transportation by land, air, or water and the control of the transport of persons and things;

(e) Trading, exportation, importation, production and manufacture;

(f) Appropriation, control, forfeiture and disposition of property and of the use thereof.

(2) All orders and regulations made under this section shall have the force of law, and shall be enforced in such manner and by such courts, officers and authorities as the governor in council may prescribe, and may be varied, extended or revoked by any subsequent order or regulation; but if any order or regulation is varied, extended or revoked, neither the previous operation thereof nor anything duly done thereunder, shall be affected thereby, nor shall any right, privilege, obligation or liability acquired,

accrued, accruing or incurred thereunder be affected by such variation, extension or revocation.

On August 25, two days later, I sought to indicate as clearly as I could, not only to this country but to all parts of the world, what might be expected in the way of united action on the part of our country if a situation developed such as was threatening at the time. This was done in the following statement to the press:

The government are continuing to give the closest attention to the grave developments in the European situation in the light of information being received.

As stated yesterday, should it become apparent that the efforts to preserve the peace of Europe are likely to be of no avail, parliament will immediately be summoned.

The government have been proceeding with complete unanimity in outlining the policy which they will announce the moment parliament is summoned, should that step become necessary. Meanwhile, all possible precautionary measures are being taken to meet whatever eventuality may arise.

Was there any member of the House of Commons, when he read that this government was outlining a policy which it had reached with complete unanimity, who thought the government was doing other than informing the world that when parliament met we would bring down the policy which we have brought down to-day? We were giving full notice to the world at that time as to just where we believed this parliament would stand.

May I here pause to say this? I have said all along that as regards Canada's entry into war, and obligations ensuing therefrom, no commitments would be made until parliament met, that parliament would decide the momentous question of peace and war; whether or not this country is to go into war. Now I wish to make perfectly clear at this moment, that parliament has been summoned and is here to-day to decide that question. That question is not decided as yet. The government have reached their decision upon policy; they have announced their policy, and it is for the hon. members of this house to say whether or not they stand by the government's policy as it has been announced and as it is being announced to-day.

I ask hon. members, as they are considering the matter, to ask themselves this question: Had the government proceeded more rapidly than it did with respect to any of the measures pertaining to apprehended war, or had the government failed to take any of the steps which we have taken since war threatened, would we not have been held seriously responsible by the members of this parliament as it is assembled today? I ask hon. members, could we have proceeded with more in the way of expedition

or at the same time with more circumspection in seeking, until parliament met, to safeguard this country against apprehended war, or could we by any means have given to parliament an earlier opportunity at which to decide whether we were to go a step further and cooperate with Great Britain and the countries that may become involved in the present war? It was only on Sunday last, September 3, that Great Britain announced that a state of war existed between her and Germany. This is Friday, and parliament assembled yesterday the seventh instant.

Now I should like to place on the record if I may the cablegram which I sent on August 25 to the Reichsfuehrer, Herr Hitler, the cablegram sent to the president of the Polish republic and the communication which was sent to Premier Mussolini; also the replies which were received. These documents appear in the White Paper, but I think it would be to the advantage of the house to have them also on *Hansard* for purposes of possible future reference.

Telegram of August 25, 1939, from the Prime Minister of Canada to Herr Hitler, Reichsfuehrer.

The people of Canada are of one mind in believing that there is no international problem which cannot be settled by conference and negotiation. They equally believe that force is not a substitute for reason, and that the appeal to force as a means of adjusting international differences defeats rather than furthers the ends of justice. They are prepared to join what authority and power they may possess to that of the other nations of the British commonwealth in seeking a just and equitable settlement of the great problems with which nations are faced.

On behalf of the Canadian people, but equally in the interests of humanity itself, I join with those of other countries and powers who have appealed to you, in the firm hope that your great power and authority will be used to prevent impending catastrophe by having recourse to every possible peaceful means to effect a solution of the momentous issues of this period of transition and change in world affairs.

Telegram of August 25, 1939, from the Prime Minister of Canada to the president of the Polish republic.

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Telegram of August 25, 1939, from the Prime Minister of Canada to the chief of the government of Italy.

At this critical moment in the history of the world I wish, on behalf of the people of Canada, to join in the appeals which have been made to you to use your great power and influence to ensure a peaceful settlement of the issues that threaten the peace of mankind.

The people of Canada are firmly convinced that it should be possible, by conference and negotiation, to find a just settlement of all existing problems without resort to force. They are prepared to join with the peoples of other countries in doing all in their power to achieve this end.

The following telegram was received on August 27, 1939, from the chief of the government of Italy, Signor Mussolini, by the Prime Minister of Canada:

In reply to your message, I wish to assure you that I shall leave untried no effort to safeguard the peace of the world—a lasting peace, that is to say, a just peace.

The reply from the President of the Polish Republic, delivered to the Prime Minister of Canada by the Consul General for Poland on August 29, 1939, was as follows:

The government of Poland appreciate the efforts of the Prime Minister of Canada for maintaining of the peace and is sure that the Canadian government has no doubts as to the fact that it is not the Government of Poland who makes the aggressive demands and provokes the international crisis.

On August 28, 1939, the Consul General of Germany in Ottawa informed the Prime Minister of Canada that the latter's message of the 25th of August, 1939, had been delivered, and on the day following called again to say that the German Chancellor wished the Prime Minister to know that his communication had been received personally by him.

Now I come to two further statements which were issued and which have an important bearing on the position in which we are placed at the moment. On Friday the first of this month I gave out the following statement:

It is now apparent that the efforts which have been made to preserve the peace of Europe are likely to prove of no avail. In spite of these efforts hostilities have begun between Germany and Poland which threaten the peace of the world. The cabinet met at nine o'clock this morning, and in accordance with the intimation given some days ago decided to have parliament summoned forthwith. A proclamation has been issued summoning parliament to meet on Thursday next, the seventh instant. In the event of the United Kingdom becoming engaged in war in the effort to resist aggression—

Here may I pause to point out that this statement was made before Britain was actu-

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ally at war; and may I add the further statement, that such action as this government is taking to-day it is taking in the name of Canada as a nation possessing in its own right all the powers and authority of a nation in the fullest sense. The action we are taking to-day, and such further action as this parliament may authorize, are being and will be taken by this country voluntarily, not because of any colonial or inferior status vis-à-vis Great Britain, but because of an equality of status. We are a nation in the fullest sense, a member of the British commonwealth of nations, sharing like freedom with Britain herself, a freedom which we believe we must all combine to save.

Let me repeat:

In the event of the United Kingdom becoming engaged in war in the effort to resist aggression, the government of Canada have unanimously decided, as soon as parliament meets, to seek its authority for effective cooperation by Canada at the side of Britain.

We did not decide we would have to go into war willy-nilly; we decided that the policy as therein set forth was what we believed the Canadian people wished to have given effect; and we have summoned parliament to express here, as representing the Canadian people, its will and its wish in the matter of this country entering this war voluntarily and of its own decision and right.

Meanwhile necessary measures will continue to be taken for the defence of Canada. Consultations with the United Kingdom will be continued. In the light of all the information at its disposal, the government will recommend to parliament the measures which it believes to be most effective for cooperation and defence.

The government has provided for the immediate issue of a proclamation under the War Measures Act in view of the existence of a state of apprehended war. The militia of Canada which a few days was called for voluntary service under section 63 of the Militia Act has, under section 64 of the same act, been placed on active service. The naval services and the air force have also been placed on active service.

I also added:

The people of Canada will, I am sure, face this grave situation with calm and confidence and, above all else, in a spirit which will serve to preserve the unity of our country and the maintenance of its freedom.

Now I come to the statement which I made on the afternoon of Sunday, September 3, and which I am told was broadcast not only throughout this dominion but to various countries throughout the world. That is the statement which was referred to by my hon. friend the leader of the opposition (Mr. Manion) this afternoon, in which he thought I had gone a little further than his excellency had gone in the words which I asked him to

deliver in the speech from the throne. As I said this afternoon, if certain words which appear here did not appear in the speech from the throne it was not for the purpose of narrowing any effort which this country would make but rather for the purpose of not appearing to ignore a great nation such as France, at whose side we stand, as well as at the side of Britain in the defence of freedom. Neither France nor Britain were engaged in war with Germany when the statement I have just read was issued. Both were at war when the speech from the throne was delivered.

Mr. MANION: Will the right hon. gentleman permit a question? I do not wish to interrupt him, but I think this question should be asked in order to clarify the picture. If the address in reply to the speech from the throne, which was moved and seconded this afternoon, is approved, may we take it that we are thereby approving the statement of the right hon. gentleman, if it goes further than the speech from the throne itself?

Mr. MACKENZIE KING: I would say that is absolutely so.

Now I wish to read what I, as Prime Minister of this country, and the government are setting forth as the grounds on which parliament should base its decision and what we are asking parliament to decide when it registers its views on the address which is being presented to his excellency in reply to the speech from the throne:

For months, indeed for years, the shadow of impending conflict in Europe has been ever present. Through these troubled years, no stone has been left unturned, no road unexplored in the patient search for peace.

Unhappily for the world, Herr Hitler and the Nazi regime in Germany have persisted in their attempt to extend their control over other peoples and countries, and to pursue their aggressive designs in wanton disregard of all treaty obligations, and peaceful methods of adjusting international disputes. They have had resort increasingly to agencies of deception, terrorism, and violence. It is this reliance upon force, this lust for conquest, this determination to dominate throughout the world, which is the real cause of the war that to-day threatens the freedom of mankind.

The fate of a single city, the preservation of the independence of a particular nation, are the occasion, not the real cause of the present conflict. The forces of evil have been loosed in the world in a struggle between the pagan conception of a social order which ignores the individual and is based upon the doctrine of might, and a civilization based upon the Christian conception of the brotherhood of man with its regard for the sanctity of contractual relations and the sacredness of human personality.

As President Roosevelt said on opening congress on January 4:

"There comes a time in the affairs of men when they must prepare to defend not their

homes alone, but the tenets of faiths and humanity on which their churches, their governments, and their very civilization are founded. The defence of religion, of democracy, and of good faith among nations is all the same fight. To save one, we must make up our minds to save all."

This, I believe, is the position in which all nations that cherish free institutions, individual liberty and social justice, find themselves to-day.

I need not review the events of the last few days. They must be present in the minds of all. Despite her unceasing efforts to preserve the peace of Europe, the United Kingdom has to-day, in the determination to honour her pledges and meet her treaty obligations, become involved in war.

This morning, the king, speaking to his peoples at home and across the seas, appealed to all, to make their own, the cause of freedom, which Britain again has taken up. Canada has already answered that call. On Friday last, the government, speaking on behalf of the Canadian people, announced that in the event of the United Kingdom becoming engaged in war in the effort to resist aggression, they would, as soon as parliament meets, seek its authority for effective cooperation by Canada at the side of Britain.

As you are aware, I have all along felt that the danger of war was such that parliament should not be dissolved, but be available to consider any emergency that might arise.

Parliament will meet Thursday next. Between now and then, all necessary measures will be taken for the defence of Canada. Consultations with the United Kingdom will be continued. In the light of all the information at its disposal, the government will then recommend to parliament the measures which it believes to be the most effective for co-operation and defence.

That parliament will sanction all necessary measures, I have not the least doubt. Already, I have received from the leader of the opposition and from representatives of the other parties in the House of Commons, assurances of their full appreciation of the gravity of the situation, and of their desire to see that such measures are adopted as, in the present crisis, will best serve the national interest.

Our first concern is with the defence of Canada. To be helpful to others, we must ourselves be strong, secure, and united. In anticipation of a state of war, the government has already availed itself of the provisions of the War Measures Act, to take essential measures for the defence of our coasts, our land and our people. As has already been announced, the militia of Canada, the naval service and the air force are already on active service.

This morning these measures were supplemented by others including the putting into effect of the "Defence of Canada Regulations." Measures have also been taken to prevent profiteering in the necessaries of life. Of the latter measures my colleague, the Minister of Labour, will speak to you in a moment.

In what manner and to what extent Canada may most effectively be able to co-operate in the common cause is as I have already stated, something which parliament itself will decide. All I need to add at the moment is that Canada, as a free nation of the British Commonwealth, is bringing her cooperation voluntarily. Our effort will be voluntary.

The people of Canada will, I know, face the days of stress and strain which lie ahead with

calm and resolute courage. There is no home in Canada, no family, and no individual whose fortunes and freedom are not bound up in the present struggle. I appeal to my fellow Canadians to unite in a national effort to save from destruction all that makes life itself worth living, and to preserve for future generations those liberties and institutions which others have bequeathed to us.

Let me repeat: The views there expressed are those of the government with respect to the issue that is involved in this present struggle. The issue being what it is, Britain and France having taken their stand beside Poland to redeem pledges which they made for the purpose of avoiding hostilities and as a means of avoiding further aggression, if parliament supports the administration this country will go into this war to be at the side of Britain, cooperating with her and with France towards those great and imperative ends, and equally to defend its own institutions and liberties.

What are the measures and methods that we propose to adopt in prosecuting our effort in the defence of Canada and in cooperation with Britain? So far as cooperation is concerned our efforts will be carried out in the light of the fullest information we can obtain in regard to the whole situation, as the result of consultation with the British authorities, and of the knowledge we ourselves may possess, or obtain from other sources. We have had before us all along the common consensus of view of the imperial conference of 1937, the year of the coronation, as to how cooperation if agreed to could be made most effective for the purpose of preserving peace and of avoiding aggression. It is I think important that I read to the house what those views are, because they express the views which were agreed to by this government at that time, and which have evidently been accepted as in every way appropriate and authoritative, seeing that the report has been before parliament for two years and that no exception has been taken to them by any members.

Reading from the summary of proceedings of the imperial conference of 1937, I turn to the part which deals with foreign affairs. It is as follows. I shall, in reading, only quote the more relevant excerpts:

At the plenary meeting of the imperial conference on May 14, the chairman made the following statement in the course of his opening speech:

"Though we shall discuss other important subjects, we are agreed that questions of foreign affairs and defence shall be our main subjects. It is fitting that they should be. For we are met at a time when the international situation is difficult and even threatening, and the responsibility rests upon us to see that our deliberations not only are of service to our-

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selves but also may help in some measure towards the solution of those international problems which are now perplexing the world."

The conference recorded the results of its deliberations on the subject of foreign affairs in the following statement:

The representatives of the governments of the British commonwealth of nations gathered in the conference, have in the course of their proceedings had an opportunity of exchanging views upon foreign affairs and the international situation as it affects their respective interests and responsibilities.

While no attempt was made to formulate commitments, which in any event could not be made effective until approved and confirmed by the respective parliaments, the representatives of the governments concerned found themselves in close agreement upon a number of general propositions which they thought it desirable to set out in the present statement.

I ask the house to note those words:

... no attempt was made to formulate commitments, which in any event could not be made effective until approved and confirmed by the respective parliaments.

That is the position we are in to-day. Until this parliament now assembled is prepared to approve and confirm what has been done under the War Measures Act and what remains to be done under the measures which will be introduced into this house there will be no commitments that will be binding upon this country. The summary continues:

Thus they agreed that for each member of the commonwealth the first objective is the preservation of peace. In their view the settlement of differences that may arise between nations and the adjustment of national needs should be sought by methods of cooperation, joint enquiry and conciliation. It is in such methods, and not in recourse to the use of force between nation and nation, that the surest guarantee will be found for the improvement of international relations and respect for mutual engagements.

Holding these views and desiring to base their policies upon the aims and ideals of the League of Nations, they found themselves unanimous in declaring that their respective armaments will never be used for purposes of aggression or for any purpose inconsistent with the covenant of the League of Nations or the Pact of Paris.

Let me remind the house that this country is one of the signatories to the pact of Paris. That was an agreement to renounce war as an instrument of national policy. Germany was also a signatory to that agreement. She has violated that treaty. We propose to hold to all of the treaties we have entered into which have been fashioned for the purpose of preserving peace. One of the reasons we are asking this parliament to support our policy at the present time is that we believe that it is only by the triumph of those nations which are seeking to-day to keep treaties intact, and only as treaties are

regarded as sacred, will it ever be possible for a civilization based upon contractual relations to exist hereafter. The summary continues:

They all desired earnestly to see as wide a measure of disarmament as could be obtained. At the same time they were agreed that the several governments of which they are the representatives are bound to adopt such measures of defence as they may deem essential for their security, as well as for the fulfilment of such international obligations as they may respectively have assumed.

Being convinced that the influence of each of them in the cause of peace was likely to be greatly enhanced by their common agreement to use that influence in the same direction, they declared their intention of continuing to consult and cooperate with one another in this vital interest and all other matters of common concern.

And then, with respect to defence we find the following in the summary:

The conference gave close attention to the subject of defence, and considered ways in which it would be possible for the governments concerned to cooperate in measures for their own security. The occasion was taken for a detailed review of the state of defence in each of the countries represented at the conference and this opportunity was generally welcomed.

The discussions began with a review of the events which led up to the adoption by His Majesty's government in the United Kingdom of their rearmament program, and of defence problems generally. The members of the conference noted with deep concern that since the session of 1930 international tension had increased in a marked degree, and that there had been a large and rapid increase in the armaments of all the principal powers. They were impressed by the world-wide effect of these increased armaments on the international situation and on the financial and economic position of the nations concerned.

Then, at another point:

Reference was made to the increasing importance of the industrial side of defence owing to the progress of technical development in armaments, and emphasis was placed on the advantages attending cooperation in the production and supply of munitions and raw materials as well as of food and feeding stuffs to meet the several requirements of the United Kingdom, the dominions and India, and the colonial empire.... The conference took note of the measures, recently adopted by the various countries represented at the conference, often at a heavy cost, and recognized that the increased programs of armaments were no more than sufficient for the defence of their territories and trade and the fulfilment of such obligations as each might have assumed.

The conference recognized the vital importance of measures to safeguard maritime communications, including routes and waterways essential to defence and trade, and to provide naval bases and facilities for repairs and fuelling of ships....

The conference heard with satisfaction of the important steps taken by His Majesty's government in the United Kingdom for the maintenance of a home defence air force of sufficient strength to afford adequate protection against attack by the strongest air force which may be at any time within striking distance of

the shores of the United Kingdom. In this connection the conference took note of the extensive preparations that are being made by His Majesty's government in the United Kingdom in the spheres of both active and passive defence against air invasion.

The conference also recorded the progress made by the several governments in creating and maintaining an adequate chain of air bases and refuelling stations along the lines of communications between the different parts of the Empire.

The conference noted with satisfaction that in accordance with recommendations of previous conferences a common system of organization and training and the use of uniform manuals, patterns of arms, equipment, and stores had been adopted, as far as practicable, for the naval, military and air forces of their several countries. Each of them would thus be enabled to ensure more effectively its own security and—

Please note these words:

—if it so desired, to cooperate with other countries of the commonwealth with the least possible delay....

The conference gave careful attention to the question of munitions and supplies required for defence both by the United Kingdom and other parts of the commonwealth, and also to the question of the supply of food and feeding stuffs in time of emergency. The conference was impressed with the value of the free interchange of detailed technical information and recommended that it should be continued between the technical officers of the governments concerned, it being understood that any questions of policy arising in connection with any such technical exchange and discussion would be submitted to the respective governments for decision and that each government reserve to itself complete freedom of decision and action.

In the course of the discussions, the conference found general agreement among its members that the security of each of their countries can be increased by cooperation in such matters as the free interchange of information concerning the state of their naval, military and air forces, the continuance of the arrangements already initiated by some of them for concerting the scale of the defences of ports, and measures for cooperation in the defence of communications and other common interests. At the same time the conference recognized that it is the sole responsibility of the several parliaments of the British commonwealth to decide the nature and scope of their own defence policy.

I have read these extracts to make perfectly plain that when in 1937 the different members of the British commonwealth were gathered together it was expressed in the clearest terms possible that each parliament of the British commonwealth was to decide for itself the nature and scope of its own defence policies, and that any action that might be taken in the case of a grave situation such as has developed to-day would be taken only after independent action by the parliaments affected. I have read these extracts for another purpose. They help to make perfectly clear what in 1937 was thought by the representatives of

the different parts of the commonwealth then assembled in London would be the most effective means of cooperating if the time should come when that might become necessary and cooperation be agreed upon.

I have read these extracts also because I wish to give now to the house a statement more in detail of Canada's war action. It will be seen that in working out the plan we have, we have had much in mind the statements that were made as to what would likely in the future prove to be most helpful should Canada wish to cooperate with the United Kingdom and other members of the commonwealth in time of war.

The government, I need scarcely say, has been giving continuous consideration to the question of the most feasible and effective measures which Canada could take in the furtherance of the great task that now lies before us. I may be allowed to quote from a statement which I made to this house on March 30 of this year, when I said:

While another world war will, I trust, never recur, it is desirable nevertheless to consider some questions which would arise in the event of our participation in such a conflict. That participation could not be passive or formal, nor could it be unplanned or irresponsible. It would be necessary to consider in consultation with others involved and with regard to the objectives and operations of the enemy, what would be the most effective form our action and our cooperation could take.

It is clear that the conditions determining the nature of participation in such a conflict have undergone a great change since the last war. The balance of world power has shifted, and Canada has to keep its Pacific as well as its Atlantic coast in mind. From both the military and the economic aspect, the attitude of the United States would be immensely more important for the world and for us, than twenty years ago. The weapons and tactics of war have materially changed; naval conditions have perhaps not greatly altered, so far as the sea reaches, but armies have become mechanized, great Maginot or Siegfried lines bar the possibility of rapid infantry advance. Aeroplanes have brought new resources and scope to other arms in joint operations, and have in themselves given war new range, new flexibility and new terrors. Mechanization on land and in the air, and the colossal demands for supplies and renewed equipment, demands which would begin far beyond where the demands of the last war left off, greatly increase the importance of the economic factor, the indispensability of adequate supplies and staying power-factors in which the democratic countries are overwhelmingly strong.

It is not possible at this stage to forecast the character and requirement of the titanic conflict which has already commenced and which threatens the peace not of Europe only but of the entire world. We know the present alignment of nations and can in some measure conceive the economic and strategic factors inherent in the present situation. We

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cannot, however, be certain as to what other countries may enter the conflict on one side of the struggle or the other, and the consequent readjustment both of tasks to be met and of contributions to that end. We have vivid in our memories the experience of the last war, from which we have much to learn both as to heroic endeavour to be emulated and mistakes to be avoided. It is clear, however, that in many vital respects the conditions of the present struggle differ very greatly from those of the last, and that we cannot simply assume that the methods and objectives of 1914 are applicable to 1939. We must frame our policy in the light of our knowledge of the present situation and the best information we can obtain as to the probable course of future developments. To this end, as I have already indicated, we have been and shall of course remain in close consultation with the government of the United Kingdom, so that the assistance Canada is to render, if it is to have the greatest effectiveness, shall not be unplanned and irresponsible.

The primary task and responsibility of the people of Canada is the defence and security of Canada. The Minister of National Defence defined these needs in this house on February 15, 1937, as reported on page 892 of *Hansard*, when he stated:

National security, national defence, the direct defence of Canada, of our coastal areas, our ports, our shipping terminals, our territorial waters, the focal areas of our trade routes adjacent to our harbour mouths—these are the matters dealt with in these estimates.

This involves, in the first instance, military measures of defence. I have already outlined the steps which have been taken to safeguard the situation by calling out the active militia and the naval and air forces. Further measures will be taken in the directions where the need proves most imperative.

Again, we must provide for internal security and guard against sabotage, disturbance of vital military and economic establishments, and against hostile propaganda. A wide range of economic defence measures must be considered. The outbreak of war involves a tremendous upheaval both in international and in internal trade. It involves the redirection of many energies, the intensification of some forms of effort, the reduction of those less vitally necessary. It involves vigilant action to furnish the necessary financial support for the military measures to be taken, and to maintain the credit and the financial relations of Canada. As I said this afternoon, profiteering must and will be rigidly controlled. Close cooperation with the provinces and with representatives of industry and agri-

culture, of labour and of commerce will be established. Some of the immediate measures necessary to this end have already been taken; others will be adopted shortly.

Next, we must consider measures of co-operation with the United Kingdom. The safety of Canada depends upon the adequate safeguarding of our coastal regions and the great avenues of approach to the heart of this country. Foremost among these is the St. Lawrence river and gulf. At the entrance to the St. Lawrence stands the neighbouring British territory of Newfoundland and Labrador. The integrity of Newfoundland and Labrador is essential to the security of Canada. By contributing as far as we are able to the defence of Newfoundland and the other British and French territories in this hemisphere, we will not only be defending Canada but we will also be assisting Great Britain and France by enabling them to concentrate their own energies more in that part of the world in which their own immediate security is at stake. The British government, in reply to the inquiry we have made, have indicated their agreement that this would be an effective and desirable means of co-operation.

We propose to cooperate in economic pressure, which is an essential factor in the situation that faces us. Measures looking to the prevention of trading with the enemy, control of essential exports and appropriate measures with regard to alien enemies, merchant ships and property will be taken. Of special and vital importance is the furnishing of supplies of all kinds to the British and allied powers, munitions, manufactures and raw materials and foodstuffs.

The urgent necessity of a constant supply of munitions, and the ability of Canada, because of its industrial equipment and its relative accessibility to the main theatres of the war, to meet these needs in great measure, are apparent. It is a subject on which there has been consultation with the government of the United Kingdom. The British aircraft mission which was sent to this country in 1938 placed initial orders with a representative cooperative group of Canadian aircraft manufacturers. With the concurrence of the governments of Canada and the United Kingdom, a delegation organized by the Canadian Manufacturers' Association and widely representative of Canadian industry recently visited the United Kingdom to study on the spot all forms of armament and munitions production with a view to the expeditious adaptation of Canadian industry to these forms of production. Representatives of the delegation recently presented to the government a report of their inquiries and conclusions. I may say that the inquiry

was carried out in the most thorough-going way, and will prove of decided help to the governments both of Canada and the United Kingdom, and that it is a fine example of the capacity and readiness to cooperate of leaders in Canadian business.

A special British mission has just arrived from the United Kingdom to survey the munitions situation further. It has been authorized by the government of the United Kingdom to place certain orders in Canada on the lines explored in consultation with the Canadian mission and to make a further survey of the situation.

Canada is, of all non-European countries, the nearest and surest source of these indispensable materials and supplies. It may be said with assurance that a determined national effort to bring our industry and agriculture to the point of highest efficiency and to keep them at that high level will be of the utmost importance to the common cause. Specific measures of economic and financial cooperation which we propose to recommend in order to make an effective contribution in this and other fields will shortly be announced.

As regards action in other theatres of war and the means and measures that might be taken, certain essential information touching the character of British and allied action and contemplated plans must be available before any intelligent and definitive decision could be made as to Canadian action even in the immediate future. On this all-important aspect of cooperation in defence, the Canadian government, like the governments of other of the dominions, is in consultation with the British government. We will continue to consult with the purpose of determining the course of action which may be regarded as most effective.

The question of an expeditionary force or units of service overseas is particularly one of wide reaching significance which will require the fullest examination. I note that Sir Henry Gullett, Australian minister for external affairs, told the Australian house of representatives on Wednesday that his government had not yet seriously considered dispatching an expeditionary force overseas. He declared that when the commonwealth had discharged its first duty to the empire, which was to ensure its own safety, and when it was better able to assess the strength of its enemies and the nature of the conflict, it would evolve proposals for further participation in the war for submission to the people. That statement indicates the Australian government are making the same general approach to the consideration of this problem as the government of Canada. There are certain

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measures of economic, naval and air co-operation which are obviously necessary and desirable and which it is possible to undertake without delay. I have already referred to economic measures. The information we have obtained indicates that the most immediate and effective further means of cooperation would be a rapid expansion of air training, and of air and naval facilities, and the dispatch of trained air personnel. These measures we propose to institute immediately.

I wish now to repeat the undertaking I gave in parliament on behalf of the government on March 30 last. The present government believe that conscription of men for overseas service will not be a necessary or an effective step. No such measure will be introduced by the present administration. We have full faith in the readiness of Canadian men and women to put forth every effort in their power to preserve and defend free institutions, and in particular to resist aggression on the part of a tyrannical regime which aims at the domination of the world by force. The government, as representing the people of Canada, will use their authority and power to the utmost in promoting the most effective organized effort toward these imperative ends.

We cannot shut our eyes to the fact that the task before us may be long and terribly difficult. It is a task that will require all the strength and fortitude, all the effective organization of our resources, that we can achieve. There can be no doubt of the final outcome of the war. Whatever may be the initial trends in local actions, the resources, military and economic, on which the countries fighting for freedom can draw are fortunately greatly preponderant.

We cannot yet look forward to the conclusion or to the peace that must some day be made; but we must from the start remember that force alone can settle nothing; that force is helpful only in so far as it ensures the establishment and maintenance of enduring peace.

The efforts made after the last war to build up a new world order have tragically failed for the moment, but they have not been in vain. The people have still in their hearts the ideal of a world where change can come by peaceful means, where disputes can be settled by discussion and conciliation, and where the nations will increasingly find the interests they have in common stronger than the interests which divided them, and agree to the measure of world organization and subordination of excessive nationalism that are necessary to give expression to this conviction. We have through the operation of the League of Nations, experience of what can

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and cannot be done. We have a new realization of the urgency of the need, a new determination to avert the ghastly possibility of a world war every generation. The peoples of continental Europe must find in some way, through federal relationships or economic partnerships or rebirth of democratic institutions and the spirit of liberty, the art of learning to live together. The rest of the world that cares for freedom must strive in complementary ways alike for the repelling of to-day's aggression, and for the upholding of to-morrow's saner way of life.

I have, Mr. Speaker, indicated this evening, as far as it seems wise and prudent to go at the present time, the nature of the war efforts which this House of Commons during this present special session will be asked to support. I am pleased to be able to say that I hold in my hand communications from practically all the governments of the several provinces of Canada offering to support this administration in policies which it might put forward for the purpose of making the greatest possible concerted and united effort in the great cause in which we are engaged. I shall read these communications in the order in which they have been received. All are addressed to myself as prime minister.

The first to be received was a communication from the premier of the province of Saskatchewan:

Regina, Sask., Sept. 2, 1939

May I assure you of the sincere and whole-hearted cooperation of the government of this province in any plan the federal government may evolve to give effective cooperation to Great Britain in the present crisis and can assure you of the undivided support of the people of the province of Saskatchewan in any action that may be authorized by the parliament of Canada.

W. J. Patterson.

The next communication came from the premier of the province of Manitoba.

Winnipeg, Man., Sept. 3, 1939

Manitoba government has followed with deep anxiety the disturbing events of the past few days, the culmination of which has profoundly shocked the peace-loving peoples of the whole world. In the difficult and responsible task that now faces you and your colleagues in this time of national concern, I wish, at this early date to assure you of the fullest cooperation of the government of Manitoba. We have noted with interest and approval that your government is making plans to insure that Canada's contribution will be as worth while and effective as possible. In any such plans that you may make for the defence of freedom and the settlement of international disputes without resort to force you may count upon the assistance of any service of this province which can in any way be useful to those in authority in discharging such obligations as it may be found necessary for the nation to assume. Please feel

free to call upon the provincial government or any of its members for such cooperation as lies within our power to give.

John Bracken.

The next communication received came from the premier of the province of British Columbia:

Victoria, B.C., Sept. 4, 1939

On my return this morning from aerial trip covering Mackenzie Basin, Yukon and Alaska, I hasten to assure you that our provincial government will cooperate with you to fullest possible extent in war which is being thrust upon us. I know that you will not hesitate to call upon us for anything which we can possibly do to be of assistance. With kindest personal regards.

(Signed) T. D. Pattullo.

The next is from the premier of the province of Ontario:

Toronto, Ont., Sept. 5, 1939

Following a meeting of entire cabinet, am pleased to advise that each minister places at disposal of federal government his services in any capacity. This administration further offers every cooperation in releasing for use of the militia, provincial buildings, lands or any other asset that you might require, including our entire provincial air service. In regard to personnel, am also offering now the use of our six tubercular clinics made up of skilled trained and efficient doctors and technicians, who can serve a very useful purpose in assisting with proper medical inspection of volunteers to Canadian army. The services of all departments of government are available to you.

M. F. Hepburn.

Next is a communication from the premier of Prince Edward Island:

Charlottetown, P.E.I., Sept. 6, 1939.

The government and people of Prince Edward Island wish to assure the dominion government and parliament of the fullest cooperation in all measures taken to secure the defence of Canada, or to support the cause of Great Britain and her allies.

Thane A. Campbell.

On the same day there came from the premier of the province of Nova Scotia the following communication:

Halifax, N.S., Sept. 6, 1939.

At a meeting of the Nova Scotia government to-day, I was authorized to send you the following message. Meeting to-day in a city and province whose association with the martial achievements of the empire is rich and historic, the government of Nova Scotia wishes to affirm its loyalty to the crown, and to pledge its unswerving support to the government of Canada in whatever measures that government may take to support the motherland in the present crisis. Anything and everything that we can do as a government, or as individuals, will be cheerfully done. I have been greatly heartened by offers of service from people in every walk of life throughout the province, and I am confident that the response of Nova Scotians to any demands made upon them will be spontaneous and generous.

A. L. Macdonald.

On the same day, from the premier of the province of New Brunswick, there came this communication:

Fredericton, N.B., Sept. 6.

At their first meeting since the existence of a state of war involving the empire, the government of New Brunswick, to-day, affirmed their desire to lend all assistance possible to your government in their determination to cooperate with Great Britain in the struggle in which she is now engaged. I desire to assure you of the willingness of the members of my cabinet to assist in any capacity that may be thought desirable or expedient by those directing the efforts of our dominion in these times.

A. A. Dysart.

The last communication, which was received to-day, came from the premier of the province of Alberta. It is as follows:

Office of the Premier  
Alberta

Edmonton, September 6, 1939.

My Dear Prime Minister:

In view of the present crisis confronting Canada and the empire, and realizing the grave responsibility that is resting upon you as Prime Minister of Canada, may I present my personal greetings to you and assure you that we as a government stand ready to cooperate with you in all measures necessary and requisite for the proper control of conditions arising in the present day.

We all realize that there are many irregularities which unfortunately follow the declaration of war. These of necessity require prompt action on the part of governments to prevent an accumulation of disorder and chaos, particularly in the merchandising of foodstuff and other commodities, and to protect our people from a system of vicious profiteering that will add to the suffering which war produces.

From press statements we understand that your government has appointed or is about to set up a price control board, for the purpose of preventing such profiteering. We are wondering how soon this board will begin to function.

We do not know what is happening in eastern Canada in this connection, but we find that in the west prices of certain staple commodities are increasing much more rapidly than the prices of the raw products from which they are produced.

For example. The price of flour has increased from \$4.90 per barrel to \$6.75 in the last week, while the price of wheat has increased from 55 cents per bushel to 70 cents. At the present price of wheat, flour should have increased very little, if at all.

A similar condition seems likely to develop with respect to sugar, another staple commodity. We feel that some definite action should be taken at once. Under the provincial Department of Trade and Industry Act, we have the authority to establish a price spreads board, which we feel should be set up at once to prevent these conditions from becoming even more serious. We are therefore very anxious to know at the earliest possible date, what action your price control board contemplates.

I trust that you will understand our concern in this matter, and our whole-hearted willing-

ness to cooperate with you in every possible way in the dreadful calamity that has overtaken our nation.

Very sincerely yours,

William Aberhart,  
Premier, Province of Alberta.

These communications, I think, indicate quite clearly what the mind of the people of Canada is with respect to the situation with which this country and the world is faced today. They indicate cooperation of a powerful and effective nature. I have also received a large number of communications from various organizations offering their cooperation. I cannot attempt to quote from them, but I should like to express my thanks to the organizations concerned and to give a list of those that have offered their services to the administration in ways which they believe and hope will be helpful:

1. National Organizations—

Ex-service organizations of both men and women;

All Canadian Congress of Labour;  
Canadian Chamber of Commerce;  
Canadian Medical Association.  
Canadian Red Cross Society;  
Canadian Pacific Railway Company;  
Christian Social Council of Canada;  
Imperial Order Daughters of the Empire,  
National Chapter;  
Junior Leagues of Canada;  
McGill University;  
National Council of Women of Canada;  
Native Sons of Canada, National Council;  
The Salvation Army.  
Y.M.C.A. National Council;  
Y.W.C.A. National Executive;

2. Local Bodies—

Numerous resolutions expressing loyalty and pledging support have been received from—

boards of trade;  
civic and municipal corporations;  
commercial and mercantile groups;  
fraternal associations;  
welfare councils.

3. Organizations of foreign born—

Canadian Slovak League;  
Canadian-Hungarian Democratic Association;  
Canadian-Japanese Citizens League (Vancouver)  
Croatian Educational Association;  
Federation of Canadian Hungarian Clubs (National Executive);  
German-Canadian Association (various branches);  
Independent Order Fiorde Italia, Fernie, B.C.;  
National Alliance of Slovaks, Czechs, and Carpatho Russians;  
National Council Canadian Ukrainian Youth Federation;  
Polish People's Association (Central Executive Committee);  
Ukrainian Sporting Organization of Canada;  
Ukrainian Self-Reliance Bureau of Canada.

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Hundreds of communications have been received from individuals throughout Canada, and many from residents of the United States. These communications relate only to offers that have come to my own office. They are but a fraction of those that have been received. There is not a minister of the government who has not received a large number of communications. The Minister of National Defence in particular has received any number of offers of services during the last few days. Steps are being taken to set up under the cabinet subcommittee on public information, a civilian cooperation bureau, which will undertake the collection of all information regarding offers of assistance, with a view to making of it the best possible use.

I should like in the name of the government again to express my thanks to these various organizations and individuals.

I am afraid I have taken much more of the time of the house than I should have taken. But I should not like to conclude without giving the house an expression of my own conviction as to where the responsibility lies for the present conflict. To help others to understand the situation which the world is facing such judgment as I should like to make on Hitler and the nazi regime of Germany, I should like to pronounce from the lips of Hitler himself.

I have in my hand a copy of a speech delivered in the Reichstag on May 21, 1935, by Adolf Hitler, Fuehrer and Chancellor. This copy was given to me by one of Hitler's official circle when I was in Germany two years ago, as continuing to express the views of Herr Hitler at that time and those of the members of the nazi regime. I ask hon. members to judge for themselves from the Chancellor's own lips what lies at the back of his mind and of the mind of the nazi regime in the series of acts of aggression, the latest the invasion of Poland, and the effort now being made both by terrorism and violence, to continue conquests they have been seeking to make in the last two years. At the time the following statements were made Herr Hitler was speaking to his own parliament. I quote only a few of the more significant passages.

The introduction was as follows:

At the wish of the government, General Goering, my party colleague and chairman of the reichstag, has called you together for the purpose of hearing from me, as representative of the German nation, some explanatory statements which I consider necessary for the understanding of the attitude taken up by the government of the Reich and the decisions it has made in regard to certain great issues which affect us all at the present time.

For this purpose I am speaking to you and through you to the German nation. But I wish that my words may also have a wider echo and reach all those in the outside world who, from duty or interest, have endeavoured to obtain an insight into our thoughts on those same problems which also concern themselves.

. . . it gives me not only the right, but indeed the sacred duty, to be absolutely open and to speak with all frankness about the various problems. The German nation has the right to demand this from me and I am determined to comply with the demand.

Here is the first significant statement:

It is therefore neither our wish nor our intention to deprive alien sections of our population of their nationalism, language or culture, in order to replace these by something German and foreign to them. We issue no directions for the Germanisation of non-German names; on the contrary, we do not wish that. Our racial theory therefore regards every war for the subjection and domination of an alien people as a proceeding which sooner or later changes and weakens the victor internally and eventually brings about his defeat. But we do not believe for a moment that in Europe the nations whose nationalism has been completely consolidated could in the era of the principle of nationalities be deprived of their national birthright at all. The last one hundred and fifty years provide more than enough instructive warnings of this.

The blood shed on the European continent in the course of the last three hundred years bears no proportion to the national result of the events. In the end France has remained France, Germany Germany, Poland Poland, and Italy Italy. What dynastic egoism, political passion and patriotic blindness have attained in the way of apparently far-reaching political changes by shedding rivers of blood has, as regards national feeling, done no more than touched the skin of the nations. It has not substantially altered their fundamental characters. If these states had applied merely a fraction of their sacrifices to wiser purposes the success would certainly have been greater and more permanent. . .

No! National socialist Germany wants peace because of its fundamental convictions. And it wants peace also owing to the realization of the simple primitive fact that no war will be likely essentially to alter the distress of Europe. It would probably increase it. . .

What then could I wish more than peace and tranquillity? But if it is said that this is merely the desire of the leaders, I can reply that if only the leaders and rulers desire peace, the nations themselves will never wish for war.

I ask the house to listen to that statement anew and to note where Hitler himself places the responsibility for war, whether he places responsibility on the German people or on its leaders. He said:

I reply that if only the leaders and rulers desire peace the nations themselves will never wish for war.

It is clear from this statement that it is the leaders, not the German people, who do not desire peace at this time. And that is why we have war.

...the world war should serve as a terrible warning. I do not believe that Europe can survive such a catastrophe for a second time without the most frightful upheaval.

Hitler has deliberately brought on this war notwithstanding his conviction that Europe cannot survive such a catastrophe as the last war without a most frightful upheaval. To serve his ambitions he is prepared to sacrifice the whole of Europe. Let me read another extract or two:

Germany has solemnly recognized and guaranteed France her frontiers as determined after the Saar plebiscite. Without taking the past into account Germany has concluded a non-aggression pact with Poland. There is more than a valuable contribution to European peace, and we shall adhere to it unconditionally. We dearly wish that it may continue without interruption and that it may tend to still more profound and friendly sincerity in the mutual relationships between our two countries. The German Reich—and in particular the present German government—have no other wish than to live on friendly and peaceful terms with all neighbouring states. We entertain these feelings not only towards the larger states, but also towards the neighbouring smaller states. As soon as the dogs of war are loosed on the nations the end begins to justify every means. And then people soon begin to lose all clear sense of right and wrong. Germany to-day is a national socialist state. The ideas by which we are governed are diametrically opposed to those of Soviet Russia. National socialism is a doctrine which applies exclusively to the German people. Bolshevism lays emphasis on its international mission. Bolshevism preaches the constitution of the world empire and only recognizes sections of a central international. Bolshevism preaches an international class conflict and the carrying out of a world revolution by means of terror and force.

That is the country with which an agreement has just been secured by the German Chancellor.

So far as bolshevism draws Germany within its range, however, we are its deadliest and most fanatical enemies.

Germany has nothing to gain by a European war of any kind. What we want is freedom and independence. For this reason we were ready to conclude pacts of non-aggression with all our neighbours, Lithuania excepted. The sole reason for this exception, however, is not that we wish for a war against that country, but because we cannot make political treaties with a state which ignores the most primitive laws of human society. . . . With this exception, however—an exception which can be removed at any time by the great powers who are responsible—we are ready, through pacts and non-aggression undertakings, to give any nation whose frontiers borders on ours that assurance which will also be beneficial to ourselves. . .

Germany neither intends nor wishes to interfere in the internal affairs of Austria, to annex Austria or conclude an *anschluss*. The German people and the German government have, however, the very comprehensible desire, arising out of a simple feeling of solidarity due to a common national descent—namely, that the right to self-determination should be guaranteed not only for foreign nations but to the German

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people everywhere. I myself believe that no regime which does not rest on public consent and is not supported by the people can continue permanently.

Here is the conclusion:

Members of the German Reichstag.

I have been at pains to give you a picture of the problems which confront us to-day. However great the difficulties and worries may be in individual questions, I consider that I owe it to my position as Fuehrer and Chancellor of the Reich not to admit a single doubt as to the possibility of maintaining peace. The peoples wish for peace. It must be possible for the governments to maintain it...

We believe that if the peoples of the world can agree to destroy all their gas, inflammatory, and explosive bombs this would be a more useful undertaking than using them to destroy one another.

This is the sentence with which the address concludes:

I cannot better conclude my speech of to-day to you, my fellow fighters and trustees of the nation, than by repeating our confession of faith in peace. The nature of our new constitution makes it possible for us in Germany to put a stop to the machinations of the war agitators. May the other nations too be able to give bold expressions to their real inner longing for peace. Whoever lights the torch of war in Europe can wish for nothing but chaos.

Those are the words of the leader of the German people of to-day, who has just invaded Poland after a series of acts of aggression against a number of the states with whom he said his only desire was to be at peace. Having regard to these statements, which until a year or two ago and even until the very recent past have been put forward as the profession of faith of the nazi regime, I ask hon. members if it is possible to believe anything at all that may be said by that regime and its leader. No, Mr. Speaker. What this world is facing to-day is deception, terror, violence and force, by a ruthless and tyrannical power which seeks world domination. I say there has not been a time, the period of the last war not excepted, when the countries of the world have faced such a crisis as they face to-day.

I want to ask hon. members and the people of Canada: In what spirit are you going to face this crisis? Are you going to face it believing in the rights of individuals, believing in the sacredness of human personality, believing in the freedom of nations, believing in all the sanctities of human life? I believe you are. I believe that through their representatives in this parliament the Canadian people will so indicate in no uncertain way.

Some years ago, in the forties of last century, there was a bitter anti-slavery agitation in the United States. At that time one of the greatest of the American poets contributed to his nation a poem which he thought might have

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its effect in causing the people to see in its true light the significance of the existing situation. The poem was entitled "The Present Crisis." The poet was James Russell Lowell, who some thirty years later became ambassador from the United States to Great Britain. The agitation, as to whether human beings were to be slaves or were to be free, continued over the years, and finally in the sixties the United States found itself engaged in civil war to determine whether the nation was to be half slave and half free. That was a crisis which affected only one country on one continent. The present crisis, the crisis of 1939, affects every country on every continent of the world.

I find in the words of this poem the opposite of all I find in those I have read from the speech of Hitler. I ask hon. members of this house, I ask the people of Canada, and I ask the people of this continent and of all continents: What is to be your choice? I make no apologies for the length of the poem. Its every verse is a call to service. In the present crisis I pray that one and all may play their part in the spirit set forth in the following prophetic and soul stirring words:

When a deed is done for Freedom, through  
the broad earth's aching breast  
Runs a thrill of joy prophetic, trembling on  
from east to west,  
And the slave, where'er he cowers, feels the soul  
within him climb  
To the awful verge of manhood, as the energy  
sublime  
Of a century bursts full-blossomed on the thorny  
stem of Time.

Through the walls of hut and palace shoots the  
instantaneous throe,  
When the travail of the Ages wrings earth's  
systems to and fro;  
At the birth of each new Era, with a recog-  
nizing start,  
Nation wildly looks at nation, standing with  
mute lips apart,  
And glad Truth's yet mightier man-child leaps  
beneath the Future's heart.

So the Evil's triumph sendeth, with a terror  
and a chill,  
Under continent to continent, the sense of com-  
ing ill,  
And the slave, where'er he cowers, feels his  
sympathies with God  
In hot tear-drops ebbing earthward, to be drunk  
up by the sod.  
Till a corpse crawls round unburied, delving  
in the nobler clod.

For mankind are one in spirit, and an instinct  
bears along,  
Round the earth's electric circle, the swift flash  
of right or wrong;  
Whether conscious or unconscious, yet Human-  
ity's vast frame  
Through its ocean-sundered fibres feels the gush  
of joy or shame;—  
In the gain or loss of one race all the rest  
have equal claim.

Once to every man and nation comes the moment  
to decide,  
In the strife of Truth with Falsehood, for the  
good or evil side;  
Some great cause, God's new Messiah, offering  
each the bloom or blight,  
Parts the goats upon the left hand, and the  
sheep upon the right,  
And the choice goes by forever 'twixt that dark-  
ness and that light.

Has thou chosen, O my people, on whose party  
thou shalt stand,  
Ere the Doom from its worn sandals shakes  
the dust against our land?  
Through the cause of Evil prosper, yet 'tis Truth  
alone is strong,  
And, albeit she wander outcast now, I see  
around her throng  
Troops of beautiful, tall angels, to enshield her  
from all wrong.

Backward look across the ages and the beacon-  
moments see,  
That, like peaks of some sunk continent, jut  
through Oblivion's sea;  
Not an ear in court or market for the low  
foreboding cry  
Of those Crises, God's stern winnowers, from  
whose feet earth's chaff must fly;  
Never shows the choice momentous till the  
judgment hath passed by.

Careless seems the great Avenger; history's  
pages but record  
One death-grapple in the darkness 'twixt old  
systems and the Word;  
Truth forever on the scaffold, Wrong forever  
on the throne,—  
Yet that scaffold sways the future, and, behind  
the dim unknown,  
Standeth God within the shadow, keeping watch  
above his own.

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,  
But the soul is still oracular; amid the market's  
din,  
List the ominous stern whisper from the  
Delphic cave within,—  
'They enslave their children's children who  
make compromise with sin'.

Slavery, the earth-born Cyclops, fellest of the  
giant brood,  
Sons of brutish Force and Darkness, who have  
drenched the earth with blood,  
Famished in his self-made desert, blinded by  
our purer day,  
Gropes in yet unblasted regions for his miser-  
able prey;—  
Shall we guide his gory fingers where our help-  
less children play?

Then to side with Truth is noble when we share  
her wretched crust,  
Ere her cause bring fame and profit, and 't is  
prosperous to be just,  
Then it is the brave man chooses, while the  
coward stands aside,  
Doubting in his abject spirit, till his Lord is  
crucified,  
And the multitude make virtue of the faith  
they had denied.

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Count me o'er earth's chosen heroes,—they were  
souls that stood alone,  
While the men they agonized for hurled the  
contumelious stone,  
Stood serene, and down the future saw the  
golden beam incline  
To the side of perfect justice, mastered by their  
faith divine,  
By one man's plain truth to manhood and to  
God's supreme design.

By the light of burning heretics Christ's bleed-  
ing feet I track,  
Toiling up new Calvaries ever with the cross  
that turns not back,  
And these mounts of anguish number how each  
generation learned  
One new word of that grand Credo which in  
prophet-hearts hath burned  
Since the first man stood God-conquered with  
his face to heaven upturned.

For Humanity sweeps onward; where to-day  
the martyr stands,  
On the morrow crouches Judas with the silver  
in his hands;  
Far in front the cross stands ready and the  
crackling fagots burn,  
While the hooting mob of yesterday in silent  
awe return  
To glean up the scattered ashes into History's  
golden urn.

Mr. J. S. WOODSWORTH (Winnipeg North  
Centre): Mr. Speaker, my first words must  
be those of appreciation of the very kind  
words to which the Prime Minister (Mr.  
Mackenzie King) gave utterance this after-  
noon with regard to myself. I could almost  
wish that he had not said what he did, because  
I am afraid that to-night I must rather dis-  
appoint him and disappoint some of my other  
friends in the house.

I should also like to express appreciation  
of the Prime Minister's attitude with respect  
to profiteering, his contempt for anyone who  
would make profits out of a war, and also his  
condemnation of the abuses of favouritism.  
I think we must urge that the Prime Minister  
make good those words, even during this ses-  
sion, by legislation that makes this kind of  
thing a crime, and whereby all such profits  
would be forfeited to the state. Empty words  
will not get us very far, and in the house we  
have a right to demand that the experiences  
of the last war shall not be repeated in this  
one.

I am afraid I cannot appreciate quite so  
much the Prime Minister's divergence from  
the immediate topic into the suggestion that  
the unemployment we have in Canada can not  
be held to be primarily due to conditions in  
this country. I quite recognize that there are  
international factors, but at the same time I  
do not think it lies in the mouth of this gov-  
ernment to try to load unemployment during  
the past few years upon the present situation  
in Europe. Again I do think that more is  
required than a rhetorical flourish that Canada

will stand with Great Britain to the last man. I really think we ought to know what that means. I listened for two or three hours, as did other hon. members, to try to gain some idea of what "cooperation" means, and I confess I am absolutely at a loss. I do not know—and I think I have the average intelligence of the average Canadian citizen. I do not know.

There is only one point on which we have been enlightened, apparently, and that is that we are not going to have conscription—at least, not at present. We will not have conscription. Are we to send an expeditionary force to Europe? We do not know. I do not know whether the government does, or not—but we do not know that. It is important that we should know it.

We do not know whether or not wealth is to be conscripted. If we are to stand to the very last man, wealth should be conscripted in this country, and in my opinion wealth should be conscripted before men are conscripted. We should know all these things.

It is all very well for the Prime Minister to talk about cooperating in carrying on the affairs of a war. It is all very well for him to talk about the policy of the government. But we in this house have a right to know—and I had hoped that we would hear from the Prime Minister what we did not learn in the governor general's speech—what the policy of the government is.

In the old days I used to hear a great many condemnations of the blank cheque, but in the speech to-day we are asked to give a blank cheque to the government. So far the Prime Minister has not enlightened us in any detail as to what the policy of the government is to be. In fact I was almost tempted, during certain portions of his speech, to think that after all war would be to Canadians a blessing in disguise, because through it we would be able to sell more goods to Great Britain and make more money, and that we would all be happy ever after.

I do not say that this is the idea the Prime Minister has in mind, but I want to put it in that way to emphasize to him that the people of this country have been looking forward eagerly to this session of parliament to find out what the policy of the government is going to be, and I think they will be sadly disappointed when they have learned nothing more than we have heard to-day.

To-night I find myself in rather an anomalous position. My own attitude towards war is fairly well known to the members of the house and, I think, throughout the country. My views on war became crystallized during the last war, long before the Cooperative Commonwealth Federation came into exist-

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ence, but our Cooperative Commonwealth Federation is a democratic organization that decides matters of policy. My colleagues in the house and in the national council of the Cooperative Commonwealth Federation, which has been in session with us almost continuously for the last two days, have very generously urged that I take this opportunity of expressing my own opinions with regard to this matter.

The position of the Cooperative Commonwealth Federation will be stated at the earliest possible opportunity by one of my colleagues. I say frankly that with part of that policy I heartily agree, but with some portions of it I cannot agree. Yet I was never so proud to belong to the group with which I am associated. In the time at my disposal to-night I shall try to give expression to my own personal views with regard to the war, to give my interpretation of the situation that exists to-day and perhaps suggest some things that should be done. From the scores of telegrams, letters and communications of various kinds that have come to me in the last few days, and from my own knowledge of the Canadian people, I feel confident that there are thousands upon thousands who hold very much the views which I do.

In my judgment an individual citizen in a democracy, and much more a representative of the citizens, can make his greatest contribution by expressing his own convictions as clearly as possible. I am trying to do that to-night. I consider that a great many of my colleagues in this house belonging to all parties are quite sincere in the policies which they advocate. I do not question their patriotism. Perhaps I am going too far when I ask them to believe that I and others who feel like I do are sincere in our convictions and are no less interested in the welfare of this country.

Before I pass on, the first question I should like to ask is this: Is it possible for us to know whether or not Canada is at war to-night? I have consulted with legal friends, many of whom are constitutional lawyers, and some tell me one thing while others tell me another. I had thought that when we came to this house we were at war and that nothing could alter that state of affairs, but as I listened to the Prime Minister to-night I began to feel that we were not at war and were not likely to be at war in the technical sense. I had rather thought that when we came to Ottawa we would have had placed before us in the form of a resolution a definite declaration of war. If we are not at war, is it proposed that we should go into war with-

out a declaration of war? If Canada is a nation, as the Prime Minister said a few moments ago, able to declare war or not to declare war, then I should like to know what steps are to be taken. Are we to have a declaration of war? Are other nations to regard us as neutral? It is not fair that we should have the privileges and immunities of neutrality if we are in reality assisting Great Britain in a war. That is not fair. That is not honest. As the minister was suggesting a few minutes ago when he quoted that beautiful poem of James Russell Lowell—I confess I think it is rather prostituting it to use it in this connection—truth should be the predominating thing. I know that truth is one of the first victims of war.

Are we at war? How do we get into war if we are going in? Some of us would rather ask: How can we keep out? If the Prime Minister is correct in some of his statements to-day, we are not yet in a state of war and it is for this parliament to decide whether we are at war. If so, we ought to know it. For a good many years the Prime Minister has told us that parliament would decide. That is a beautiful but rather ambiguous expression. What are we to decide? According to some of the statements issued a few days ago, we are in the war and all that parliament can do is to decide the extent and nature of our contribution. I think that was stated. If in addition to deciding the extent of our commitments and the nature of our help in the war we are still able to decide to keep out of war, then I would hold up both my hands to keep out of war. Whether you agree that we are to go into the war or are to stay out of the war, I think you will agree that we ought to have some definiteness with regard to a matter as important as this.

Mr. HANSON: Are we at war or not at war according to the Cooperative Commonwealth Federation interpretation?

Mr. WOODSWORTH: The Prime Minister is probably within his legal rights in having brought into effect the War Measures Act. However, I would remind him that that act was first brought into force when a war was actually in progress. The phrasing of that act may permit the government to take certain preventive actions, but I submit that if we are not at war there has been no need so far to resort to the elaborate measures and the enormous expense to which this country has been committed. I want to thank the Prime Minister for his great courtesy to some of us who belong to the minority groups by telling us of the serious situation that existed. I say in all sincerity that I appreciate this very much. I want to say also that I think the government is to be commended for

having called parliament promptly. I do not know that it can be said, as I had almost hoped it could be said, that it should be commended for laying down a government policy.

There are several matters which I should like to consider, some of which have been touched upon already by the Prime Minister. First of all, I should like to know Canada's responsibility for the result of British policies. On other occasions in this house I have tried to take my stand with those who have said that we were no longer colonials. I have felt that we should have an independent policy, and yet until the recent statement by the Prime Minister apparently this government has been slavishly following the lead of the British government. The League of Nations has not been functioning during recent times. Theoretically Canada is an independent nation. However, in practice, in our foreign policy we have been very closely associated with the United Kingdom. If I understood the Prime Minister aright, the policy in the past has been for Canada to refuse to have anything to do with any imperial council. Yet he would have us support Great Britain in the results of policies in the formulation of which we have had no part. I do not think that can go on. I think I speak as anyone living in Great Britain would speak. Living under British institutions we claim the right to decide our own policies and not have them decided in any degree outside. I hope the Prime Minister agrees with that. But if he does, I am afraid the leader of the opposition (Mr. Manion) will not.

Let us be clear on these matters. In my judgment the immediate situation has been due almost entirely to the bungling of Mr. Chamberlain.

Some hon. MEMBERS: No, no.

Mr. WOODSWORTH: Yes. At least that is my opinion. I have read a good deal in the British journals as to what has been going on. I have read a good deal in some of the working class journals of England as to what has been going on.

An hon. MEMBER: What about Ramsay MacDonald?

Mr. WOODSWORTH: I know something of the way in which Mr. Hitler has been built up by some big interests in Great Britain. I think that anyone who has studied the policies of the British government for the last year or two—their policy, for example, in Spain—knows that by this means Hitler has been actually built up, as it were, and now that matters have gone too far a great appeal is sent out, not only through Great Britain but all over the world, to rescue Great Britain from the situation in which she

finds herself through the bungling of her own government. I submit that we in Canada should not accept responsibilities for the results of such bungling, since we have had no voice in it.

Further than that, I should like to say this, that Canada is situated on the North American continent. Geographically and economically we are North American. To no small extent the attitude of our great neighbour must be a determining factor in our international relations. I cannot be accused of being over inclined to the Americans. I come from old United Empire Loyalist stock.

An hon. MEMBER: Are you loyal?

Mr. WOODSWORTH: Somebody asks if I am loyal. I believe I am loyal to their spirit to-day.

An hon. MEMBER: You act like it!

Mr. WOODSWORTH: I was nourished in British traditions and ideals. Instead of going to a German or United States university I went to a British university, and if I have any radicalism in me, to a large extent it has come out of Great Britain. I insist on that, and I do not imagine that any great cry of disloyalty will be raised at the moment.

We have boasted of the unguarded border between ourselves and the United States, but we cannot assume too lightly that this condition will continue forever. We assume that the United States is going to be forever with us. I hope they will always be sympathetic with us, but let me say that we enter upon very considerable risks when, along three thousand miles, we begin to take action. I believe that the greatest contribution that Canada can make to Great Britain is to maintain the most friendly possible relations with the United States.

Further than that, I am a Canadian of several generations, and I am proud of it, but the British Canadian in this country is facing an altogether different proposition from a Briton in the British isles, and the sooner that some of our expatriated Britishers realize that, the better. I think, for instance, of Quebec. I know that the Prime Minister would like very much to have the sympathy of Quebec in this war. It is absolutely essential that Canada goes in united. But I think I know a little bit about the Quebec people. They do not regard France as the motherland in the same sense as a great many Englishmen regard England. I do not think anyone is to blame for that. I believe it is a fact. For some little time I had the opportunity of sitting in this house next to one whom I regard as a great French-Canadian, Henri Bourassa, and we had many a talk

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together. There were a great many matters upon which we were not agreed, but with regard to a good many things I was delighted and perhaps surprised to find that we had a great deal in common. It would be a very serious matter, as the government would realize if it tried to bring in conscription, if unity between Quebec and the English-speaking provinces did not exist.

This afternoon the Prime Minister made a plea for which I honour him, namely, that we should have great toleration for those of other nationalities here in our midst. I was glad that he introduced the matter. About twenty per cent of our population is non-British and non-French in origin; some of them are Germans, some are Slavic, some belong to other races. I would have been almost ashamed, had I been the Prime Minister, to read a telegram from the Japanese-Canadians pledging their loyalty, when we refuse to Canadian-born Japanese the same treatment that we give to other Canadians.

Mr. REID: But they might not have sent it a month ago.

Mr. WOODSWORTH: I say this—and the interjection emphasizes the very point I am trying to make—we have a great many nationalities in this country, and one of our first tasks is to produce unity among these nationalities; but it is going to be very difficult indeed, as the last war showed, to unify these peoples if we are going to introduce anything like conscription or the sending of an expeditionary force.

It is only a few months since we erected in Ottawa a memorial to the poor fellows who fell in the last war; it is hardly finished before we are into the next war.

After the last war many of us dreamed a great dream of an ordered world, a world to be founded on justice. But unfortunately the covenant of the League of Nations was tied up with the Versailles treaty, which I regard as an absolutely iniquitous treaty. Under that treaty we tried to crush Germany. We imposed indemnities which have been acknowledged by all to be impossible. We took certain portions of territory. Even French black troops were put into the Rhineland—an indignity much resented at the time by the Germans. We took away colonies, sank ships, and all the rest of it. We know that long, sordid story. To no small extent it was this kind of treatment which created Hitler. I am not seeking to vindicate the things that Hitler has done—not at all. He may be a very devil incarnate, and the Prime Minister might have read a great deal more than the extracts he read to-night. But

you cannot indict a great nation and a great people such as the German people. The fact is we got rid of the kaiser only to create conditions favourable to the development of a Hitler. Of course Canada had her responsibility. But the great nations did not take the League of Nations very seriously. I sat in as a temporary collaborator during one entire session of the league at Geneva, and I am afraid it was a disillusioning experience, as I found British delegates—and no doubt the same thing took place among the other delegates—acting in the league very much as I have seen members acting in this house. They talked and voted with an eye to British interests and to the elections. Even in Canada we did not take the league very seriously.

Further than that, there was a steady refusal of the nations to go to the help of the countries whose nationality was violated. It is all very well to talk about the sacredness of our treaty obligations. It is all very well to say that Hitler has broken treaties. Well, what about France and Great Britain? It is a sad story. Think of Manchuria and Ethiopia and Spain and Czechoslovakia. And now it is Poland. Modern Poland undoubtedly was one of the nations set up as a result of the treaty. We remember also that Danzig formerly belonged to Germany; its population is something like 90 per cent German. We know that there is a Corridor there which is undoubtedly very valuable to Poland but which is a bar to communications and the unity of Germany. All this is the result of the Versailles treaty. The free city of Danzig was a legal expedient. Lloyd George and others at the time warned the world that if the Polish Corridor were established in this way and the arrangement made as it has been with respect to Danzig, unquestionably the world was in for trouble in the days to come. I am not sure how far the question could have been settled peaceably; certainly it could not have been so settled at the very last. But efforts should have been made at an earlier stage to do justice.

I will not go into the question of colonies. We think that colonies are very essential. The Germans have claimed their place in the sun. We belong to one of the "have" empires. Germany was late in the game; so was Japan, and to-day they are naturally seeking to have some of those things which are necessary if they are to compete successfully with the other great empires of the world. So we have a situation developing, in which you cannot face a concrete problem and say that all the right is on one side and all the wrong on the other. That cannot be done. It seems to me that above all things we in Canada must

avoid hysteria—and we are in a better position to do so than are the people in other places. We must devote our efforts to something constructive. Great Britain undoubtedly has heavy responsibilities at the present time, but I would ask whether we are to risk the lives of our Canadian sons to prevent the action of Hitler in Danzig and in the Corridor. I would ask what it would mean if there were talk about giving up Gibraltar and the Suez and our control of or interest in Palestine or in the African colonies. What is the result? The league has been practically set aside and now we are back to power politics again. Frankly, that is where we stand. We see a most curious exhibition. It is ridiculous, as the Prime Minister pointed out, that Germany should be seeking to tie up with Russia, but I do not know that it is very much more ridiculous than it was for Chamberlain to try to establish community with Russia. The fact is that we are seeking the balance of power and all that sort of thing again.

I would ask, did the last war settle anything? I venture to say that it settled nothing; and the next war into which we are asked to enter, however big and bloody it may be, is not going to settle anything either. That is not the way in which settlements are brought about. While we are urged to fight for freedom and democracy, it should be remembered that war is the very negation of both. The victor may win; but if he does, it is by adopting the self-same tactics which he condemns in his enemy. Canada must accept her share of responsibility for the existing state of affairs. It is true that we belong to the league, but anyone who has sat in this house knows how difficult it has been to secure any interest in the discussion of foreign affairs. More than that, we have been willing to allow Canadians to profit out of the situation. The Prime Minister may talk about preventing profiteering now, but Canada has shipped enormous quantities of nickel and scrap-iron, copper and chromium to both Japan and Germany, who were potential enemies. We have done it right along. It may be possible now to prevent it, but I submit that if any shooting is to be done the first people who should face the firing squad are those who have made money out of a potential enemy.

I am among a considerable number in this country who believe—and we hold it as a mature conviction—that war is the inevitable outcome of the present economic and international system with its injustices, exploitations and class interests. I suggest that the common people of the country gain nothing by slaughtering the common people of any other country. As one who has tried for a good

many years to take a stand for the common people, personally I cannot give my consent to anything that will drag us into another war. It may be said that the boys who stay out are cowards. I have every respect for the man who, with a sincere conviction, goes out to give his life if necessary in a cause which he believes to be right; but I have just as much respect for the man who refuses to enlist to kill his fellowmen and, as under modern conditions, to kill women and children as well, as must be done on every front. These facts ought to be faced.

The nationalism that we have known in the past has become impossible. It was all very well in the old days for us to erect barriers round ourselves and to say that we would keep everyone off, but the old narrow boundaries are gone forever, because across those boundaries there go communications and trade with wireless and aeroplanes. We have not yet been able to partition the air. The old nationalism is an impossible thing, and the trouble with us is that we have not yet been able to rise to the position of the internationalist. We have not been able to take that position, and so long as we retain our narrow national boundaries we are not going to take that position. I am sorry that the league went by the board, but some new and better league is the only salvation of humanity. We had better recognize that fact before we sacrifice many millions more of our people. The old national sovereignty of which we have boasted is a thing of the past—the idea that each nation is free to do as it pleases. Boiled down and in plain English that is what national sovereignty means. Let us suppose a motorist in a city takes that attitude: "This is my car and I can do as I please with it; I can go ahead or stop or turn to the right or to the left as I choose." We all know a doctrine of that kind becomes impossible in a modern congested city. Well, the world is a crowded community to-day, yet we are all of us more or less inclined to act as individualists. I remember during the last war adopting as a kind of motto this phrase:

Last century made the world a neighbourhood, this century must make it a brotherhood.

The more I have studied history and economics, the more I have come to the conclusion that that is profoundly true. The choice is that or the deluge.

Now I want to mention one other aspect, and I think I have excuse for doing it since the Prime Minister introduced the matter: I refer to the question of religion. He ventured to appeal to religion in this matter. Well, I left the ministry of the church during the last war because of my ideas on war. To-day I do not belong to any church organization. I

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am afraid that my creed is pretty vague. But even in this assembly I venture to say that I still believe in some of the principles underlying the teachings of Jesus and the other great world teachers throughout the centuries. For me at least, and for a growing number of men and women in the churches—and we should remember there have been people all down through the years in both the Catholic and Protestant churches who held this view—war is an absolute negation of anything Christian. The Prime Minister, as a great many do, trotted out the "mad-dog" idea; said that in the last analysis there must be a resort to force. It requires a great deal of courage to trust in moral force. But there was a time when people thought that there were other and higher types of force than brute force. Yes, if I may use the very quotation the Prime Minister used to-day, in spite of tyrants, tyrants as bad as ever Hitler is to-day, in spite of war makers—and every nation has them—as Lowell reminds us:

Truth forever on the scaffold, Wrong forever  
on the throne,—

Yet that scaffold sways the future, and, behind  
the dim unknown,

Standeth God within the shadow, keeping  
watch above his own.

That is what the church fathers used to call faith. It requires a great deal of courage to carry out our convictions; to have peace requires both courage and sacrifice. I envy for the peace people the courage possessed by the men who go to the front. I envy the department of war the huge sums that are available when war is on. Why are not these sums available in peace time?

Mr. LANDERYOU: Where is the money coming from?

Mr. WOODSWORTH: Why cannot we have the same kind of courage and the same venturesome spirit during peace-time? When the call came for us to come to Ottawa, I was staying at a little summer resort near the international boundary south of Vancouver. Near Blaine there is a peace arch between the two countries. The children gathered their pennies and planted a rose garden, and they held a fine ceremony in which they interchanged national flags and sang songs and that kind of thing; a beautiful incident. Well, that is a part of our unguarded border. Ceremonies of that kind are possible in America because there is an unguarded border. If we had not had the Rush-Bagot treaty a hundred years ago we should have had many incidents of a very different character along the border. I have sometimes thought, if civilization goes down in Europe, as it may go down, that in

America there may at least be the seeds left from which we can try to start a new civilization along better lines.

I take my place with the children. I know it seems very foolish, but as I talked the other day with a young woman whose proposed marriage was about to be postponed because her prospective husband might be called to the colours—he was a Canadian-born German and would have to fight his German cousins over there—I thought that for her the possibilities of life were fading away. Again I recall a talk the other day in my own city of Winnipeg to a group of young men who came to see me, some of whom have been unemployed for months past, who were wondering whether they should jump at this opportunity of getting a job. I do not care whether you think me an impossible idealist or a dangerous crank, I am going to take my place beside the children and those young people, because it is only as we adopt new policies that this world will be at all a livable place for our children who follow us. We laud the courage of those who go to the front; yes, I have boys of my own, and I hope they are not cowards, but if any one of those boys, not from cowardice but really through belief, is willing to take his stand on this matter and, if necessary, to face a concentration camp or a firing squad, I shall be more proud of that boy than if he enlisted for the war.

Mr. TUSTIN: Shame!

Mr. WOODSWORTH: The hon. member can say "shame," but that is my belief, and it is the belief of a growing number of Canadians. I said I wanted to state my conviction. Now you can hammer me as much as you like. I must thank the house for the great courtesy shown me. I rejoice that it is possible to say these things in a Canadian parliament under British institutions. It would not be possible in Germany, I recognize that, but it is possible here; and I want to maintain the very essence of our British institutions of real liberty. I believe that the only way to do it is by an appeal to the moral forces which are still resident among our people, and not by another resort to brute force.

Mr. J. H. BLACKMORE (Lethbridge): Mr. Speaker, in this time of great peril, anxiety and confusion, I rise as a plain common man, representing plain common people such as have always borne the burden of suffering and bitterness of war. It becomes my unpleasant duty to share the responsibility for the fateful decisions that Canada shall make regarding the outbreak of another war.

Before proceeding, I should like to express admiration for the hon. member for Winnipeg

North Centre (Mr. Woodsworth). He has honestly, frankly and sincerely stated the other side of this picture, a dark and seamy side. But my experience in life has taught me that there is a dark and seamy side to almost every problem. The arguments on one side seem to be almost as strong as those on the other side, but we must choose the one which seems to us to be in the best interests ultimately of mankind.

It is true, perhaps, that we British are greatly responsible; I do not doubt that for a moment, or wish to confute the argument of the hon. member. But what shall we do about it? We cannot solve the problem by lying down. Hitler has proved himself a ruthless world conqueror both in power and in will. We must think up, not down.

Great Britain's very existence is threatened; so also is the existence of all British peoples and of the peoples immediately associated with us. I believe in the British people, I look with astonishment on their miraculous history. I look with almost abject awe upon the bountiful heritage which has been placed in our hands by those who have gone before. I cannot escape the conviction, sir, that there is for this people and those associated with them a great mission to perform, a great goal to achieve. We may have sinned; I do not say we have not, but there is in us a great capacity for repentance. I cannot escape the conviction that through it all we are working out a great purpose which perhaps will not be far removed from the beautiful ideals which inspire the hon. member for Winnipeg North Centre.

The British and their associates must stand together or fall together. There is in my mind no doubt concerning that statement; I believe there is no middle way. It is for us as Canadians to do our utmost to help them stand together. This Social Credit group, now in Canada identified with New Democracy, has committed itself to the unqualified support of Britain and her allies. We therefore stand for the effective cooperation of Canada at the side of Britain. Christianity, democracy, and the right of nations to exist, are all at stake. If Hitler wins, all these three realities, to Canadians dear as life itself, will cease to be among men. When my group first entered parliament, it offered the government maximum cooperation whenever in our opinion the government was pursuing sound policies. We now promise the government our unanimous and unswerving support so long as the policies of the government appear to us to be best calculated to serve Canada and the empire.

The keynote of Canada's efforts must be efficiency and effectiveness. We must make

contribution of all the human and material resources at our disposal. The basis of Canada's organization must be equality of service and sacrifice. There must be no unjust distinction between rich and poor, between soldier and civilian. Nothing short of our maximum effort will be good enough to win. We must give all we have. We must be a nation at arms. Germany has been preparing for years. For how long have we been preparing? We must become a highly efficient machine. We must abandon utterly the old doctrine of *laissez faire*, which makes for inefficiency and injustice. We must learn from the last war. We must begin to go right from the start. We can no longer muddle through. Delay will cost lives, treasure and resources, and will cause awful waste. I find in my heart a lack of forgiveness, which I cannot eradicate, toward those who were responsible for the years of muddling through in the last war, as the result of which we lost millions whom we need not have lost. That must not be permitted to happen again, so far as it is humanly possible for us to avoid it.

The only way to attain efficiency is through universal service. This means complete direction and control by the state, of finance, industry and man power. A good deal has been made of the fact that the social credit organization in Edmonton and the social credit organization here, with New Democracy, have announced that they support conscription. I have noticed, however, that all too few have observed that the conscription is of three distinct elements of our national life. The first is finance, with all that the word implies; the second is industry, with all that this word implies, and the third is man power. The three must go together. Each of these is as necessary to the other two as is the third leg of a three-legged stool. If one is applied without the other two, only inequality, disaster and chaos will result. In conscription, in universal service, we will find the only way to avoid injustice, discrimination and class distinction. May I read part of a letter which came from my home city, and which bears directly upon the discussion taking place here to-night. This contains a resolution passed on Monday evening, September 4, asking:

—that you request our government at Ottawa that in the event of conscription, that we have conscription of wealth as well as man power; that Hutterites of military age be conscripted along with all others; that profiteering in food-stuffs and commodities, as indicated by the present rise in prices, be immediately stopped. We believe that no one should be allowed to make capital out of human misery during war conditions.

[Mr. Blackmore.]

All the members of the group who passed that resolution experienced the horrors, the losses and the suffering of the last war. They know whereof they speak. I can see only one way by which the inequities, the inequalities and the injustices of which these people complain can be remedied; that is by the kind of national service for which my group have announced we stand. It is the only way to prevent profiteering. It is the only way to maintain a fair wage level for civilians and soldiers. It is the only way to establish just prices for primary producers.

I have another letter coming from my home city of Lethbridge to be used on this occasion. I found it here when I arrived. It is as follows:

To-day I went into every grocery store and every wholesale house in town to get a bag of sugar. There is no sugar to be got. They told me to come back next week, and they also said that the price will be much higher than it is to-day.

I have seen a telegram—

I am not vouching for what this man says, because I did not see the telegram.

—from Canada Packers to their travellers in this district to raise the price of lard from four and a half cents to eight and a half cents a pound. We want you to protest vigorously when parliament meets again. Are they going to allow profiteering such as this when the Canadian people are going to be herded and slaughtered.

These two letters go right to the core of the whole situation. All the combinations and ramifications of abominations which are now commencing to be seen and which during the last war ran riot, to the great disgrace of this country, will again be upon us unless adequate measures are taken to prevent them. My group maintains that the only adequate measures are the ones we have advocated.

There is only one word in the English or French languages which stands for efficiency, equality of service and sacrifice. It is a word from which politicians shy away. It is a word used to frighten timid people. The New Democracy believes in calling a spade a spade. Many a time I have risen in my place in the house and urged that the truth be told, that at least we make an attempt to let the people know the truth. Therefore, the New Democracy declares that justice, equality and effectiveness depend upon conscription of finance, industry and man power. Conscription is the poor man's friend. He does not realize it. It is difficult for him to understand; but when he now goes and enlists because he has not a job, he is being conscripted indirectly by one of the most merciless forces that ever conscripted any man. And if conditions con-

tinue to any degree as they were in the last war, the brunt of this war, the period in which the most dreadful sacrifice of life will take place, will be borne by poor boys before conscription comes in to enlist the rich man's son.

An hon. MEMBER: And his wealth, too.

Mr. BLACKMORE: Yes, or the rich man's pocketbook. I repeat that conscription is the poor man's friend. I talked this morning with a young man who came earnestly from Quebec. Let me say here and now that I have the greatest and deepest admiration for the people of Quebec. I have learned to recognize in them qualities I did not know were there. This young man sat across from me at my desk and began to tell me about his fear of conscription. I said to him, "Look, you know certain people in this town who ought to go but who will not go, unless they are forced to do so, do you not?" "Yes." "Do you think you ought to go and let those men stay at home?" He began naming to me certain types of people in his own city who would under present conditions, unless conscription were introduced, never go. He began to see our point of view. Conscription declares the issue between efficiency and inefficiency, between capacity and incapacity, between national security and national insecurity, between a nation at arms and a nation which lacks the power to fight. Conscription is a dreaded word in the province of Quebec—and that is partly the fault of English-speaking Canada.

Let us forget its history. Let us look at what the word means to-day. Consult your dictionary and you will find all it means is forceful enrolment of men or money that they might be available for use at the discretion of the government. It does not necessarily mean that every man conscripted will don khaki, or that he will appear in the battle lines of the world. It does mean that he shall be available to be placed where, in the opinion of those in charge, he might best serve his country. Who hesitates to be placed in that position? I do not.

What is the fight on which we enter? The fight is for christianity and civilization—freedom, religion, race and just laws. I have noticed with peculiar interest the tenacious zeal with which the French-Canadian members in the house cling to their language, and how they love that language. Is it not clear to everyone that if we should lose this war our ability and our freedom to use that language would be in jeopardy? I have noticed with admiration the touching love those people possess for their religion. What is happening

to religion in Germany? Have we any justification for supposing that there would be any more consideration for religion in this country, once it came under Germany's control?

There are altogether too many who place too much confidence in the United States as a possible saviour in the event of our losing in Europe. Let it be brought to the attention of all such persons that the number of United States people possessing our ideals is, after all, but a handful, while to the south of them are people who are very largely of the races and persuasions of some of the people who will likely be our enemies before this war is over, and who are greatly sympathetic towards the views of those against whom we are preparing to wage battle.

After they have weighed these matters with some care I think there can be no doubt as to the attitude which the ordinary citizens in Quebec will take. Let the question of conscription be placed fairly before them. Let them have time to think about it without the passion engendered by political—shall I use the word?—"shysters," and then tell me that the French-Canadian people will not rise with just as ready alacrity to support conscription as they will to support the volunteer method!

Let us begin anew. It is a fine thing to forget the past and start life anew. Those who are constantly remembering the past soon become so encumbered by burdens which have been handed down from the past that they are utterly unable to support even the present, much less look with hopefulness to the future. Let us as a nation forget the past. The point we must bear in mind is that in Canada to-day we are aiming at efficiency of service. It matters not where the service is to be given; if Canada needs it, it must be given. We must be ready to go where duty calls. When I was a small boy my mother used to impress upon me with great earnestness the connotation of the word "duty." We have not been using that word during these later years with all its connotation. It seems to me that we must go back and begin to use that word again; for now, as in times gone by, duty must be done. We must do all we can and go where we are asked to go, in order to meet the enemy of religion, of freedom and of race. It is stupid and insincere to draw a distinction between home and foreign service. There can be no distinction.

The policy of New Democracy is the same in peace as in war, in that it aims to make democracy work. I do not think there is a member of this house who will contend in his serious moments that he has ever seen democracy work. There is a need for many changes. I am not saying that I in any way decry or

disparage or discredit democracy; democracy has simply never been tried. It is in that respect, something like christianity. New Democracy aims to put at the service of the people the whole resources of Canada, whether that people be at peace or at war. It aims to achieve national security whether we be at peace or at war. It aims to modernize and make efficient the instruments of production and distribution. New Democracy realizes that inefficient democracy means dictatorship. That is the danger which Canada faces to-day. In its way it is a danger as great as is the danger of defeat in war.

Therefore, we urge the adoption of a law of national service so that all our resources of finance, industry and man power may be put at the service of our country, so that there may be equality of service and of sacrifice. Think of the glaring injustice which we saw when a man enlisted in the army and went across the seas to fight for a paltry \$1.10 a day while his neighbour went to work for \$5 a day! After the war that same man came back to find his taxes piled up with compound interest which he had to pay. Will anyone dare to assert that in that man's case democracy worked? What a disgraceful thing! We are now seriously contemplating a repetition of that and like abominations.

We urge the adoption of national service because that is the only basis of maximum efficiency. Without maximum efficiency we cannot win. If we all give all we have, we will win. I do not find myself in sympathy with those people who believe that this war will spell the destruction of civilization. This war is simply one of the incidents in the great progress of the human race. From it, under God, we shall emerge a greater, nobler, better and happier people than we were before we went into it. We shall never do this by taking a defeatist attitude. We must look up and not down. My group would urge the government to declare its intention to make effective the principle of universal conscription of finance, industry and man power.

The King and Queen of Great Britain are Canada's king and queen. How can Canadians contemplate with calmness the leaving of those two inadequately protected? Canada is our home land, the country where our children and our children's children must live. We dare not, through any neglect of ours, place her in jeopardy. Britain and France are motherlands. Standing, they afford North America a comforting bulwark; fallen, they would constitute in our foemen's hands an irresistible weapon. United we stand, divided we fall. God grant that we be able to be wise and

[Mr. Blackmore.]

brave. Heaven support us to the end that Canadians of our day may stand sufficient in their generation. May Britons of the after years still be able to sing with sincerity, "Britons never shall be slaves."

On motion of Mr. Thorson the debate was adjourned.

At eleven o'clock the house adjourned, without question put, pursuant to standing order, until Saturday afternoon at three o'clock.

## Saturday, September 9, 1939

The house met at three o'clock.

### PETITION

#### OPPOSITION TO PARTICIPATION BY CANADA IN ANY EXTRA-TERRITORIAL WAR—REPORT OF CLERK OF PETITIONS

The Clerk of the House laid upon the table the first report of the Clerk of Petitions stating that he had examined the following petition presented on the 8th instant, and finds that it is not in order in the following respects:

It is not addressed to the Honourable the House of Commons in parliament assembled.

It is in the form of a declaration and contains no prayer.

For these reasons it should not be received.

Of Ronaldo French and others of the province of Quebec declaring themselves opposed to any participation in the European war.—Mr. Raymond.

### CANADIAN PATRIOTIC FUND

#### PROVISION FOR ASSISTANCE TO DEPENDENTS OF OFFICERS AND MEN ON ACTIVE SERVICE

Hon. C. G. POWER (Minister of Pensions and National Health) moved for leave to introduce Bill No. 2, to incorporate the Canadian Patriotic Fund.

He said: The purpose of the bill, an act to incorporate the patriotic fund, is to set up a corporation the object of which will be to collect, administer and distribute a fund for the assistance in case of need of the wives, children and dependents in Canada of officers and men who may be on active service in the naval, military or air forces of his majesty or of any allied or associated power.

The patriotic fund was first set up in 1900 to care for the dependents of those who served in the South African war. It was reconsti-

tuted in 1914 to care for those who served during the great war and it continued in operation until 1937. During the course of its operation it collected by voluntary contributions from the people of Canada approximately \$48,000,000. Immediately after the war, in 1919, the government of Canada contributed the sum of \$900,000 to permit the fund to carry on its operations during the immediate post-war period.

The patriotic fund also served as an agency for the government in the distribution of unemployment assistance. When it was wound up in 1937 there was an amount of approximately \$2,000 to its credit, which was handed over to the Canadian pension commission for distribution to ex-soldiers.

The bill which is presented is in exactly the same terms as that of 1914. I should like to call the attention of the house to the persons named as incorporators. It was considered advisable to name a certain number of persons who were in more or less of an official capacity, that is to say, to follow what might be termed an official list. The list comprises, first, His Excellency the Governor General, Lady Tweedsmuir, the Prime Minister, the Leader of the Opposition, the Minister of Justice, the Minister of Finance, the Minister of Pensions and National Health, the leaders of other groups in the house, the lady members of the house and of the senate, the wife of His Honour the Speaker of the House, the wife of His Honour the Speaker of the Senate, the lieutenant governors of the various provinces, the leaders of government in the various provinces and the leaders of the opposition.

This committee of incorporators has power to add to its numbers and will doubtless appoint secretaries and the like. It was not thought advisable to go outside this official list at the moment, in order that there might be as little as possible in the way of discussion as to just whose names should appear.

Mr. MANION: Will the terms of incorporation be roughly the same terms as those of the previous incorporation?

Mr. POWER: Exactly the same terms, with the possible change of a word or two.

Mr. CHURCH: Will the municipalities be relieved of the heavy cost of this work?

Mr. POWER: If my hon. friend will read the bill he will get all the information.

Mr. CHURCH: Does the bill ask for voluntary contributions?

Motion agreed to and bill read the first time.

## EUROPEAN WAR

### PROCEDURE AS TO GIVING EFFECT TO DECISION OF PARLIAMENT REGARDING CANADIAN PARTICIPATION

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): I should like to make clear to the house the procedure which the government have in mind as to giving effect to the decision of parliament regarding Canadian participation in the war.

The adoption of the address in reply to the speech from the throne will be considered as approving not only the speech from the throne but approving the government's policy which I set out yesterday of immediate participation in the war.

If the address in reply to the speech from the throne is approved the government will therefore immediately take steps for the issue of a formal proclamation declaring the existence of a state of war between Canada and the German Reich.

Mr. A. H. MITCHELL (Medicine Hat): I wish to thank the Prime Minister (Mr. Mackenzie King) for the expedition with which in making this statement this afternoon he has replied to the letter which I delivered to him earlier in the day.

Mr. MACKENZIE KING: I thank my hon. friend both for what he has just said and also for his letter. At the same time I should like to inform him that the statement which I have just read had been prepared some considerable time before his letter was received.

### CONTINUATION OF DEBATE ON ADDRESS IN REPLY TO THE GOVERNOR GENERAL'S SPEECH

The house resumed from Friday, September 8, consideration of the motion of Mr. Hamilton for an address to His Excellency the Governor General in reply to his speech at the opening of the session.

Mr. J. T. THORSON (Selkirk): I believe it to be my duty to take part in this debate by reason of certain views that I have held and expressed from time to time both inside this house and from the public platform, so that there may be no doubt whatsoever as to where I stand on this great issue. I do not consider that my personal stand in the matter is of any great importance, but I believe that I represent a large body of opinion in Canada which may perhaps be expressed in this house through the speech which I shall make.

In my opinion there can be no doubt whatsoever of the duty of Canada to participate

in this war and to aid the great democracies, Great Britain and France, in the manner that will be most helpful to them, and to the utmost of her capacity. All Canadians must face this task with unflinching courage and determination.

There has been a great body of opinion in Canada to the effect that we should not participate in any extraterritorial war, and should keep ourselves free from any external commitments, whether direct or indirect, which might involve us in such a war. Those who have held this view have had the best interests of Canada at heart. In their opinion all other considerations were subordinate to the welfare of Canada; that was their supreme concern. I have been one of the spokesmen of that body of opinion, and have not hesitated to express my views on this subject whenever the need arose, both outside and inside this house, with such vigour as I could command. I conceived this to be my duty as a Canadian whose first and undivided loyalty is to Canada.

From the bottom of my heart I wish that it were possible to keep the Canadian people out of this war; for I know what war is; I have had personal contact with war, and I am fearful of its consequences, but I am convinced that it has become impossible for Canada to keep out of this war. In my opinion the time has come when even the strongest advocates of a policy of isolation for Canada must abandon their hopes of keeping Canada out of this war—for a vital issue has arisen from which Canada cannot stand aside. The most ardent imperialists and the staunchest Canadian nationalists should show a united front in the long and terrible conflict that is now before us. It has not been an easy task for me to come to this decision, in view of the attitude that I have taken that Canada must strive to the utmost to keep out of war. I have come to this decision after very careful thought. Duty rules responsible men with an iron hand, and responsible men must not stray from the path of duty. It is my duty to express in this house the decision to which I have come, as I have previously expressed with as much courage as I possessed the views that I have held.

In the last session I introduced a bill relating to the status of Canada in time of war. That bill has been misunderstood in some quarters. It could not be misunderstood by those who have read the speech that I delivered on that occasion. That bill asserted Canada's right to decide for herself the issue of peace or war for Canada. I urged that it was not only the right but also the duty of the Canadian

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people to decide this issue for themselves whenever the need for deciding it should arise, and that we must not allow this supreme issue of self-government to be determined for us by a government that is not our own, and which is not responsible to us and for which we are not responsible. Can any true Canadian, believing in self-government and that Canada is a free nation, deny the existence of that right or shirk the performance of that duty? I stand by everything I said on that occasion, and I am glad that the government in this great crisis that faces the Canadian people has adopted and followed the fundamental principles underlying the bill that I had the honour to introduce.

It will be remembered that in the course of my speech in support of that bill I drew a sharp distinction between the right to neutrality and a policy of neutrality. I clearly stated that Canada must decide her policy on each occasion, as the need for such decision should arise. I have sufficient faith in Canada to believe that this country will not fail in her duty as she conceives it to be.

In the same speech I endeavoured to set forth certain cardinal principles. I expressed the view that it was the supreme responsibility of every leader of a country to keep his people free from the devastating consequences of war as long as such a course was possible; and that the maintenance of peace was his sacred duty unless some issue greater than peace itself was involved. In my opinion such an issue is now upon us and as Canadians we must face it. I am confident that we shall do so with courage in our hearts.

What is the issue that is now upon us that is greater than peace itself? I do not wish to give offence to anyone in what I am about to say, but the issue is not the status of Danzig or the independence of Poland. If the issue before us at this session were merely the separate political entity of Danzig or Poland I would have no difficulty and not the slightest hesitation in voting against Canadian participation in war solely on that account. At this moment there is no need to elaborate my reasons for that statement. No, Mr. Speaker; the threat to the status of Danzig and the independence of Poland is not of itself the issue so far as Canada is concerned. The issue is much greater and of more vital importance than that; for freedom and individual liberty throughout the world are threatened. More than that, two of the greatest democracies in the world, Great Britain, and France, both of them defenders of freedom and individual liberty and the sacred rights of human personality, are now engaged in a life or death struggle with a powerful nation which has the

misfortune to be led by men who appear to have no regard for these sacred principles. The existence of Great Britain and France as free nations is involved. From that life or death struggle we in Canada cannot possibly stand aside and say that it is no concern of ours.

Last session I stated that I would not approve going to war on an issue that centred on purely national prestige or economic advantage, or one that was engaged in merely for the purpose of teaching the totalitarian states a lesson. I also stated, however, that we in Canada would be greatly concerned if the life or liberty of Great Britain should be involved; and I expressed the view that if the existence of Great Britain should be involved Canada would not hesitate to come to her assistance. In my opinion the existence of Great Britain is now involved in the great struggle that is taking place. This is a matter of vital concern to Canada and to all Canadians, and Canada will come to the assistance of Great Britain.

While I am confident that Great Britain and France will ultimately defeat their enemies, I believe that no free nation anywhere in the world can afford to take the risk of any possibility of the destruction of these two great nations. Certainly Canada cannot afford to take that risk, bound as she is to Great Britain by ties of deep affection and, more than that, community of regard for the sacred rights of individual human personality. Indeed I am firmly convinced that our great neighbour to the south, the United States of America, will be on our side in this conflict before very long. Let a great disaster threaten the existence of Great Britain and France, and the United States will be in the conflict.

This war, Mr. Speaker, will not be a short one. It is the view of many that it will not be won on the battlefield by troops, though they will be needed in large numbers, nor by bombardment from the air, with all its horrors, but that it will be won by that group of nations which for the longest period of time can command an adequate supply of food and materials. If that view is sound the war will be a very long one; it will be a war of attrition and the aid of Canada, though her population may be small, will be of vital importance to the success of Great Britain and her allies. Under the circumstances it is unthinkable that such aid should be withheld. Canada should therefore join with Great Britain and France, as a free nation, and I am confident that Canada will give her full support to them.

For these reasons, Mr. Speaker, I commend without reservation the steps that have been taken by the government, and, as a Canadian, I pledge my unqualified support to the

government in any steps that may be necessary for the fullest cooperation of Canada with Great Britain and her allies. The vital interests of Canada in this life or death struggle in which Great Britain is now engaged are bound up inextricably with those of Great Britain. In speaking as I have done I am sure I express the view of many thousands of Canadians, of British, French and non-British origin, who have felt and now feel as I do. There can be only one decision for Canada to make. Canada must not, and will not, fail in the task of assisting Great Britain and France to the full extent of her power. We must and will stand shoulder to shoulder with Great Britain and France in the long and terrible conflict in which we shall be all engaged.

I agree with everything that has been said during the course of this debate on the subject of war profiteering. That should be made a crime, and every person who seeks to profiteer by reason of the war should be regarded as a public enemy.

War will impose heavy burdens upon our nation, and it will be our duty to see to it that there is equality of sacrifice. The wealth of this country, as well as its man power, must share the burden. While it may be said in favour of conscription that it is the fairest system to apply and that it will prove the most efficient, it must be remembered that in many portions of Canada—not in one province alone—there is a strong sentiment against conscription. That sentiment must not be disregarded; for what we might gain by efficiency we might more than lose through disunity. National unity in this country is of supreme importance. It will not be too easy to maintain it when the burdens of war begin to be felt. In the prosecution of this war it is essential that willing support should be given. It cannot be enforced against the will of many substantial sections of the country. If it should happen that conscription must come, then it must come as the result of the general will that it should come.

There is one other matter to which I should like to refer. Our participation in this war is on the basis of the need for preserving liberty throughout the world. Let us make sure that in the measures that we pass in this parliament we do not lose liberty in Canada. The civil authority in Canada must always remain supreme.

This war will be a long war. It will be a war of attrition, and the processes of attrition are slow. Great fortitude on the part of our people will be required. Cool-headed and efficient leadership will be needed, not only to bring about such action as may be necessary,

but also to withstand and to restrain such action as may be harmful. It will not be easy to withstand the public demand for quick action. Indeed those who demand quick action without regard to the direction in which that action shall be taken may prove to be enemies of Canada. Let us be sure that such action as is taken is in the right direction. Let us avoid the many mistakes that were made in the last war. This war will demand cold and grim determination on the part of all of us.

It is too early to talk of peace, but let us hope that when peace comes the mistakes of the treaty of Versailles may be avoided, lest we may again sow the seeds for another war.

In the meantime we in Canada, with the full knowledge of what faces us, have made our choice. We have made that choice as a free nation. We must not fail in the task that we have undertaken.

Mr. M. J. COLDWELL (Rosetown-Biggarr): Mr. Speaker, allow me first on behalf of the group with which I am associated to express appreciation of the very difficult and grave problem with which the government, the country and this house are alike confronted. May I say further that in the solution of the many problems arising out of the conflict which is now developing the group of which I am a member will cooperate in every possible way.

I agree with the hon. member for Selkirk (Mr. Thorson) who has just preceded me, when he says that we must avoid everything that will cause any measure of disunity in the country in which we live and perchance inflict wounds that even time will find it difficult to heal. We must not forget therefore that Canada—and again in this I follow the hon. member for Selkirk—is a land of diverse peoples, of diverse origins, with perhaps even diverse ideals. Our duty in war as in peace must be to weld those peoples into a real Canadian nation. Thus what we have to take into account first are, it seems to me, the needs and aspirations of the Canadian people as a whole.

Already several times in this debate personal references have been made by hon. members to their own particular backgrounds. May I therefore say just a word with regard to mine. I was born, nurtured and educated in the old land. I came to Canada when I was barely twenty-one years of age, and I have lived here for approximately thirty years. My love for England will remain with me always; but the land which is my home, the land where my children were born and where I hope in years to come my children may establish homes, and thus raise their families, must be my first consideration. To Canada I, in common with others who came from other

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lands, must give my first and my undivided allegiance. This, it seems to me, must be the standpoint from which we who are in this house as representatives of the Canadian people must come to our decisions in the present crisis.

Canada is a federation of provinces, and often has been said to be a difficult country to govern. It seems to me we must at all times choose the path that leads to unity, rather than the paths which lead away from it. In such a land, based upon a somewhat loose confederation, the preservation and extension of democracy is in a very real and vital sense fundamental. We must see to it, then, that during this struggle the foundations of a regimented totalitarian regime are not laid. Yet already we have heard in the house, and particularly in the speech last night of the leader of the New Democracy group, a demand for conscription of men, of finance and of industry. Moreover it was suggested that this was good in peace and in war. Let us beware of the implications of such a policy; for whether or not it is apprehended by those who advocate it, such a war-time policy, if successful, would see us emerge from this struggle as a thoroughly regimented and totalitarian state. Yet the major justification for Canada's cooperation in this struggle is that most of our people believe this is a fight against powers which if victorious will destroy democracy throughout the world. May I remind the house that it was for this cause that the war of 1914-18 was said to have been fought. Are we, then, again deceiving ourselves and those who trust us when we say that involved in this struggle may be the survival of democratic institutions?

Let us make up our minds at the very outset of this struggle that under no circumstances and in no guise shall we permit the foundations of a regimented totalitarian state to be laid in Canada. Against totalitarianism in its several forms we of the Cooperative Commonwealth Federation, along with others in this house, are determined and united. What policy do we urge upon this house in the present crisis? Last night the house listened to the speech of our beloved and respected leader when he gave his personal point of view. May I say that in this crisis we can go far with him, but not all the way. The glory of democracy is that men and women who are united in great issues may still express their individual views when they are not in complete agreement, and then travel along together exactly as they did before.

It has fallen to my lot this afternoon to place before the house the Cooperative Commonwealth Federation policy in relation to

the present war. May I say that this is the policy, not only of the majority of our parliamentary group but of our national council which met for two days this week and which represents the consensus of the leaders of our movement from coast to coast. I propose to place this policy upon the records of the house so that parliament and the country may have a clear idea of what it means. Our statement of policy reads:

The Cooperative Commonwealth Federation declares that its duty and the duty of every Canadian is at all times to secure the unity and welfare of the Canadian people. In this crisis we place this loyalty first without being unmindful of our responsibilities as a democratic country in the present world.

The Cooperative Commonwealth Federation believes that the same struggle for trade supremacy and political domination which caused the last war, and was perpetuated in the Versailles treaty, is again the primary cause of the present conflict.

We have repeatedly warned that once the principles of the League of Nations were abandoned and the governments of Europe reverted to power politics and secret diplomacy, anarchy and war would inevitably follow.

The Canadian people have had no voice in the foreign policies of the European governments which have brought us to the present tragic position. Owing to the failure of our government to clarify our constitutional relations, Canada has been committed to a war policy even before parliament has had an opportunity to declare its will. The Cooperative Commonwealth Federation condemns the measures by which the Canadian government has placed this country on a war footing.

Nevertheless, the Cooperative Commonwealth Federation recognizes that Canada is now implicated in a struggle which may involve the survival of democratic institutions. We consider that in the cause of the allied powers lies a hope of building European peace on a more secure foundation because, in part at least, the people of Britain and France are waging a war against aggression.

In view of these considerations, the Cooperative Commonwealth Federation believes that Canada's policy should be based first on the fundamental national interests of the Canadian people, as well as on their interest in the outcome of war. Canada should be prepared to defend her own shores, but her assistance overseas should be limited to economic aid and must not include conscription of man power or the sending of any expeditionary force.

In further detail the Cooperative Commonwealth Federation places the following constructive proposals before the house, as the Prime Minister (Mr. Mackenzie King) asked hon. members to do when he spoke yesterday. These are:

1. Economic assistance: Canada is well fitted to make an important contribution through economic assistance. However, in the interests of Canada's economic future and for the protection of her people, the expansion of war industries must be strictly controlled. Moreover, such economic assistance should be con-

ditional upon immediate steps being taken to place the burden upon the shoulders of those best able to bear it. The tax on higher incomes should be immediately increased, and an excess profits and capital gains tax should be instituted, so as to avoid an immense addition to our national debt. The production and prices of essential commodities should be placed under strict supervision in order to eliminate war profits, and the manufacture of arms, munitions and war materials should be nationalized.

2. Defence of Canada: Reasonable provision should be made for the defence of Canadian shores. Volunteers for home defence should not be required to sign also for overseas service. This practice, now being followed, is unwarranted and should be abandoned.

3. No military participation overseas: Any attempt to send a force abroad would rob us of the man power necessary for the defence of our shores and for home production, would gravely endanger national unity, would threaten our civil liberties and democratic institutions, and would ultimately lead to conscription.

4. Preservation of democracy at home: The Cooperative Commonwealth Federation protests against the encroachments on our civil liberties which the government has already introduced, and insists that democracy at home must be preserved unimpaired during the war.

After that statement had been finally drafted and approved we took up the newspapers yesterday and saw therein a statement of policy as issued by General Jan Smuts, the new Prime Minister of South Africa. No one can accuse General Smuts of being lukewarm in the interests of the British commonwealth, yet his statement in regard to cooperation coincides quite closely with our own. This statement reads in part:

Participation must necessarily be limited by considerations of geography and special conditions which attach to this country. Our primary duty is to place our own defences in the highest state of efficiency and we can best serve the cause for which we stand by so strengthening our own defences and by so surveying our national resources as to render the union safe against any inroads of the enemy.

That is the policy adopted by the new government of the Union of South Africa. The Cooperative Commonwealth Federation is anxious that in cooperating with the allies we shall be told precisely toward what end we are cooperating. The Prime Minister yesterday told us that the allies were fighting for freedom throughout the world and to stop aggression, but it seems to me that that is not enough. Substantially, that is what we were told in 1914. For the defeat of Germany in this war will alone guarantee neither of these things. The last great war proved that. We were told then that it was a struggle to preserve the sanctity of treaties, to end Prussian militarism, and to secure democracy in the future. These were the aims of that war, the war of

1914-18, but the war did none of these things; on the contrary, it left us with the seeds of the present conflict.

Some of us at the close of the great war saw in the League of Nations an instrument to preserve peace and to establish a better world order. We saw it undermined by the very leaders who to-day are faced with war. When collective action could have been used to prevent war it was not used, and one of the first acts of our own government, I am sorry to say, was the one to which the Prime Minister himself referred yesterday, namely, the withdrawal of oil sanctions against Italy in the Ethiopian difficulty in 1935. I am not going to enter into recriminations, but before we are asked to vote for the speech from the throne and its implications, which have been further clarified this afternoon, we ought to be told what the war aims really are so far as Canada is concerned. Without such a statement we can scarcely be expected to vote for the address, even though for other reasons we might like to do so.

In an article in the *Christian Science Monitor* of September 6 Sir Norman Angell has something to say on this point—the point that collective security against violence is the basis of all civilization and of all organized society. I quote:

Will a victory of Britain and France mean a victory for that constitutional principle, so that henceforth it will be evident to aggressors that they will have to meet not merely the power of their intended victim, but the power of a large part of civilization? If that is indeed the principle for which our countries are fighting and it triumphs, then their triumph will in a very exact sense save civilization; will help the world to end that anarchy, that absence in the international field of all law against violence which lies at the root of war; will give to force in the international field the office which it has within nations—the office of withstanding violence by collective defence of the victim so that law and reason may prevail.

But that triumph depends upon a condition which should be of especial interest to readers of the *Christian Science Monitor*, the condition namely of believing deeply that this is indeed the purpose of our arms. If we think that the mere defeat of Germany will of itself give the peace we shall, of course, fail, for we defeated Germany twenty-one years ago and that defeat and our victory has not given peace. That costly victory proved futile because afterwards, although each was willing to use force to defend himself, we were not willing to use it to defend law when others and not ourselves happened to be the victim of its violation. If as a result of this war we are brought to realize that only so can force be made an instrument of peace, security, and justice, and the lesson is carried to the world, then our agonies will not have been in vain.

[Mr. Coldwell.]

As one who has always opposed war, who until very recently believed that all international problems could be settled by conference rather than by force, I am of the opinion that if we reconstitute the League of Nations it will involve the surrender perhaps of that portion of national sovereignty which involves the use of force; but, as in every civilized community, we shall have to recognize the fact that a reconstituted, reorganized league for law will require some power placed behind it which will enable that society to enforce its decisions upon an aggressor nation.

Where does Canada stand in relation to this problem? Before we are asked to approve the speech from the throne we should be informed, it seems to me, without evasion, without equivocation or mental reservation, what our peace aims are—because I prefer so to describe them. That brings me to another thought: what of our domestic policy during the war? Are we going to permit one group in our land to profit at the expense of all the rest of us? Already fortunes are being made out of the rise in price of certain stocks on the speculative market. Prices of commodities have risen also. The price of flour has risen without warrant, because the Canadian carry-over of wheat was all disposed of to the millers, exporters or speculators at least a month before this crisis developed, and at a very low price. The 100,000,000 bushels or so, speaking in round figures, of our carry-over of wheat was still mainly in Canada. Neither our government nor our farmers who produced it will reap any gain from that wheat. Only those who to-day stand between us and those who need it will make rich gains. I submit that the government should take effective steps to see that this does not happen. The same with sugar. In this city over the last week-end butter went up 7 cents per pound in the course of a day or two, and the hon. member for Lethbridge (Mr. Blackmore) last night gave the increase in the price of lard.

I have had letters from constituents of my own pointing out to me that almost immediately the price of flour went up; and we all know what has happened to the price of sugar. These profits are being taken by middlemen of various types and, incidentally, on the instructions of large monopolistic distributors, at least in some instances. We urge, indeed we have the right to demand, that in view of what is happening the government should do what is being done in some other countries when it becomes necessary; it should exercise its power to commandeer these supplies and fix prices as a symbol of good faith with respect to its promises. That should be done

before we vote on the speech from the throne. Unless it is done, I feel that I shall have to vote against the speech from the throne.

Moreover, when the bills for financing war activities are brought down they should be accompanied by proposals for paying for this war as it is being waged. We should not inflict on the generation that follows us the cost of another great war. And we must not permit an increase in the already almost intolerable burden of national and other public debt. We believe that there are untouched financial resources which the government may still tap, or resources that have been only partly tapped as yet. The reduction in corporation income tax granted in the last budget should immediately be repealed; taxes on higher incomes should be increased at once, and an excess profits tax and capital gains tax should be instituted. By a capital gains tax I mean a tax on the unearned increment due to the rise in stocks and shares and other securities on account of the present crisis. A capital gains tax, properly applied, would prevent fortunes being made out of the agony of the present crisis and provide a large revenue. As we have so frequently urged in this house, the manufacture of arms, munitions and war material should be nationalized. If the government will not go that far immediately, at least they should bring them under direct public control and eliminate all private gain from these essential war industries.

I emphasize this because we believe that, apart from the defence of our own shores, our major contribution to the allied cause can be made in the economic field. We are the nearest dominion to Europe. We have tremendous resources. In modern war huge masses of men are being replaced by mechanized units which require vast quantities of supplies to maintain them in the line. Frenzied demands for the enlistment of more and more men, if granted, may defeat the very object in view, success in this struggle. This was to a more limited extent true in the last war. Sir Wilfrid Laurier, for example, noted that condition in a letter which he wrote on May 15, 1917, to Sir Allen Aylesworth, in connection with the problem of conscription, in which he said:

There is a shortage of labour in agriculture and industry, in fact in every field where brawn and muscles are needed, and in the face of this condition people there are still yelling for more men being taken away from occupations in which they are so much needed.

That was during the great war. Sir Wilfrid went on to say that had they been in power when the crisis came in 1914 the first thing they would have done would have been to

survey the entire Canadian scene and see exactly what men could be spared, and not do what was then done, allow, or rather urge, men who were badly needed in other capacities to enlist and go overseas and be taken away from the production that was towards the end of the war so badly needed.

Then, what are we going to do about the young men who are called up for defence or who join the forces of the crown at this time? To my mind the condition of such young men is one of the tragedies of war. Not only the risk of death or of being maimed or contracting disease and so on, but the effect of war upon their future, ought to be taken into consideration immediately. We believe, as I have said, that the sending of expeditionary forces is unnecessary and unwise. But if we enlist men for home defence their future after the war should be a matter of grave consideration now. Provision should be made to enable them to continue their education and preparation for civilian life after peace has been proclaimed. We do not know when peace will come; we pray it may come soon, but whether soon or late, we should be considering some preparation now. Unemployment existed before the war came, in spite of increasing preparations for the struggle. I have often said that such relief as the world has had from unemployment over the past few years has been largely due to the mad armament race that was going on, and that I wondered what would happen if disarmament came either as a result of international conferences, as I hoped, or as a result of war. Here we are faced with what may be a long war, and we shall have to meet the consequences that follow. Unemployment, then, should receive some consideration now. To my mind the government should establish at once a committee, upon which labour, farmers, industrialists and others shall be adequately represented, to prepare for the aftermath of the war. Unprepared in this respect, Canada may share in the general chaos which may overwhelm Europe when the war ends. I believe that that is one of the alternatives that the world faces at the present time—chaos as a result of the struggle which is now being waged. We should do our best to see that we are not faced with anything of that sort in Canada.

These are present problems. To my mind there ought to be no thought of adjourning this parliament until some consideration has been given to them. Indeed I go further, and say that perhaps a number of committees of this house might be set up to study these problems and advise and assist the government upon them. We were sent here as members of parliament to meet grave problems

that might arise from time to time, and at least some hon. members of this house may be expected to devote their energies to them freely as a war service.

The speech from the throne says that a state of war exists. Until this afternoon we did not quite know what that meant, but we now know more clearly. The Cooperative Commonwealth Federation — because I am speaking not only for myself, but also for the movement with which I am associated—has placed before the house some of its thought in connection with this situation, and in doing so has endeavoured to offer some constructive proposals. We do not expect all of them to be adopted immediately, but we offer them for the consideration of the house in the hope that at least some of them may be helpful in meeting the situation that we now face and which we shall face in the days to come. Frenzied speeches, heroic appeals and frantic efforts, such as we are witnessing here and there throughout the country, in my opinion will hinder rather than help the government in this crisis.

We of this group abhor war; we have said that over and over again. I know other members of the house feel as we do, but perhaps we have been rather more vocal in that respect, if I may put it that way, than some other people who may abhor it equally. We believe that the causes of these wars lie in the contradictions of the present economic system all across the world. In spite of that, however, we recognize that in this struggle there may be other factors. The future of our democratic institutions and the stopping of aggression may be involved as well. We do not think, as some appear to think, that war is a Christian duty. Rather indeed we regard its occurrence as an indictment of our Christian society, and we urge the people of Canada to respect those who have a conscientious objection to participation in war on that account. Let us remember that we are being told this war is being waged to preserve democracy and prevent aggression. Surely these things, like charity, should begin at home. And let there be no interference with the right of labour to organize, with the right of farmers to demand and receive a proper reward for their products and their labour, with the rights of free speech, of peaceful assembly and of religious freedom. The measure of our success, it seems to me, will be our success in preventing regimentation and repression and in maintaining, yes and extending, our democratic rights, which totalitarianism in every form and under every guise threatens throughout the world. We must see to it that in Canada at least the lights of such freedom as we have are not blacked out.

[Mr. Coldwell.]

Mr. MAXIME RAYMOND (Beauharnois-Laprairie) (Translation): Mr. Speaker, at the general election of 1925 a Liberal convention held at Valleyfield invited me to be a candidate in the county of Beauharnois. In accepting the invitation I made it a point to set forth clearly my attitude in respect of foreign policy, and this is how I concluded my speech: "Should I be elected as member for Beauharnois county, I will go to parliament to preach a policy of autonomy, a Canadian policy formulated in Ottawa and not in London, a policy of Canada for the Canadians."

The mandate I then received from the electors of Beauharnois county was given to me again at every subsequent general election, particularly in 1935 by the electors of Beauharnois-Laprairie, and I am conscious of having faithfully fulfilled it. To-day I should be failing in my duty were I not to give utterance to the views of practically all the electors of Beauharnois-Laprairie and to oppose with all my might the principle, enunciated in the speech from the throne, of participation in a European war.

I have already set forth my views respecting our foreign policy; they have not changed one iota. The statements I made in this house in April last are truer than ever. There is no such thing as a war of ideologies, there are only wars of interest. History is there to prove it. Each country bases its policy on its own interests. Let us do likewise.

According to the manner in which a question is approached, opinions may differ with the greatest sincerity, but it seems to me that were every one to be guided by the principle laid down by Lord Tweedsmuir that

Canada is a sovereign nation and a Canadian's first loyalty should be not to the British commonwealth but to Canada,

we would achieve that unity of thought which is so necessary to Canada. This principle, which I make my own, will guide me in the observations I am about to make.

Before embarking on a war whose consequences will be ruinous, to say the least, we should be entitled to ask ourselves why we should fight, for what purpose and in whose interest. Why would we be fighting? Not to defend Canada's territory. It is neither attacked nor threatened. Not to repel an attack on England, for it is England that has declared war on Germany.

We would be fighting to defend the territory of Poland, because Great Britain, "in order to honour her guarantees and her treaty obligations," decided to declare war upon Germany following the invasion of Poland.

But are we obliged to fight every time that England sees fit to go to war? Assuredly not. We have been told again and again that we are a sovereign nation. Where then is the justification?

We have no commitments with respect to Poland. If England guaranteed the frontiers of that country, including Teschen which was taken by Poland from Czechoslovakia at the time of the dismemberment of that country last October, violating the Munich pact after the manner of Germany—that does not concern us; and I do not see why we should be called upon to pay a debt incurred by England, without our consent, for certain considerations of interest to her. And what a debt!

During the debate on conscription in the British House of Commons on May 8 last, Mr. Lloyd George made an urgent appeal that England should hasten negotiations with Russia, saying:

Without Russia, our guarantees given to Poland, Roumania and Greece are the most dangerous commitments which any country has ever undertaken. I would add that they would be foolish guarantees.

In September last, Mr. Chamberlain put forward as a reason for non-intervention in Czechoslovakia the fact that England had no treaty with that country, that it was a war in a remote country, between people of whom she knew nothing. Well, we have no treaty with Poland; Poland is even more distant than Czechoslovakia and Poles are not better known to us than are the Czechs. Moreover we have no interest in Poland.

But, we are told; this is the fight for civilization, for our freedom.

Was it to this end that an alliance was sought with barbaric Russia, where every vestige of freedom has been suppressed?—Ideological wars, as I have amply demonstrated in this house, are a myth. The only wars ever fought are clashes of interests which end in treaties—for instance, the treaty of Versailles—allowing the victors to divide the spoils without giving a thought to the economic, financial, social or political consequences of their action, while the vanquished dream of revenge. Whence the expression: "war is the result of treaties." The war of 1914 is the most striking example of this nature.

It has been said that Jules Cambon, on the night of the signing of the Versailles treaty, was accosted by a woman who exclaimed: "Well, sir, this is the day of victory!—Yes, madam," he replied, "this is the day of victory!" And he added: "All these people believe everything is ended, yet I wonder just what is beginning."

Two years ago I visited Budapest, the capital of Hungary. In one of the public squares I saw four flags flying at half-mast over a flower-bed designed to represent the map of Hungary as it stood before the war. Flowers of various colours indicated the four provinces lost through the treaty of Versailles and wherein still live millions of Hungarians. "We shall reconquer them," said the guide who was with me; "we have added to our daily prayers one for the liberation of our fellow-countrymen and our lost provinces." Such was the result of a treaty which had stripped this country of the natural resources vital to its economic life.

Border disputes are of little moment in comparison with the disorder in production and trade which reduces certain countries to famine.

The publications of the universal assembly for peace, a body established by the League of Nations with a view to deal with international situations that are apt to provoke war, contain a detailed analysis of the three principal economic causes of war: the problem of raw materials, that of labour and that of trade outlets.

In one of these works, it is stated that:

No more than individuals, can the proletarian countries resign themselves forever to remain such in neighbourhood of richly endowed and satisfied nations. Until such time as the world takes the necessary steps with a view to systematically and logically solving these problems in a spirit of international fellowship, there shall exist this struggle for economic life, too often the prelude of military war.

Walter Lippmann, the famous American publicist, openly sympathetic to the so-called democratic nations, has written:

The great crime of post-war politics in Europe, was that the victorious powers took advantage of their supremacy to monopolize the resources of the world.

The struggle for peace is a struggle for international justice, for a more equitable and humane social order.

We shall hear clever speakers tell us with a voice full of humanitarian quavers that we must fight for democracy, liberty and a Christian social order. Those are words which are but too often misused. A short time ago, England and France endeavoured to conclude a mutual assistance pact with Russia, that antichristian and materialistic state, which is dreaded because of her perfidious doctrines, and is a hot-bed of revolutionary propaganda.

No one can pretend that the Soviets are interested in the welfare of democracy in the world after having destroyed it in their own

country. Stalin himself said that outside war could have but one aim: world revolution. Stalin who, two years ago was responsible for the execution or the disappearance of two sovietic marshals and forty generals. And had France and England succeeded, we would have fought with the Russians as allies, under the pretence of defending liberty and democracy. What a spectacle!

A coalition of democratic countries with a view to holding Germany in check is being mooted. An amusing thing to note is that the countries which would form such a coalition: Poland, Rumania, Turkey, and Greece, are anything but democracies.

We are being asked to fight for the defence of liberty, when, in this very Canada of ours, it is being proclaimed in parliament that when England is at war Canada is at war—in other words, we have not even the liberty of living in peace, when no one is doing anything to disturb it.

I do not propose to indict the democratic countries, but a perusal of the history of certain democracies shows that dictatorships did not invent anything, and that there are some things which they seem to have learned from the democracies; one can note that nothing looks so much like dictatorships as some democracies.

We should, it is claimed, fight the barbarian Hitler who has become powerful and threatening.

Who has contributed in making him powerful? As I have already said and proved, during the last twenty years England has been the best champion of German recovery. Who supplied Germany with war munitions? In a park in Bedford, England, can be seen a gun taken from the Germans during the war of 1914, and bearing an English trademark. By the terms of the treaty of Versailles, Germany was forbidden to have a military air force; yet, English merchants were selling her airplanes. For a long time, Hitler has been getting propaganda funds from two directors of the Skoda armament factory, in Czechoslovakia.

According to a recent dispatch, published in the *Gazette* of August 22, England has sold to Germany, since the beginning of August, 17,000 tons of rubber at a price of \$6,300,000; 8,000 tons of copper for \$1,600,000 and a large quantity of lead, such sales having greatly contributed to deplete the stocks of those commodities.

It is also stated that France sold to Germany 77,931,756 hundredweight of iron ore in 1936 and 71,329,234, in 1937.

Such material will later come back from Germany in the form of torpedoes, shells or

[Mr. Raymond.]

bombs to spread death in France or England. All of which tends to prove that sentiment does not interfere with business and that business does not interfere with sentiment. It is a beautiful instance of international co-operation in these times of mistrust and hatred.

Then we are asked, for the sake of civilization, to participate in a war against barbarism.

When Britain and France sell to Germans material with which to make guns, that is called civilization; when Germans use the same material against them, it is called barbarism.

We talk of civilization and barbarism. Have not England and France witnessed unperurbed the inhuman and bloody experience of the Spanish war? The Spain of Franco, at grips with the bolshevist menace, had thousands of men, women and children killed after having undergone torture. Instead of forcing Italy to withdraw her troops from Spain, why did they not try to stop such atrocities committed by the red army?

England did not intervene in China where the Japanese have committed unspeakable atrocities, in spite of the nine power treaty which guaranteed the territorial integrity of China. Poland herself, not only took part in the dismemberment of Czechoslovakia, but shared in the spoils.

Will we fight to organize a crusade?

Listen to what the Prime Minister said in his speech of May 24, 1938:

Nor are we inclined to organize or join in crusades in other continents. We are a part of the modern world. We cannot help but be affected in some measure by the policies and actions of other countries. We cannot be indifferent to the fate of democratic institutions, the suffering of unfortunate minorities elsewhere. But we must keep a sense of perspective. Resolutions or speeches on affairs in Austria or Spain or Santo Domingo may afford an emotional outlet, but they do not give our country any power to shape the destiny of other peoples. We have a tremendous task at home. Our eleven million people are trying to develop half a continent, to find a decent livelihood, to build up a distinctive national life. We have neither the power nor the knowledge to settle the destinies of countries thousands of miles away. We are no more likely of our own motion to intervene in Europe than Sweden or Bulgaria or Switzerland is to intervene in America.

It is said that we must help the empire because the empire protects us. The empire has not created the oceans which surround our country and protect us against any effective attack. It is not the empire which is responsible for our proximity to the United States. We cannot credit the empire for the declaration made at Lima and Roosevelt's assurances of protection.

When policing the high seas, Britain is protecting herself against famine, she is pro-

tecting her own interests. The high seas everywhere provide Britain's means of communication and supply!

When has England taken up arms in our behalf? Never has she done so. Whereas we have twice engaged in war in America against the Americans in the United States, in 1775 and in 1812, to preserve Canadian soil for the British crown, and should the occasion arise we would not now hesitate to fight again to preserve it for Canadians and the King of Canada. We have also fought for Britain in the Boer war. No one will suggest that that war was waged for an ideal. Whatever may be the mistakes made by democracies and the Hitlerian methods which we all deprecate, we must consider our own interests.

What would our participation lead to? Politically, in the first place, it would mean a formal recognition of the formula resorted to by the Prime Minister, with all its consequences, namely "When Britain is at war, Canada is at war." Consider the enormous investments which Great Britain must protect everywhere; reflect that she must undertake to defend on land, on sea and in the air a world wide empire covering one-fourth of the earth's surface, that she occupies strategic and commercial posts located on every sea, that she must protect her markets against foreign competition everywhere, that the most important interests of her whole empire lie in Asia along routes which lead there, and that for their protection her policy must extend over the entire east, including the Black sea.

When we consider these varied interests and all these riches, on the one hand, which Britain certainly intends to keep, and when, on the other, we observe that other nations exist, some with ambition, others in urgent need, we can form an idea of the causes which lead to conflicts into which we may be drawn if once we are to admit the principle that "when Britain is at war, Canada is at war."

But that is not all.

Of late we have witnessed a race for alliances and in this way has Britain concluded, outside of that with Poland, a pact for mutual assistance with Turkey, thus has she guaranteed the frontiers of Belgium, Roumania, Greece, Holland and others, and all without a single concession, for if Turkey did demand something, it was France which met such a demand by handing over Alexandretta, although Britain could well have relinquished Mosul where the Turkish population outnumbered that of Alexandretta. And so that the list may be complete, let us add that she attempted an alliance with Russia, the home of bolshevism and anarchy, after stating, on April 3, through her Prime Minister, Mr. Chamberlain, that she

was prepared to cooperate with any country, whatever its domestic form of government. Think then of the consequences for Canada of making common cause with a country which owns one quarter of the globe and which moreover, without consulting us, guarantees the boundaries of a great number of countries and stands ready to guarantee the territory of any country which will cooperate with her. Last year it was Czecho-Slovakia, this year it is Poland, to-morrow it will be some other country, and it could have been Stalin's Russia if he had consented.

Another consequence of our participation would be our ruin. Let us draw up the balance sheet of the last war.

To date the last war has cost us about \$5,000,000,000, and it is still costing us \$160,000,000 a year. Our debt, which amounted to only \$335,000,000 in 1914, now considerably exceeds \$3,000,000,000. Instead of \$12,000,000 a year in interest charges we now pay out \$128,000,000, to say nothing of our 60,000 dead and tens of thousands of wounded.

And all that without receiving anything in return, while the other victorious countries shared the spoils among themselves by a treaty which laid the foundations of the present war.

And we would be ready to do it again, to ruin ourselves for a question of supremacy, of prestige, for the domination of material resources, for if there ever was or still is any doubt about the actions of nations being based on interested motives, such a doubt has been removed by the attempt to conclude a pact of mutual assistance with Russia, the Russia of Stalin where anarchy, disorder and barbarism have full sway.

A third consequence of our participation would be disunion within the country.

Are we to take such a risk? The Canadians of Quebec are attached to their land; they love it and stand ready to defend it at all times and better than anyone else, but they refuse to sacrifice their life, their property, the future of their children to help some other country to increase or conserve its wealth. They are too enlightened not to know that so-called ideological wars are just a snare. To seek to impose upon them a sacrifice which they are under no obligation to make is simply provocation.

The agreement of 1867 made no provision for defending the countries of Europe, and the Canadians of Quebec do not recognize any other military duty than that of defending their country, which is Canada. Let us not incite them to put an end to that agreement by imposing upon them other obligations than those which derive from it. The parliament of Canada holds no mandate

from the people authorizing it to decide upon our participation in a foreign war. At the general election of 1935 the Prime Minister stated that this question would be submitted to the people by means of a plebiscite. This is what he said to a vast gathering assembled in Quebec city on September 7, 1935, as reported in the newspaper *Le Canada* of the 9th, under the following heading:

No war for Canada

Messrs. King and Lapointe declare themselves against Canada's participation in war. A clear statement of Liberal policy.

Mr. Bennett stated the other night that Canada would not enter into any conflict unless her own interests were at stake. I do not consider this statement sufficient. Who is to decide whether Canada's interests are at stake or not? There is at present in Canada only one man invested with authority to make the decision, and that man is Mr. Bennett.

I say that Mr. Bennett has no right to commit Canada in any way, directly or indirectly, or to take any action whatever as regards the possibility of war.

The people of Canada, he said, are opposed to war, and a war in such a distant part of the world holds no interest for Canada. Mr. Bennett has no right to commit the country before consulting the people by means of a plebiscite.

Not only has parliament no mandate to vote for participation, but the people who voted for the right hon. the Prime Minister on the strength of his statement intimated to him their opposition to any participation in a foreign war. And since 1935, the voters have given no indication of any change of mind in this respect. During the by-elections of Lotbinière, in December, 1937, and of Saint-Henri, in January, 1938, the government candidate was elected on the strength of declarations made by the ministers to the effect that we would not participate in an external war. "We shall remain at home," one minister stated.

Before there is any question of entering a European conflict to save democracy, let us first begin to practise it in this country. If, however, it should appear desirable to amend the verdict of 1935, then let the matter be put to the people through a plebiscite.

When the measures destined to put our militia, our naval or air forces in active service outside Canada come up before the house, I intend to request that nothing whatever be done before the voters have made known their approval by referendum or plebiscite.

We are told that our participation shall be voluntary, yet I do not hesitate to say that any participation will logically lead to conscription, in the event of a long war.

It is claimed that the motive for participation is the triumph of civilization and the safeguarding of our liberty. Now, what will happen in six months or a year, or more, as

[Mr. Raymond.]

it did in 1914, should the present struggle be prolonged and become a war of attrition, and should recruiting prove inadequate? Our freedom will still be at stake, and civilization still be threatened. If we participate in this conflict, it will be for the purpose of increasing the chances of victory and we shall be obliged to make use of every resource at our command.

It is impossible to wage a successful war with unequal arms.

If the enemy countries have means of mobilizing an armed force, such as conscription, which guarantee them a much more considerable establishment and enable them to fill up the gaps, it is inevitable that their opponents, in order to counterbalance this superiority, should eventually be forced, sooner or later, willy nilly, to use the same methods. None can predict how long the war will last, but it is possible to foresee that it will be a long drawn-out struggle, a bloody and exhausting conflict. Thus, when those who shall have enlisted to serve overseas, our own men this time, will call for help at the front, what will you answer if there are not enough volunteers? It will no longer be a matter of assisting others but of helping our own countrymen.

How can you guarantee that conscription will not then be enforced?

Should we enter the maelstrom, only God knows when we shall emerge, and how badly hurt we shall be! And for the second time, we shall be ruined after giving up our lives for others.

We were assured previously, in order to hasten the adoption of the national defence program, that the sole object of these measures was the safeguarding of our neutrality, and not participation in an external war. However, since the undertaking of this program in 1937, the matter of participation has come up on two occasions: in September, 1938, and this year in earnest.

The Prime Minister, after promising to hold a plebiscite, merely consults parliament. The Minister of Justice and some of his colleagues from the province of Quebec, have stated they were opposed to participation and assured us that there would be none, yet we are now being asked to vote it.

I have no doubt that the right hon. Minister of Justice will resign from the cabinet should conscription be enforced; nevertheless, this will not prevent us from being drafted as we were in 1917. Mr. Patenaude had promised, after Mr. Borden, that there would be no conscription; he resigned but we had conscription three years after the outbreak of war.

Mr. Chamberlain, in England, had stated in February or March, that he would not impose conscription in time of peace. Two or three months later, it was imposed.

If we adopt a policy of participation, as I said, it will lead us to conscription if war goes on for a long time.

Why should we not remain neutral? We would thus take the same course that was taken by the United States, our neighbour, a country of America like our own, whose interests are about similar to ours and which has adopted a policy of neutrality. Can it be that the United States are wrong in remaining neutral? Who could claim that they are? The principles of civilization and liberty are just as dear to the Americans as they are to us. One after the other, the countries of South America have taken the same course. Southern Ireland, a member of the commonwealth like Canada, but quite near the seat of warfare, remains neutral; why should we not, separated as we are by an ocean from the scene of the conflict? South Africa merely gives moral support.

Why should we not adopt a policy which would keep us out of conflicts, as in the case of Belgium, Holland, Sweden, Norway, Denmark, Switzerland, Finland, and so forth?

Let us compare the geographic situation of those countries with our own. We are far, far away, while they are quite near. All these countries with a democratic form of government treasure their governmental institutions just as much as any other nation, they love liberty just as much and are just as anxious to preserve it as any other country; yet, they remain neutral. Are they unfaithful to their duty in declaring their neutrality? Who would dare say so? They are protecting their liberty by remaining neutral. Being free countries, they simply act according to their interests like the nations which are waging war.

But the difference between them and ourselves is that they are not seeking instructions in London, they are governed by their own interests.

As a sovereign and free nation, were we to consider nothing but our own interests, our attitude in the present conflict should be determined independently from England's policy. And my stand on this matter is based on what the Prime Minister himself said in this house, May 24, 1938:

No two countries have the same neighbours, the same relationships; no two countries can have the same questions to deal with, the same policies for their solution. Argentina and Finland, China and Switzerland, have widely different preoccupations. . . .

And so, even in times of world disturbance, the policies of no two countries can be alike,

provided they are rooted in their own interests or the ideals in which their interests are sublimated and are not merely echoes of the policies of other countries.

Is that clear enough?

The interests of European nations are not the interests of American countries.

The interests of Poland in Europe are not the interests of Canada in America; neither are the interests of England in Europe similar to the interests of Canada in America.

And all the more reason why we should declare ourselves neutral when democratic countries in Europe are doing so.

Now is the time to put into practice the words of Lord Tweedsmuir: "A Canadian owes his first loyalty to Canada."

Our friendly feelings towards Britain, France and Poland are one thing, the realities of life are another.

Our duty is to protect Canada against the consequences of participation in a European war.

Who could claim that Canada would not be risking greater harm to her children, to her worldly possessions, by taking part in the war than by keeping out of the conflict just as the United States and others are doing? Let us recall the words which the Prime Minister uttered on May 24, 1938:

. . . We should find no cause for fear in our isolation, if we consider ourselves alone.

Instead of going off to fight for the security of Poland's vulnerable and distant frontiers, let us adopt, in common with other countries, a policy of neutrality.

Let it be a friendly neutrality toward Great Britain, France and Poland, supplying them with the necessary food products they require and the basic materials essential for their economic activities.

During the great war, the Allies obtained from the rest of the world their needed requirements in war material and food supplies; trade statistics are there to show it.

Even the Reich could not have carried on until 1918 without Scandinavian ores.

Let us therefore declare neutrality. Our geographical position warrants it; our economic conditions make it imperative and our own interest makes it a duty. I take for granted that when the Prime Minister stated that parliament would decide, he had in mind a free parliament, for it would otherwise not be the expression of the will of parliament and there would be no reason to consult it. That would no longer be democracy but dictatorship, and it is against dictatorship that we are asked to fight.

Now I appeal to this free parliament, according to the wish expressed by the Prime

Minister, and before Canada's participation has been decided, I ask every member of this house to consider the case of the Canadian born in Canada or settled here permanently,—the Canadian of Canada, the true Canadian, the 100 per cent Canadian,—proud of his freedom and independence, who has been taught to love the Canadian soil, to whom political leaders in Canada and England have said on numerous occasions. "With the statute of Westminster, Canada is now a sovereign, free and independent state," and who says to himself: I never refused to defend my country and I am always ready to defend it. My forefathers have even fought to keep it for the British crown in 1775 and 1812. In 1914, I was asked to go to Europe in order to fight for the triumph of democracy. I went and I sent my sons who died on the battlefield or came back crippled; I have been ruined myself, and what was the result? Dictatorship has replaced democracy in most countries—almost the only countries that retained democracy are those that had been neutral; there was frantic scheming to share in the spoils; my country got nothing. At the League of Nations, where every country is supposed to work for peace, I read somewhere—and I am quoting just one instance—that the French delegate Dumont insisted strongly on the advisability of recognizing submarines as legitimate means of defence—and that delegate had a large interest in the building of submarines. I learned that my sons were killed at the front with shells manufactured by countries at whose side I was fighting. I noticed that England was instrumental in Germany's recovery. I learned that the financiers of London were interested in German armament factories, while financiers of Berlin were interested in munition plants controlled in England. I learned that, not later than last month, while rushing to conclude alliances in order to put a check on Germany, England and France were selling war material to Germany.

And now a new war breaks out in Europe, far, far away from us, at a time when I am still crushed under the burden of taxation to pay for the last war; and, as in 1914, I am told that I must participate in it because one must defend democracy and liberty, while I notice that my neighbours, the United States, an American and democratic country like mine, and all the other countries of America, as well as Ireland, a member of the British commonwealth, and all the democratic countries of Europe like Holland, Denmark, Sweden, Norway, Switzerland, Belgium and others, remain neutral.

[Mr. Raymond.]

Is there any reason why I should go to war or send my sons to be killed, perhaps by shells manufactured in England or in France or by other war material supplied by these two countries—why I should ruin myself? And when I recall that the Prime Minister told me, in 1935, that a war in these remote countries did not interest him, or again in 1938 "that we had neither the power nor the competence to regulate the destiny of countries situated thousands of miles away from our own";—that the Minister of Justice told me, not later than December 12 last, in Quebec: "Instead of waging war in a foreign land, we shall remain here and defend our beloved Canada."

Well, as a one hundred per cent Canadian, I understand these words, I understand this state of mind, and I appeal to every true Canadian—is there a single person who could blame this Canadian for saying: "I shall take no part in this conflict, I refuse to fight on behalf of foreign interests, I refuse to ruin myself for the sake of others, and instead of going to war in a foreign land, I shall remain here to defend the country I love."

I appeal to every true Canadian in this house to understand these feelings, and to consider well, before thrusting upon us any participation in an external war, the future of this country and of confederation.

Right Hon. ERNEST LAPOINTE (Minister of Justice): Mr. Speaker, I will ask the hon. member for Beauharnois-Laprairie (Mr. Raymond) to forgive me if in following him I use the English language, with my usual difficulty. I do so because most of my remarks are addressed rather to the English-speaking majority in the house, and I think perhaps it is best that I should be understood by them; I know my hon. friend will understand me.

These are indeed grave and solemn circumstances, and no member can rise in his place to take part in this debate without feeling a deep sense of responsibility. The hon. member for Winnipeg North Centre (Mr. Woodsworth) last night, at the conclusion of his remarks, which he had made with his usual freedom of expression, thanked Providence that he could speak and have freedom to express his opinions in the Canadian parliament, under British institutions, knowing that he could not do so in other places. I believe the hon. member for Beauharnois-Laprairie may have the same feeling. But I would ask the hon. member for Winnipeg North Centre and the hon. member for Beauharnois-Laprairie whether it is not worth while for us to preserve those very institutions and that freedom of expression which we enjoy

in the Canadian parliament. This session and this debate show conclusively that there are things which are worth preserving.

The hon. member for Lethbridge (Mr. Blackmore), in the course of his remarks last night, said that democracy, unfortunately, does not work. Well, here we have the working of democracy—that the hon. member for Winnipeg North Centre could make the speech which he made last night.

Mr. MANION: Without being shot.

Mr. LAPOINTE (Quebec East): Mr. Speaker, from the numerous documents which have been circulated and laid on the table there is one missing to which I desire to call the attention of the house, and it is an important one. I refer to the message which His Majesty the King broadcast last Sunday, the third of September. With the permission of the house I should like to put on *Hansard* two or three sentences only of his majesty's message over the radio. His majesty said:

In this grave hour, perhaps the most fateful in our history, I send to every household of my peoples, both at home and overseas, this message, spoken with the same depth of feeling for each one of you as if I were able to cross your threshold and speak to you myself.

And further, speaking of the principle of the use of force and might against right:

Such a principle, stripped of all disguise, is surely the mere primitive doctrine that might is right. If this principle were established throughout the world, the freedom of our own country and of the whole British commonwealth of nations would be in danger.

But far more than this, the peoples of the world would be kept in the bondage of fear, and all hopes of settled peace and security, of justice and liberty, among nations, would be ended.

This is the ultimate issue which confronts us. For the sake of all that we ourselves hold dear, and of the world order and peace, it is unthinkable that we should refuse to meet the challenge.

It is to this high purpose that I now call my people at home and my peoples across the seas who will make our cause their own.

Our king, Mr. Speaker, is at war, and this parliament is sitting to decide whether we shall make his cause our own.

I well remember the circumstances under which this house met in 1914. The conditions were similar. Of course, that was a long time ago, and very few members are present in this house to-day who were here on that occasion. My good friend and colleague the Minister of Public Works (Mr. Cardin), my hon. friend the member for Kootenay East (Mr. Stevens) and I are the only three left of the parliament of 1914. There was unanimity in the parliament of 1914—unanimity in favour of the decision which the govern-

ment of that day had taken—and there were only two speeches on the address, that of the Prime Minister, Sir Robert Borden, and that of my beloved leader, Sir Wilfrid Laurier.

In a newspaper a few days ago I saw this question: "How many Paul Emil Lamarches will be in the present parliament when the question is raised?" Well, my late friend Paul Emil Lamarche was one of the best men I have ever met. He was a nationalist member, elected in 1911, and opposed to all participation in wars overseas. He was here and he gave his support to the policy of the government of that day, and if all the members to whom this newspaper was addressing itself do as Paul Emil Lamarche did, they will vote for the policy of the present government. And we cooperated afterwards.

To those who criticize me to-day and who claim that I have changed my views, let me say that I am quite willing to show them the text of the speeches which I made on many occasions during the war. The change came on the conscription issue, which unfortunately was projected into the field at the time and which has sown the seeds of discord of which even to-day we are reaping the bitter fruit. When the war was over I made myself a propagandist of peace. I have always been a strong supporter of the League of Nations and have advocated its principles in my province and elsewhere. I have told my fellow countrymen persistently that it would be useless to think there might be a grave conflict into which we would not be drawn, and that the only way for us to escape war was to work and try to prevent it. Unfortunately, however, not many of those who clamour to-day were then helping to advance the cause of peace; rather, they were ridiculing the League of Nations and similar institutions.

I hate war with all my heart and conscience, but devotion to peace does not mean ignorance or blindness. The Prime Minister (Mr. Mackenzie King) hates war and has devoted much of his time and energy to promoting the instruments of peace. Indeed, until the very last moment, when clouds hung heavily over the world, he was sending messages beseeching the dictators and the president of Poland to try to find means of avoiding this tremendous catastrophe. England has worked for peace. I know it; I have attended many of the conferences since the end of the great war, both in Geneva and in London. It is a base calumny to say that England is responsible for anything that has led to the present conflict. France has worked continuously for peace, and it is a slander to say that France is responsible in any way for the conflict. These

nations have gone so far in their efforts to preserve peace that they have been the subject of strong and bitter criticism on the part of many people in their respective countries because of what was called, with derision, the "appeasement" policy. As regards Munich, I am not so sure that the hon. member for Winnipeg North Centre (Mr. Woodsworth) did not last year blame the powers who were responsible for the peace at Munich. Last night he seemed to criticize the democratic powers for having allowed the dictators to invade and take possession of other countries. But surely if Canada, allied with Britain or France, had then gone to the rescue of these victims, and if my hon. friend entertained then the same principles and the same views that he expressed last night, he would have opposed the government of Canada for taking such a step.

Every speech that has been made has shown that this will be a gigantic conflict—the British empire, the dominions and France against Nazi Germany, and Bolshevik Russia, who looms up on the horizon. I will not repeat what the Prime Minister, the Leader of the Opposition (Mr. Manion) and the other speakers have said regarding the character of the conflict and the principles and ideals which underlie it. I share largely the views and opinions of my friend the hon. member for Selkirk (Mr. Thorson). I know what a great friend of peace he is. Like him, I deeply regret being compelled to follow this course, but in my soul and conscience I cannot take any other.

Will you allow me, sir, to reply to a certain campaign which is being carried on in my own province by certain people? My arguments last session—and I am happy that the occasion was given to me before this conflict came to express my views on the matter—my arguments last session as to the insurmountable difficulties in the way of Canada being neutral from a real and practical point of view, and the almost insurmountable difficulties from a legal point of view, still stand. Nobody in my province—I call attention to that; newspapermen, members of parliament or others—has answered them, has tried to answer them. Even my good friend the hon. member for Beauharnois-Laprairie, who spoke to-day for neutrality, has never said a word to show that it was possible for Canada to be neutral.

A week or so ago I went to take part in the Canadian Bar Association convention in the city of Quebec. A committee of that association had the same day considered the proposed bill of the hon. member for St. Lawrence-St. George (Mr. Cahan) to do away with appeals to the privy council, and the decision was that they were opposed to doing away with such

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appeals. In conversation with a leading member of the bar and of the association from the province of Quebec I was told by him that he might share my views and those of the hon. member for St. Lawrence-St. George, but that the lawyers of the province of Quebec were trusting more in the lords of the privy council for their judicial decisions than in the majority of the Supreme Court of Canada, coming from the other provinces. Well, if some of our leading men who entertain these views now are for the neutrality of Canada, they still desire that judicial decisions affecting Canada shall be given by the judges in England.

Under our constitution, even after the statute of Westminster—for it was left there because Canada wanted it to be left—we cannot amend the constitution of the Dominion of Canada in any way without applying to the parliament at Westminster. How then can anybody say that we have no interest, that there is no link there, when the powers of legislating which we have we derive from the parliament at Westminster? It is our own will—I am not saying mine, but the will of the majority—that it should be so, and it is still so. How can we say that we have no bond with the parliament which gives us our power to legislate as it exists to-day?

I gave last session, and I will not repeat them to-day, some of the reasons why it is impossible, practically, for Canada to be neutral in a big war in which England is engaged. We have a common national status; a British subject in Canada is a British subject in London or anywhere in the commonwealth, and a British subject in England is a British subject in Canada. We are using the diplomatic and consular functions of Great Britain throughout the world. Some of the most important sections of our criminal code are predicated on the absence of neutrality in the relations between Canada and Great Britain. The Foreign Enlistment Act, which we enacted only a year or so ago, indicates that Canada cannot be neutral, at least without repealing that legislation. I wish those who express great sentiments and views would answer me once on these matters; I should like it. Our shipping legislation is predicated on our alliance with Great Britain and our relations with her. If we had neutrality all Canadian ports would be closed to all armed vessels of Britain, and in time of war merchant ships have to arm themselves in order to travel over the ocean. As I said last year, the citizens of my city of Quebec would have to prevent the *Empress of Britain* from coming to Quebec harbour during a war, because she would have guns to protect her when travelling on the ocean. We would have to prevent enlistment

on Canadian soil for the army or navy of Britain. Still some of the agitators who spoke at meetings last week said: "Let Britain come and enlist people; we have no objection; they will go and be paid by England." But this could not be done. If they do not know it, will they please learn it from me to-day? We would have to protect our neutrality against British vessels; Canadians would have to fight British vessels, if they wanted to be neutral during a war. We would have to intern British sailors who came to take refuge in any of Canada's ports. Does any hon. member believe that Canadians would permit British sailors to be interned anywhere in this country?

We have contracts and agreements with Britain for the use of the dry docks at Halifax and Esquimalt; we are bound by contracts. That is not neutrality. Of course we could change that; we could cancel and break all those contracts and engagements, but does my hon. friend think that the majority of Canadians would stand for it at this time?

I have given the definition of neutrality, the recognized definition, which is that of Oppenheim, the authority on international law:

Neutrality may be defined as the attitude of impartiality adopted by a third state towards belligerents and recognized by belligerents, such attitude creating rights and duties between the impartial state and the belligerents.

Could such an attitude of impartiality be possible in Canada during a war, having regard to the present international situation? Could Canadians in one section of the country compel other Canadians in other sections to remain neutral and to enforce such neutrality even against their own king, if that should be necessary? Well, some people talk of mitigated neutrality; two respectable newspapers, whose views on this question are not exactly my own, have used that expression. Last year, following the discussion on foreign affairs in this parliament, I received a letter from a lawyer in Montreal, mind you, telling me, "You are absolutely wrong. We do not speak of neutrality as it is under international law; we are speaking of ordinary neutrality." Well, Mr. Speaker, as a constitutional student—as I think I am—as a public man and as Minister of Justice of Canada I state, with all my responsibility, that there is no such thing as mitigated or partial neutrality. A country is neutral, with all that neutrality implies in the way of rights and duties towards belligerents and other neutrals, or she is a belligerent with all that belligerency implies in the way of rights and duties towards other belligerents and neutral countries. Respectable newspapers have said that we should have a mitigated neutrality, most favourable to Eng-

land; I am not speaking of the unspeakable sheets which cast vituperation, insults and slanders on Canadian public men and on England and France. One respectable newspaper used the words, "neutrality sympathetic to England and Poland." Of course there again there is no such thing. I will add that, like faith, sympathy without works is a dead sympathy.

I will go further; neutrality on the part of Canada at this time could not be other than a move favourable to the enemies of England and France. With the possible exception of the Soviet union we have perhaps the greatest store and widest range of raw materials necessary for the carrying on of a war. This war, more particularly in its initial stages, will be largely in the air. Planes will do their utmost to destroy the industries and aviation centres of the enemy. Industry may become so crippled in the countries at war that replacements will become slow and difficult; and do not forget that Russia seems disposed to place her resources at the disposal of Germany. Britain and France will need our resources as a matter of life or death; and, sir, any such so-called favourable neutrality would be directly to the disadvantage of Britain and France. I say to every member of this house and to every citizen of Canada that by doing nothing, by being neutral, we actually would be taking the side of Adolf Hitler.

Some say we are not interested. People were saying that last Sunday, at the very moment an enemy submarine was torpedoing the liner *Athenia*, which was carrying over five hundred Canadian passengers who might have lost their lives. We are not interested! We are interested in the outcome of this war in every way, not only because of the possibility mentioned by my hon. friend yesterday. Canada is the finest land that could become the prey of any enemy at the end of a war. But what about the West Indies, Newfoundland and all the other British possessions which, in the event of the defeat of Britain would come under German nazi rule? Would it be in the interests of Canada to have such neighbours in such close proximity?

Much has been said about an expeditionary force. Let me say first that I agree with what the Prime Minister said yesterday. Applications are pouring in—and they are coming from Quebec also—from people who want to enlist. Far from urging people to do so, we have so far taken the position that it is better to act in an orderly way, to avoid confusion and consult with those whom we want to help. But if the need comes, does any member of the house think any Canadian government, whether this or any other, could stop the

thousands of volunteers who would like to fight for Britain and France? Does my hon. friend from Beauharnois-Laprairie believe that a government, even if he were a member of it, could resist the pressure from all parts of Canada for an expeditionary force? Unfortunately, or according to my own view, fortunately, this country has to be ruled by one government, and no government could stay in office if it refused to do what the large majority of Canadians wanted it to do.

But another proposal has been made in some newspapers and at meetings which have been held during the last few days, and I am almost ashamed to refer to it. Some say, "Let volunteers go if they wish but let England pay for them, or let those who take the initiative in organizing regiments pay the cost." They say, "Go, but let England bear the cost, or pay it yourselves." Well, Mr. Speaker, this is a shameless, dishonourable proposal. They say, "You may give your life; you may shed your blood, but your country refuses to pay the expense incidental to your sacrifice." I am too proud, too conscious of Canadian dignity, to discuss such a proposal. I am surprised that any man of whom it may be said, in the words of our national song, "Il est né d'une race fière," could entertain this disgraceful suggestion. In the middle ages European countries were hiring mercenaries throughout the world to fight their battles. Canadians will never be mercenaries paid by any country—not even by Britain. If Canadians go to the front line of the battle they will go voluntarily as Canadians, under the control of Canada, commanded by Canadians and maintained by the Dominion of Canada.

A word now on a subject which has been discussed by many hon. members—tolerance, toleration, moderation—its supreme necessity. Not only in a time of war—and I think the hon. member for Rosetown-Biggan (Mr. Coldwell) alluded to this point this afternoon—but afterwards, we are going to live together. Sons of one country, brothers in one family, for the future of Canada as for the successful prosecution of the war is it not imperative that no section of Canada, no race, no creed, should inflict upon the other sections, the other races or the other creeds incurable wounds which might destroy our country forever?

Now I come to a rather delicate subject. But I will say what I have to say in the same frank manner as that in which so far I have said what I have had to say. And I may tell the hon. member for Lethbridge (Mr. Blackmore) and other members of his party that I should not like to say anything which they might in any way consider personally

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offensive. But, sir, I believe that at this time there are two extreme sides of opinion which we should avoid and which would make for the disunity of Canada at a time when we need the very opposite. First, there are those who close their eyes to stern realities and say that Canada can and should remain neutral. In doing so they use, towards England, towards the empire and towards France, a language which I should like to see a little more moderate, a language which I submit is not calculated to promote unity in Canada. They say—and the hon. member who preceded me said it—"for the sake of unity let us be neutral." I am telling the hon. member where I differ from him. I know, and I believe he should know, that for the sake of unity we cannot be neutral in Canada.

The other school consists of those who also close their eyes to realities and are promoting courses which would disunite Canada—because such measures will never be accepted or enforced by and in a most important section of the country. The whole province of Quebec—and I speak with all the responsibility and all the solemnity I can give to my words—will never agree to accept compulsory service or conscription outside Canada. I will go farther than that: When I say the whole province of Quebec I mean that I personally agree with them. I am authorized by my colleagues in the cabinet from the province of Quebec—the veteran leader of the senate, my good friend and colleague, the Minister of Public Works (Mr. Cardin), my friend and fellow townsman and colleague, the Minister of Pensions and National Health (Mr. Power)—to say that we will never agree to conscription and will never be members or supporters of a government that will try to enforce it. Is that clear enough?

I ask you, Mr. Speaker, is it not worth while to the Canadian nation, when the nation is at war, to preserve unity on the side on which Canada will be—this unity which is represented by the province of Quebec in the government—behind the measures being taken to help our mother country and France?

May I add that if my hon. friends and myself from Quebec were forced to leave the government I question whether anyone would be able to take our place. If my hon. friends in the far corner of the house opposite: if the *Ottawa Citizen*, which just now is waging a campaign for conscription, think they are serving Canada by splitting it at the very outset of the war, then I say they are gravely and seriously wrong.

Provided these points are understood, we are willing to offer our services without limitation and to devote our best efforts for the

success of the cause we all have at heart. And those in Quebec who say that we will have conscription, in spite of what some of us are saying, are doing the work of disunity, the work of the foe, the work of the enemy. They weaken by their conduct and their words the authority of those who represent them in the government. So far as the insults and abuses of agitators are concerned—I disdain them! They will not deter me from the path of duty, as God gives me light to see it. I will protect them against themselves. I believe the majority in my province trust me; I have never deceived them, and I will not deceive them now. I have been told that my present stand means my political death. Well, at least it would not be a dishonourable end, and I am ready to make sacrifices for the sake of being right. But let me assure you, Mr. Speaker, that if only I can keep my physical strength, fall I shall not; and my friends shall not fall, either.

We have heard about a plebiscite. I must congratulate the hon. member for Beauharnois-Laprairie upon the fact that at least he did not speak of a separate plebiscite, a plebiscite by provinces. They know that in the other provinces the majority would be one way, and they have wanted to have a plebiscite for only the province of Quebec, separated from the others, in which the opposite decision might be given. In other words, we would have a Balkanized Canada, a plebiscite by provinces. A plebiscite in connection with a declaration of war—well, of course it is not done, and never has been done.

I am pleased that my hon. friend has mentioned the words which the Prime Minister uttered at Quebec in September, 1935. This argument has been used at many of the meetings that have been held, and it is a most deceptive statement to make. I know my hon. friend did not do it purposely. I have before me the report which appeared in the English and Canadian Press of what was said by the Prime Minister. It must be remembered that this statement was made during an election when there was no parliament. He said:

Canada must not be committed to war in the interval before the installation of a new parliament without an expression of popular will in a plebiscite.

If you will read the whole speech you will see that the comments which have been made with regard to it are not deserved. My hon. friend has said that the present policy of the government shows that he was right in oppos-

ing the votes for military expenditures which have been introduced in this house. May I tell him that every one of those items which were voted in previous years were for the defence of Canada, and that is still so. If there should be an expeditionary force it will have to be equipped and paid for with other money, because these other votes are for the defence of Canada.

I desire to conclude my remarks by referring to what was said by our gracious queen at Halifax when she was leaving Canada to return to the homeland. Her words in French went to the heart of every man, woman and child in my province. She said, "Que Dieu bénisse le Canada." God bless Canada. Yes, God bless Canada. God save Canada. God save Canada's honour, Canada's soul, Canada's dignity, Canada's conscience.

God give Canadians the light which will indicate to them where their duty lies in this hour of trial so that our children and our children's children may inherit a land where freedom and peace shall prevail, where our social, political and religious institutions may be secure and from which the tyrannical doctrines of nazism and communism are forever banished. Yes, God bless Canada. God bless our queen. God bless our king.

Mr. J. C. LANDERYOU (Calgary East): Mr. Speaker, I am sorry that the right hon. gentleman who has just taken his seat (Mr. Lapointe) has seen fit to declare that the group of which I am a member has attempted to cause a split in Canada at the time. I think after reading the statement made by the hon. member for Lethbridge (Mr. Blackmore) he will agree that we have not in any way attempted to cause any split or undue concern to the government by any statements that we have made. We have declared for equality of service and sacrifice, which means conscription of finance, industry and man power. We as a party stand united for national service for complete efficiency. Everything must be organized and directed toward the quick and unquestionable defeat of the dictator of Europe. Pacifism will not defeat nazism. Britons never will be slaves. That is why we demand the defeat of Hitler.

He was not satisfied with the enslavement of his own people and the destruction of democracy in his own country. He embarked upon a war of aggression to destroy democracy in the other free nations of the world. He has challenged the British empire, and that is why we have urged upon the government the necessity of universal conscription of finance, industry and man power. This alone will ensure equality of service and sacrifice, which

in turn ensures the maximum effectiveness of Canada. I greatly deplore the fact that the government has tied its hands in respect to conscription. In our opinion the position of the government is based solely upon political expediency. The cooperation of the Conservative party in this matter will unquestionably cause them to bear their share of the ultimate condemnation.

We take the position that the government should declare war upon Germany as soon as it is expedient. We have refrained from moving any amendment or taking any action which might cause any delay in this matter. We have offered our cooperation and our recommendations to the government. We are satisfied that our position has been clearly stated to the people of Canada.

At six o'clock the house took recess.

### After Recess

The house resumed at eight o'clock.

Mr. LIGUORI LACOMBE (Laval-Two Mountains) (Translation): Mr. Speaker, I followed with profound interest the speech delivered to-day by the right hon. the Minister of Justice (Mr. Lapointe). However, I regret to have still to differ in opinion with him. If Canada's neutrality has to be sacrificed for the sake of national unity, I assert that it is too high a price to pay for a community of ideas the maintenance of which would lead our country to irreparable disaster and ruin.

Taking up the expression used by the Minister of Justice I say: God save Canada! God bless Canada! But may He preserve it from the forces of anarchy which are leading peoples to destruction, to carnage and to war! God protect our country and ensure its survival on this land of America, the only territory which is really ours and truly Canadian.

The speech from the throne, drafted in rather vague terms, does not specify the bills which the government intends to lay before parliament. However, it informs the members of the House of Commons and the hon. members of the Senate that they have been summoned at the earliest moment in order that the government may seek authority for the measures necessary for the defence of Canada, and for cooperation in the determined effort which is being made to resist further aggression, and to prevent the appeal to force instead of to pacific means in the settlement of international disputes.

It is clear that the words "further aggression" have reference to Europe, inasmuch as Canada has not been and is not being attacked. It is likewise clear that "cooperation in the

[Mr. Landeryou.]

determined effort which is being made to resist further aggression" is cooperation directed against the aggression of which Europe and not Canada is now the theatre. And the speech from the throne, though couched in veiled terms, foreshadows intervention in international disputes, since it is sought to prevent the appeal to force in their settlement. The speech says further:

Proposals for further effective action by Canada will be laid before you.

What must be inferred from all that? If words still have a meaning, the government is asking parliament to participate in the present European war. Besides, addressing parliament yesterday, the Prime Minister made up for the reticence of the speech from the throne by stating that Canada must stand shoulder to shoulder with England in the horrible catastrophe which has just befallen Europe.

The leader of the opposition (Mr. Manion) has offered his entire cooperation to the Prime Minister. Like the Prime Minister, he laid stress on the effective cooperation which, in his opinion, Canada should give to England in the present conflict. But this effort, the Prime Minister asserted, will be only voluntary. Thus it is that both leaders stand ready calmly to lead Canada towards the path of war and ruin. Does anyone really believe that our contribution will be limited to voluntary enlistment? Should the war be a long one, we shall inevitably have conscription. We do not want any participation whatever, even voluntary, in a war in which we have no interest and about which the Canadian people have not been consulted. We should reject all participation if we do not want to wake to-morrow to find conscription in force. It is inconceivable that certain members of this house, among others the hon. member for Lethbridge (Mr. Blackmore) should wish to see conscription established. Have they reflected upon the injustice, the antagonism and the ruin inherent in such a doctrine? Do they believe they can eradicate injustice by exalting injustice itself? Do they delude themselves to the point of thinking that the sons of Canada will accept conscription to satisfy the criminal appetites of war profiteers? I protest with all my might against allowing Canadians to go abroad to be mowed down by German machine guns which some of our industrialists have helped to manufacture with Canadian metal. The address will not be voted unanimously by the house, for I absolutely refuse to vote for it in its present form.

I find on page 246 of Volume 1 of *Hansard* for 1937 the following statement made by the Prime Minister of Canada:

My hon. friend referred to the estimates. He stated some were claiming they were evidence of preparation for another European war. The hon. member asked: Are these estimates for that purpose? Are they for the defence of Canada, or what are they for? I am not going to anticipate what the Minister of Defence (Mr. Mackenzie) may have to say when the estimates of his department are before this house for discussion. But I do wish to say at once that, as far as the estimates presented to parliament at this session are concerned, any increase placed there has been only and solely because of what the government believe to be necessary for the defence of Canada, and for Canada alone. The estimates have not been framed with any thought of participation in European wars. They have not been framed as a result of any combined effort or consultation with the British authorities, beyond what would obviously be in the interests of all in the matter of gaining the benefit of expert opinion where expert opinion was obviously desirable. So far as policy is concerned, I wish to make it perfectly clear that no request of any kind has gone from the British government to our government with respect to a single item that appears in the estimates as they have been brought down. Whatever is there as a result of what this government feel is necessary in Canada to-day, Canada being part of the world as the world is to-day.

My hon. friend has referred to the United States and the detached position of that nation, and the determination of the United States not to become entangled in European or Asiatic affairs. What he said in that regard is perfectly true. But it must be obvious that at no previous time has the United States found it necessary to spend the amount of money it is spending to-day on purposes of defence. May I repeat that whatever has been done or is being proposed with respect to necessary increases and expenditure to bring Canada's defence to a more efficient standard than at present has been done with consideration for the needs of Canada and of Canada alone.

The prime minister was speaking at that time on a resolution introduced by the hon. member for Winnipeg North Centre (Mr. Woodsworth). That resolution dealt with the neutrality of Canada regardless of the belligerents, with war profiteers and with the means whereby causes of international conflicts and social injustice could be discovered and removed. On that 25th day of January, 1937, the leader of the Canadian government did claim that he was considering solely the defence of Canada and of Canada alone. Much was being said at that time about the increase in the militia estimates which, it was claimed, were solely for the protection of Canada. However, the government failed or forgot to amend the Militia Act and the Naval Service Act so as to make them consistent with the prerogatives, the autonomy and the privileges recognized and guaranteed

by the statute of Westminster. From that moment, it was no longer possible for me to agree with other hon. members of this house that the increase in the militia estimates was solely for the defence of Canada. What is now occurring and the policy which Canada has adopted are a complete justification of our stand, for we are witnessing to-day the change of our national defence into an imperial defence. Heretofore an autonomous and free nation, Canada is reverting to the colonial status. The code of our constitutional liberty enunciated and confirmed by the statute of Westminster is apparently relegated to the realm of fiction, or it may be that it was never anything but a hoax, whose imaginary benefits have been vaunted in parliament and on the hustings for more than a decade. Should it be so, I do not hesitate to say that the people of this country will not forget the devious and deceitful assertions of a host of public men about our participation in the last war and the compulsory military service act. The Canadian people would, on that score, be justified in taking severely to task those from whom they ought to have expected truth and enlightenment.

Since there are some who believe that Canada is no longer Canada and that the boundaries of our fatherland must be extended overseas, my mandate as member of the Canadian parliament, my lineage, my past, the survival of my fellow-citizens and of my country, the safeguard of our traditions, of our constitution and of our dearly bought prerogatives, make it imperative for me to resist with the utmost energy the sending of a single battalion and of a single Canadian soldier to the European continent or anywhere outside of Canada.

My parliamentary mandate, no more than the mandate of my colleagues in this house, has not been renewed since October 14th, 1935. Participation of Canada in external wars was not referred to the electors at the last general election. Public opinion, which is the very basis of democracy, has not expressed itself either for or against such participation and has not sanctioned it. That is why I claim that the paramount duty of the government is to request His Excellency the Governor General to dissolve parliament at once so as to give the Canadian people an opportunity of approving or rejecting any contribution, even on a voluntary basis, from Canada in extra-territorial wars.

Should I fail to maintain my attitude as I have clearly defined it so far, I would be untrue to myself, I would be betraying the people of my constituency and disowning all the principles which I embraced on my entry into

public life and which have never ceased to lead me towards an exclusively Canadian policy. My first vote was cast against any participation by Canada in war and against the odious conscription act, of which I was an unfortunate victim, along with the men of my own generation. Twenty two years will soon have elapsed since the day that I began the fight against the compulsory military service act which, unfortunately, was adopted after a desperate fight in which deceit and falsehood vied with the pathetic seriousness of the hour. In the fall of 1917, I put forth all my small ability and the ardour of my youth—God knows that one has plenty when one is twenty years old!—to ensure the triumph of a Canadian mentality and to contribute as far as possible to the safeguard of our young men who, soon after, were to be ostracized, pursued, tracked down and torn from their homes to be thrown into barracks by conscription. Even when hostilities had ceased, prison terms were imposed on young men whom the government had been unable to force into service. Shameful reprisals, unworthy of a power who boasted of having contributed to the triumph of liberty and civilization! However, like the youth of to-day, young men of twenty years ago were loyal to their king; but, likewise, they believed that they could best serve him in no other place than Canada, their only country.

It is for the sake of the survival of that country that I beseech the house to reject any participation in external wars. It is in the name of the terrible experience acquired during the last war that I ask parliament not to forget that another participation in external wars would complete the ruin of Canada. It is unnecessary for me to recall the whole story of our appalling experience in the last war. However it is my duty to remind the house that our unrestricted participation in the last world conflict has cost us and still costs us billions of dollars, while 60,000 of our fellow citizens were mowed down by gun fire on the European soil. Neither can I forget our national debt which, if we take into account provincial and municipal debts, amounts to \$950 per capita. In this fateful hour, it is in the public interest to note that our total debt is more than 8 billions and that it increases at the fearful pace of more than 250 millions a year. In the face of an economic situation such as to frighten even the least faint-hearted, who would dare to decree the suicide of the nation? Why should the ruin of Canada follow automatically that of Europe? But the financial disaster cannot be compared with the moral downfall and the horrible misfortune which would inevitably befall the people of the country, if the parliamentary

[Mr. Lacombe.]

majority was to decide, together with a financial contribution, the sending of an expeditionary force outside the Canadian territory. Canada is still bleeding too much from the wounds of the last war to be subjected to an even greater burden. I shudder at the thought that a catastrophe, worse in its devastation than the last conflict, is drawing us inevitably this time to the abyss. I urge the house to weigh the extent and the depth of the precipice while it is still time. We must not wait until to-morrow. Let us proclaim the neutrality of Canada while it is still time. The statute of Westminster has conferred upon us the power to legislate in regard to our foreign policy. Subsection 3 of that statute says:

It is hereby declared and enacted that the parliament of a dominion has full power to make laws having extra-territorial operation.

The complete and final sovereignty of Canada, her full and absolute abstention from participation in external wars, her neutrality must be proclaimed before the irreparable mistake of another adventure is made.

As soon as the government decided, during the session of 1937, to increase the defence estimates, I voiced my opposition to such an undertaking because the militia and defence act, as it now stands in the statute book of Canada, authorizes the expenditure of such moneys for participation in external wars. How many times have we not asked to have this measure amended? How many times have we not given assurance of our exclusively Canadian viewpoint, convinced that we were thus splendidly serving our country? And yet, the militia and defence act has not been amended one whit.

During the session of 1937, we submitted amendments calling for certain reductions in the military estimates, but we were enormously outvoted. Be that as it may, we are determined more than ever to awake and foster throughout this country a truly Canadian spirit. We have no other desire than to live in harmony with our countrymen, whatever may be their racial origin. Still, are we first of all concerned with the reorganization of our economic life so deeply affected by our participation in the last war. Our devotion to our only true national duty springs from a patriotic spirit that is exclusively Canadian. Against colonialism we shall always set the autonomy of Canada, against slavery, our freedom. To the underground influences which endeavour by every possible means to urge the nations on to slaughter and war, we shall continue to oppose a doctrine of economy, peace and sovereignty. We shall consider the present and future of Canada in the light of the new prerogatives granted and sanctioned by the treaty of

Westminster. We shall continue ceaselessly to proclaim that our leaders must devote all their energies to life-giving projects and not to death-dealing ones.

To give to our youth the employment that ennobles and enriches existence, must be the ideal of those who govern the destiny of this country. To do otherwise would be to place in jeopardy all national life, pride and unity. The Canadian people have only one fatherland to defend, and that is Canada. This country must survive the slaughter of war by refraining from all intervention in European conflicts and in the military undertakings of any nation whatsoever. Armed with a strong national spirit and with the calm and peaceful courage which fosters happiness and prosperity, Canada owes it to her glorious past, to her present and to her future to devote all her resources to the better management of the country, the advancement of her people and the exclusive defence of her territory.

I suggested to the Prime Minister, a few moments ago, that he advise the governor general to dissolve parliament with the object of holding a plebiscite. In such a plebiscite, every young man who is liable to be called to the colours, though he be not yet of age, should be given a right to cast his ballot. Indeed, have they not a prior right to decide what shall be the position taken by Canada in the present conflict who will be called upon to lay down their lives to atone for the irreparable mistake? They who feel secure against any calamity possess a lesser right than youth when it comes to demanding the supreme sacrifice. That is my reason, while maintaining an unshakable opposition to any participation by Canada in extraterritorial wars, for urging that the youth of my country be granted this measure of justice.

Just a closing word. They who will knowingly or unwittingly lead the country to ruin shall bear through the ages the appalling responsibility for having sacrificed once more the life blood of a nation which is in no way concerned with European quarrels. Future generations shall brand as they deserve such as shall have refused our disabled, bruised, and exhausted land, feeling yet the painful effects, even after more than twenty years, from its participation in the last war, a complete abstention from any further participation in foreign wars and the boon of neutrality.

In closing my remarks, Mr. Speaker, I have the honour to move, seconded by the

hon. member for Quebec-Montmorency (Mr. Lacroix):

That the following words be added to the address:

That this house regrets that the government did not deem it fitting to advise His Excellency the Governor General that Canada should refrain from participating in war outside of Canada.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I propose to occupy only a very few minutes of the time of the house. In fact I did not intend to take part in this debate, as I took part in the debate on this question on the motion to go into supply on March 21 last, when I predicted the very grave trouble and danger that the British Empire is in to-day. I do not wish to reply to the remarks of the hon. member (Mr. Lacombe) who has just spoken; he is entitled to his views. He is a university man; if I remember rightly, he entered the university about 1914 and came out in 1918. Representing a city which sent 60,000 people to the war, and in which there are 7,000 homes to which the soldiers did not come back, I can say to him in all kindness, that I owe a duty to those men who lie buried in France and Flanders. To my hon. friend who urges non-participation on behalf of the people of his province I say that in my view he does not represent all the people of his province. I say to him that the students of McGill, Queens, Toronto, Western and other Canadian universities enlisted almost as one man, with the result that the universities were almost closed for lack of regular students.

I would not have spoken in this debate but for the challenge that a vote of this house is necessary in this situation which confronts the world to-day, the greatest peril and danger that the world has ever known. No vote is necessary, because it is well known that when Britain is at war Canada is at war. That has always been the doctrine and policy of this country, but now we have to have a vote on the matter to please the fancy and imagination of our friends the new status people. Changing status is one of the causes of this trouble in this country. They wanted to have written down in black and white the constitution of our empire. What has been the result? We have seen the result in South Africa, in southern Ireland, and in this country. They now want to take a vote of this house before Canada declares war. In 1914 Sir Robert Borden decided the policy of the

country, that when Great Britain is at war Canada is at war; he voted immediate aid to Britain, and the people backed him up unanimously. To-day what have we? We have a situation in which to please the fancy and imagination of our new status friends there must first be a vote of the members of this house. I can say to them to-night, in substance and in fact, that the 1,340 passengers on the *Athenia* were not given a chance to vote for or against war; the dictators sent that ship to the bottom of the sea, and I say we owe a duty to those passengers to-night. I think instead of quoting Lowell and other authors it would have been far better if in his speech which lasted nearly four hours the Prime Minister (Mr. Mackenzie King) had quoted Mr. Chamberlain, who spoke for sixteen minutes, and our own king, who received such a glorious reception in this country who spoke for six minutes. One of the most remarkable things in Canada to-day is the tremendous popularity of the monarchy and the decline in popularity of the House of Commons. Why? Because we sit here in a grave emergency like this considering not the substance but the form, which I say is absolutely unnecessary. We all know we are at war.

This new status of ours, as I have said, is in part responsible for the situation that exists in the world to-day. As a former premier of France said, you never know what to expect from the British empire; it has so many units; they are so far apart and they all claim equal status, so it is pretty hard to deal with them and get a finality or unity. That is so, and that is one of the causes of the present situation. I think in all the churches of the land we should offer thanks to-morrow to those two glorious countries, France and England. Eventually in France eight million men will be under arms, and in that country many of our young men sleep their last sleep. We should all offer up prayers to-morrow in all the churches; as the psalmist says, "If the foundations be destroyed, what can the righteous do?" We should offer our thanks in all Canada to Britain and France for our salvation, safety and security.

I believe all the freedom we have in Canada to-day, the freedom in the pulpit, in the press, in the legislatures, and in the universities, we owe to the mother country, and but for the protection of the British and French fleets our churches would not be opening to-morrow. I have heard enough of this talk of non-participation in war. The first people to be attacked will be the people of the maritimes, Quebec, and British Columbia. If it were not for God's greatest secular gift to

[Mr. Church.]

humanity, the British and French fleets, every house and every store in every city from coast to coast in this country as well as all the cities on the Atlantic seaboard in the United States would be blackened out to-night.

In a time such as this the press has a duty to perform, and I believe the press has measured up to that duty splendidly. I am afraid I cannot say the same of the radio, which should be under censorship to help maintain the morale of the people. I wish to offer only constructive suggestions at this time, because this is a time of war and in such a time it is the duty of the opposition to support the government as much as possible, to accord the maximum of support with the minimum of criticism. That is what we, as an opposition, are here for to-day. I believe the people should have been given the facts. So long as hon. gentlemen opposite constitute the government of the day, the responsibility is upon them to decide on the policy to be followed by this country, but I believe it would have been far better if during the past nine months the Prime Minister and the Department of External Affairs had given the people of Canada all the facts. The lack of appreciation of the militia that exists to-day and the apathy the public has shown are due in part to the fact that the people have not been given all the information and the facts to which I believe they are entitled. In my opinion the people to blame for the tragedy of to-day are the pacifists, the peace societies and the league. They led Britain to scrap the finest army, air force and navy the world ever saw, and you cannot get it back in a day or generation. Do hon. members forget that Germany nearly defeated the whole world in the last war? She opposed the whole civilized world for four and a half years and would have won but for the fact that we had those efficient forces. So I say that instead of a motion of this kind we should pass a resolution of appreciation to the people of Great Britain and France for fighting for our security, for protecting our shores with those magnificent forces.

In my opinion one of the greatest errors the government has made has been to underestimate the great patriotism of the people of this country. We talk about man power. Why, Great Britain will have only 600,000 men at the end of the next three years, so I say it is very important that voluntary recruiting at once should be encouraged in all our cities and towns on a wide scale, and that proper equipment, pay and active aid should be provided. We should also have taken some action with regard to foodstuffs. I have asked the

Minister of Agriculture (Mr. Gardiner) several times within the last two years to consider the establishment of food reservoirs in Great Britain where our grain and other foodstuffs could have been stored, but nothing has been done. So far as munitions are concerned, it will take over a year before anything very much can be done; it takes that long and more to get trained men for defence, and untrained men are only a wastage, so we should co-ordinate and cooperate with Britain.

There will be a further discussion on this subject, I believe, so I need not take very much more of the time of the house. I am surprised, however, that no steps have been taken by the government in the way of a general survey of all skilled labour and man power in order to throw light on the adequacy or inadequacy of Canada's resources and to plan in advance the proper allocation of our man power between the ages of eighteen and sixty-five. A national register of this kind could be controlled by a national board through forms prepared by the board and mailed free to the census bureau or the bureau of statistics, and should include the number of men available for the necessary production of equipment and munitions. It should also provide for a proper allocation of classified personnel for defence and community purposes in general, and should seek the cooperation of industry, the trade unions, the provinces and the municipalities.

I believe that if the people of this country are awakened to the gravity and danger they will rise to the task. To my hon. friends from Quebec I say that after all is said and done there is no such thing as the defence of Canada. Our first line of defence is Great Britain and France, and if they fail it is good-bye to Canada and its defences and good-bye to all the defences we think we have in Canada, and it will be all over. We have only a small army, air force and navy. Upon whom would the people of the gulf of St Lawrence depend for defence if it were not for the British navy? Not on our small fleet. Remember the submarine menace of the last war; of every four ships that went out one did not come back. I recall well this menace many times here. The situation is more acute now. So I say Canada's first line of defence is Great Britain and France. If they fail, the whole world will go into outer darkness, and that goes for Canada too. If Britain fails, it will be all over.

In conclusion I wish to challenge the motion changing our policy, creating the precedent that in time of war a resolution of this house is necessary. Parliament might better have

taken steps to prepare Canada by security and defences during the last two years, but in my opinion nothing much was done.

Mr. WILFRID LACROIX (Quebec-Montmorency) (Translation): Mr. Speaker, I have carefully listened to the following statement made yesterday by the right hon. the Prime Minister (Mr. Mackenzie King):

The information we have obtained indicates that the most immediate and effective further means of cooperation would be a rapid expansion of air training, and of air and naval facilities, and the despatch of trained air personnel. These measures we propose to institute immediately.

If my understanding is correct, Mr. Speaker, this means that the government intends to participate by first sending air forces overseas and later, in conformity with the declaration made this afternoon by the right hon. the Minister of Justice (Mr. Lapointe)—probably much later—to send a voluntary expeditionary force.

Last year, I made a statement before the house which was contained in an editorial of the only liberal newspaper in Quebec city, *le Soleil*. *Le Soleil*, which is a fairly well known publicity medium in the province of Quebec, is taken, I believe, to at least reflect the views and thought of the liberals in the province. And what did that editorial state? I make the statement my own, not changing a line, a sentence, even a comma. The article, which appeared on March 31, 1939, was headed: "No conscription, but..." This is what it said:

Undoubtedly, should Britain call her sons to her aid, we shall see a legion of young Canadians rushing to answer the call of the mother country. In smaller numbers, Canadians of French or foreign descent shall follow their example, with sentiments toward Great Britain the strength of which shall be all the greater for the respect shown by British policy for the right of their respective native lands to freely determine their own destiny. To leave these voluntary recruits be absorbed into the imperial forces would be to follow the dictates of wisdom. Otherwise, should our national government raise Canadian contingents on its own, they would then assume a triple heavy responsibility: in the first place, that of acting in such a manner as to invite violent reprisals against Canada; in the second place, that of involving the credit of the country in a disastrous venture; and in the third place, that of accepting the consequences, logical or sentimental, which attach to such participation in a foreign war.

If we stop to analyse these three reasons, and if we look into them in the light of the policy which was set forth in the house this afternoon, we have a right to consider, as Canadians, what shall be the consequences attending upon the action we take when deciding to participate in a foreign war, arising from any cause whatsoever.

As a consequence of the last war our debt now stands at four billion dollars. Should the present war last for any length of time, I may state without fear of exaggeration that it may reach 10 or 12 billion dollars in consequence of taking such a part in foreign wars.

As the Prime Minister stated himself, we must first mobilize our industries, we must first mobilize our national economy. This means, in plain words, that Canadian industry shall take care of all the unemployed in the country, that these shall be absorbed to the last man. And we have the right, I believe, before taking such an important step, to consider the problems with which we shall be faced, once the war is ended, as the result of this industrial and commercial mobilization of our country. When, on the morrow of victory, all those who will have had highly remunerated employment in our industries during the war shall be dismissed, together with those who, in one way or another have benefited by the war, in addition to all those who shall have been under arms during this period, we shall have on our hands an army of unemployed, an army of men suddenly become destitute and having to cope just as suddenly with new problems. And in what position shall we be, Mr. Speaker, to solve these problems? I say and I repeat that our country will be bankrupt. We shall have nothing on our hands but a bankrupt country whose financial resources will have been drained by participation, and it is this drainage which will prevent us, once the hostilities have ceased, from being able, by means of unemployment allowances, to take care of our destitute people, and, what is more, from being able to discharge the obligations which we shall have assumed toward the great war veterans, their widows and their children.

Mr. Speaker, I believe that, in connection with the problem which the house is now discussing, we must also consider the post-war problems, and, among them, none is more important than the industrial, commercial and military demobilization. I am satisfied that those who actively seek to force participation upon us are not inspired by the lessons of the past and are not looking forward to the future, because I claim that, if general bankruptcy creates in this country after the war a chaotic condition as a consequence of the obligations which we will incur, we will inevitably throw ourselves in the arms of our powerful neighbours to the south. What will be the result, for us of the province of Quebec, if, as a consequence of our participation in this war—should it materialize, which I do not want to see—and of our financial situa-

[Mr. W. Lacroix.]

tion, we throw ourselves in the arms of our neighbours who will have remained neutral and who will have at their disposal all the necessary financial resources? It will mean—and I wish to emphasize that point—the disappearance from our old province of Quebec of the institutions and the traditions for which our forefathers have fought and for which I myself continue to fight in advocating a policy of non-participation.

Mr. Speaker, we speak of the neutrality of the United States. Let me read a statement made by Mr. Herbert Hoover, former president of the United States, who speaks as an American while I speak as a Canadian.

Mr. Hoover said:

The whole nazi system is repugnant to the American people and the greatest sympathy of the Americans will go to the democracies, but, no matter what our sympathies may be, we cannot settle the problems of Europe.

Well, let me say this: Whatever its intervention may be, Canada cannot, any more than the United States, settle the problems of Europe.

Mr. Speaker, I pay tribute to the heroism of the people of Poland who are defending the sacred soil of their country. They are now writing one of the most beautiful pages in the history of their country. I pay tribute to the heroism of the Englishman and of the Frenchman who are defending the soil of their countries, but I also pay tribute to the good common sense of the Canadian who wishes to remain a Canadian. That will be my last word.

Mr. R. A. PELLETIER (Peace River): Mr. Speaker, all of us realize at this time that we have indeed entered upon a very grave hour. This afternoon we listened with great attention to the dramatic and convincing appeal of the Minister of Justice (Mr. Lapointe), a member of parliament representing a constituency in the province of Quebec. We have also had the pleasure of listening to two other hon. members from the same province, both of whom held entirely different views to those expressed this afternoon by the Minister of Justice. This afternoon the Minister of Justice stated clearly and definitely the position of Canada with regard to our relationship with Great Britain and the rest of the empire. We know that so far as we are concerned at the present time the attitude taken by the Minister of Justice cannot be questioned.

So far as Canada is concerned the fact is that we are committed to be of help to Great Britain. This is a fact which could not have been ignored by hon. members from the province of Quebec prior to the present situation. During the course of his remarks this afternoon

the Minister of Justice said that we in this corner of the house must take upon our shoulders the full responsibility for dividing this country at this particular time. But where does this division come from? I ask hon. members if it comes from our group. So far as we are concerned we feel that we are taking the right attitude. Why? Because we know it always has been the policy of this government to commit us to the defence of Canada, of Great Britain and of the British empire.

When we passed estimates in this house for defence, it was a question of the defence of what? Of Canada only? Of course not. Those estimates were for the defence of the British empire as well as of ourselves. Yet to-day when we are called upon to use those defences, on behalf not only of Canada but of the British empire, there are those in this country who say that we should have nothing to do with the British empire. I am sorry I cannot take that particular stand. In this grave hour I am in duty bound to follow the Minister of Justice of Canada because I believe that he has set out the position in a manner which cannot possibly be contradicted.

He has called upon Canada to unite. I repeat that we in this corner have sought to bring about unity in Canada by providing the means whereby we can at least have equality of sacrifice. In my opinion certain hon. members from other parts of the country have failed to see the significance of what we have attempted to do and have seen fit to take a different course. They have been led to believe that the word "conscription" means something horrid. Who is to blame for that? I think my hon. leader pointed out quite clearly last night that the word had been used for political purposes and for political advantages. If to-day we are faced with a grave situation, if to-day there is possibly a lack of unity, who is to blame? It is those in Canada who played politics with the word "conscription" and sought to divide the country for a political expediency.

It is no use making recriminations. It is no use going back over the past. We have at the present time a situation which must be faced. I believe it was said by someone this afternoon that if we do not fight to defend the frontier of the Rhine, the time will come when we shall have to defend the frontier of the St. Lawrence. In my opinion that is quite correct. Those of us who do not want to take full, adequate and efficient measures for the protection of our own country may one day be called upon to face the same situation as other men and women have had to face. Not only have men in other countries

had to sacrifice their blood and their lives, but their wives and daughters have had to serve behind guns in the trenches and elsewhere.

So far as the remarks this afternoon of the Minister of Justice are concerned, we in this corner take the stand that we quite agree with him in connection with the legal standing that exists between Canada and the rest of the British empire. We belong to the British empire, and we are committed to that action. The only way in which we could do otherwise would be for this parliament to declare its independence of the British empire, and I am sure that none of us is ready to do that at the present time. However, there is another question. The Minister of Justice stated definitely and clearly that he was absolutely opposed to conscription. He stated that if it was a question of coming down to conscription, he and certain of his colleagues whom he named would be prepared to step out and let others take their places.

Where does the division come from? Does it come from this corner of the house or does it come from somewhere else? We have sought to bring about equality of sacrifice in this country. We believe firmly that the only method by which that can be brought about is by universal conscription, what we have termed the conscription of finance, industry and man power. We have called conscription the poor man's friend. If hon. members in some parts of this house will reflect, I know they cannot help but take the same attitude we are taking. Only to-day I stood upon the corner of one of the streets in Ottawa, and what did I see? I saw some of the boys who had been newly conscripted walking up the street. Who were they? They were those whom we saw in the bread lines only a short time ago. They had been driven to conscription because of what? They were compelled to take this course because economic circumstances were such that they were forced to go somewhere in order to get a decent suit of clothes to put upon their backs and some bread to eat.

That is the situation, and there are those who say that conscription is something unfair. Those people fail to take cognizance of the fact that economic circumstances are forcing this conscription. They fail to realize that perhaps there are other men who are in a position different from that of these poor boys who have been unemployed up to the present time. There are men in this country who are not necessarily obliged to join up to get a suit of clothes and \$1.30 a day. The only way whereby we can have justice and fair play is to bring about the conscription of man

power. We are insisting on that, but we are not insisting upon it any more than we are insisting upon the conscription of financial and industrial power.

We believe that in order to have efficiency, in order to prevent more bungling, in order to have more strength, in order to have some unity, it is necessary to have, not just the one but the three together. I ask hon. members to think about this. When Canadian mothers see their boys go out of the country to fight elsewhere—and that is what is going to happen—what will be the attitude of the other mothers? They will say, "We are going to see that our boys do not go across." In time the government will realize that pressure of public opinion will inevitably bring them to that conclusion. Then where will the Minister of Justice stand? He has declared himself to-day as being absolutely and bitterly opposed to conscription, and yet we know that he will have to face that situation at some time in the future.

There are other reasons why the situation is so grave at the present time; and we have urged the complete conscription of all our resources in Canada because we believe that this is absolutely necessary. We believe further that the time to do it is now, when there is some vitality left in this country, and not to wait until we have a situation where we are unable to do anything because of economic circumstances. The time to take such action is now.

Let me refer for a moment to the remarks of the Prime Minister (Mr. Mackenzie King). First, let me say that we fully realize how grave are the responsibilities resting upon the administration of this country at the present time. We realize full well that it is their duty and responsibility to give guidance, to supply information, and to let the house know what is going on so as to enable the members to reach sound and proper conclusions, and it is because we have placed our trust in the Prime Minister and in his advisers, and because we have listened to his words of warning, that we have come to the conclusion we have reached. Let me read his words once again. Are these not serious words? The Prime Minister at page 22 of *Hansard* said:

My hon. friend also gave his impression of what would be the prize the Germans would seek in the event of victory. He said the prize would be Canada. I noticed in the press last evening that one of the German papers which is supposed to be an organ of the administration had quoted Hitler as saying that if England wished to fight she must remember that if she entered this fight the prize of victory would be the British empire.

[Mr. Pelletier.]

Yet we are told in this house that if we oppose the government at this time we are not defending Canada; and that statement is made after it has been boldly stated that Germany's prize, if she won victory in this war, would be Canada. What logic or consistency is there in that argument? Are we to wait until the enemy has reached our frontiers before we strike a blow? That is not a question for us to decide; it is for those who are in a position to know best how this country should be defended.

The Prime Minister went on:

And as my hon. friend has said, there is no portion of the globe which some other nations covet so much, that any nation would be likely to covet so much, as this Dominion of Canada. There is no other portion of the earth's surface that contains such wealth as lies buried here. Nowhere are there such stretches of territory capable of feeding—not hundreds of thousands, but millions of people for generations and generations to come. No, Mr. Speaker, the ambition of this dictator is not Poland.

Again I repeat, these words are given us on the authority of the Prime Minister of this country, who is in a position to know, and therefore the only possible attitude we can take is one of complete reliance upon the information that he has given us. He has informed us that, not Great Britain, not France or some other European country, but Canada itself is facing danger, and the danger is not simply that a few of our soldiers might be killed abroad but that Canada may be invaded. So, as was said by another speaker this afternoon, if we lose the battle on the Rhine frontier the frontier of Canada might be the shores of the St. Lawrence.

There is someone else whom I can quote to show the gravity of the present situation. We have the words of Prime Minister Chamberlain in his letter of August 22, 1939, to the German chancellor, in which I find this paragraph:

It would be a dangerous illusion to think that if war once starts it will come to an early end even if success on any one of the several fronts on which it will be engaged should have been secured.

In the face of that statement, given to us upon the authority of the government, what do we find the policy of the Canadian government to be? It has declared for a policy of partial participation in the war. It has declared its desire to send overseas a certain portion of Canada's forces. But when the time comes for replacements to be provided, who is going to take the place of those who have been wiped out? They can be supplied only from our own country, and that is why I think the Minister of Justice placed

himself in an unsound position this afternoon, because none of us knows what is going to happen in the future.

We in this corner have agitated for a concrete, effective policy which would lead to unity and efficient conduct of our part in the war, a policy which would also prevent bungling and profiteering, and yet we have been told that we are trying to split the country in two. If that had been our attitude it would have been easy for us to move an amendment in order to precipitate such a condition, but we have made it quite clear to the Prime Minister that we do not desire to bring about any such condition in this dominion, that our only interest is in securing fair play for all concerned, and we say that the only just policy for Canada is a policy of complete conscription.

Nobody likes to face the thought of conscription. So far as we in this corner are concerned, at all events, so far as I am concerned, whatever the word "conscription" might convey to some people I am not afraid to face it because in my opinion it is the only action to take. It is the only way to ensure that everybody shall share equally in the sacrifices that will have to be made.

There are many things happening in Canada to-day, and one that surprised me was the attitude of the great leader of the Conservative party. I believe that he is not contributing to this country simply by stating that he will cooperate with the government, when the government has not taken the proper steps. Cooperate in what, I should like to know?

Once again I repeat that we in this corner are not afraid to face the word "conscription." We believe it has been used in the past for reasons of political expediency, by people jockeying to secure positions satisfactory to themselves. Motives have been ascribed to us for our attitude to-day. I deny those motives. We have taken this course for the simple reason that we believe it is in the best interests of this country, and because we are firmly convinced that before hostilities come to an end it will be the only means of saving Canada.

Stress has been laid upon the conscription of man power, but I would point out that we place just as much stress upon the conscription of finance. Some people have asked what we mean by the conscription of finance, and in order to be prepared we have set out definitely and concretely what we mean by the conscription of finance. Let me place it on the record.

We advocate the conscription of finance:

(a) By the creation by the government of the necessary credit and currency combined, with definite price regulation to prevent any serious inflationary rise in prices;

(b) By borrowing abroad only for the purpose of obtaining needed goods and services beyond the capacity of our people to furnish;

(c) By placing an embargo on capital and capital assets as at the date of the declaration of war;

(d) By requiring that financial institutions and corporations reveal all undisclosed reserves as at the date of the declaration of war, and that these be forthwith conscripted by the government.

(e) By introducing more steeply graded income and profits taxes;

(f) By providing that all equivocation and/or evasion in this regard shall be treated as a treasonable offence.

That is what we have set out with regard to the conscription of finance. We would do the same so far as industry is concerned. When we say that we believe in regimentation at this time and in peace time, does that necessarily imply dictatorship? Of course not. It is simply to secure an effective method of control for the distribution of the products which we have at the present time.

We all realize that when any one of us speaks here this evening, we are slowing up the process of the declaration of war by this country because the Prime Minister made that statement quite plainly this afternoon, and he is now awaiting the vote of this parliament to decide what to do. So far as I am concerned, I have not much more to say, though many things could be said. All I wish to do is to make this assertion in conclusion. We have done what we have done because we believe it is in the best interests of the country. Personally I can do no more than offer my own services to the Minister of National Defence, and I do so here and now for any purpose for which he might wish to use them. This is the way we feel in this corner. Even though our hands, as Mr. Churchill said, become engaged in warlike gestures, nevertheless our hearts will remain at peace if we do our duty. We are doing our duty and we intend to see that others shall do theirs.

Mr. G. H. HÉON (Argenteuil) (Translation): Mr. Speaker, I had intended to speak in French, but considering the importance of the subject under discussion and the advisability of being immediately understood by all the members of the house in the event of some hon. member wishing to ask me questions or to challenge some of my statements,

I shall speak in English, one of two official languages used by the King and Queen of Canada during their recent sojourn in this country.

(Text) Mr. Speaker, the free and autonomous Canadian nation finds itself to-day in one of the most serious situations with which it has ever been confronted. Although pressing and urgent domestic problems are still unsolved, a decision has been made for the nation, and by this decision all dutiful Canadians must abide whether it be in conformity with their own personal views or not. Through this commitment we find ourselves at the side of Britain, Poland and France in their struggle against Herr Hitler and his adventurers, who are seeking to dominate the world by force.

Various opinions have been and are being held as to the wisdom of such a momentous decision; yet at this stage we cannot help feeling deeply that the utmost moderation should be observed in pronouncements and that calm thinking and cool judgment should be with all of us. Public men of both races, whether in the federal, the provincial or the municipal arena, who will seek to capitalize upon this extremely dangerous moment to further their own cheap political advancement, and, to achieve this end, will publicly fan the searing flames of racial antagonism or divided loyalties, are traitors to Canada, because they seek thus to wreck the whole edifice of Canadianism which generations of French and English-Canadians have so laboriously striven to erect during the last 150 years.

Equally condemnable are those dishonest and unfair propagandists who distort the issues at stake and print or utter words that inspire fear in the minds of Canadian women and children. Our people do not need to be sold the idea of the present war, and grotesque propaganda will not help them to decide where their duty lies. Freedom must reign in every Canadian mind and heart, particularly at this time; for no positive reaction will come that will be profound and sincere unless every Canadian in his heart and soul has decided freely where his loyalty lies.

Are we not to profit by the lessons of the last war? Must we see reenacted those deplorable scenes and hear again those utterances which then took place, thereby causing bitter antagonism between our two great races? Shall we have repetitions of the deep dissensions wrought by the war and the conscription issues, which were then used by unscrupulous politicians to secure votes and to set one section of the country against another? I cannot believe that this will be so, and we should pledge ourselves immediately so to conduct ourselves during the

[Mr. Héon.]

present war that Canada shall emerge from this crucible a stronger, freer and more united nation.

We cannot and should not at this trying time cast epithets at one another; rather must we gather in one mighty effort to keep this great country together, remembering always that a disunited, bankrupt Canada would be a severe liability to the British commonwealth of nations. Accusations of disloyalty and treason must not be carelessly flung around just because important sections of Canadian public opinion have vastly differed up to now on the all-important question of foreign policy. Speakers have said it before me. Our various racial elements make for division of opinion, and Canada would be the poorest country in this troubled world to live in, similar to Russia and Germany, if anyone were made to suffer because he dared to offer a sincere opinion as to what Canada should or should not do in the event of war. We are told that we are engaged in a war to end dictatorship. Well, we would be a dictatorship ourselves if attempts were made to impose extremist views on that section of Canadians whose ancestors fled from Europe to escape those very conditions which we are now being asked to help to sweep from the face of Europe itself.

May I now be allowed, on behalf of my own people, to make this urgent plea to my English-Canadian friends? Never have I striven to be more sincere or convincing in all my life than in the appeal I am about to make. An immense majority of my compatriots have never concerned themselves with foreign affairs. They have never kept track of the sinuous courses of European diplomacy, nor have they taken time out to look up the meaning of "putsch" and "anschluss" or seek on a map of Europe the strategical value of Memel and Pomorze, Warsaw and Lodz, Lauterbourg or the Saar basin.

The French-Canadian has been mostly concerned, as were his ancestors before him, with clearing the forest, tilling the soil and providing food and shelter for the children with whom providence has blessed him from year to year. The practice of the golden rule, the presentation to the nation of stalwart intelligent sons and daughters, the defence of their territory against aggression, have been to my compatriots their main expressions of patriotism. The church, the little village, the large family, the soil enriched with their sweat, the peace and restfulness of the Quebec countryside, have drawn and kept their attention for three hundred years. The sons of French Canada have not been brought up in an atmosphere of militarism, nor have they

spent their young days in playing with toy cannon and soldiers. Most of them have never shouldered a gun except to provide game for the family table. Very few have ever had even elementary military training. It cannot be expected then that in three days every one of them will be clamouring for a one-way passage to the western front, or that, like some of us, their hearts will skip a beat at the mention of peace in Europe and the independence of Poland. Yet their honesty of purpose, their love of freedom, their devotion to christian institutions, their loyalty to their king, cannot be challenged. It may well be that this passionate love for their own land has somewhat obscured the wider, the more international outlook on the welfare of mankind which we are now being asked to uphold and defend. But let me assure hon. members that when Baptiste discovers that his freedom, institutions and essential rights which he prizes so dearly are really threatened, there will be no one who will fight more savagely to defend them. Meanwhile do not judge him harshly or impute to him motives that he never even conceived. Give him the British treatment of fair play and fair dealing, and his courage will not fail when an emergency arises.

Now, Mr. Speaker, speaking as a French-Canadian and proud to be one, I wish to state most emphatically that my race never contemplated disloyalty to the king, nor is there at this moment any doubt as to where our duty lies. Our long and honourable history testifies eloquently to that effect, and it can be truthfully said that if this country is in danger of attack from within or without, if it be true that our liberties and freedom, our institutions and existence, are seriously threatened, every single French-Canadian, young and old, will approve and support each and every motivated step taken to ensure the maintenance of our status as a free nation within the British commonwealth, together with assuring the absolute inviolability of our territory.

Mr. Speaker, I have in this house at one time—and I do not regret it—expressed nationalistic views. I am still at heart a nationalist. But I claim to be also a good Canadian. And I have no shame in shelving my nationalistic principles for the time of this war. I have stated in this house that I was of the opinion that Canada was not necessarily at war when Great Britain was at war, and I have insisted that we should be the masters of our own destiny and that we should not and could not docilely accept direction of our foreign policy from anyone else. I still submit that we cannot be made pawns on the international chessboard, nor should we be ordered about. I still adhere profoundly to these views,

and I have no apology to offer for having expressed them in times of peace. Further, I believe and have always believed that under international law our neutrality might have been proclaimed, provided we had had the means to defend it. Yet it would serve no purpose to discuss these views to-day, because the issue of neutrality or war has been decided by our government and we have cast in our lot with that of Great Britain and France. The government of the day has a large majority. I have no doubt that it will declare itself able and willing to accept full responsibility for what has been done and will be done in the time to come.

I do not mind stating here that had France and Great Britain concluded an alliance with Soviet Russia, I should have doubted their sincerity in the defence of christianity, and would have opposed participation, because I would have considered such an alliance a direct prostitution of all the christian principles of freedom and individual liberty which we have now undertaken to uphold and defend. The evident perfection of the double-crossing methods followed by the Russian authorities should be sufficient indication of what may be expected here in Canada if communism is allowed to filter through. Communism can do no less than undermine our national edifice, and it should be considered an open enemy to Canada on the same footing as nazism. These two false ideologies are basically the same, and a further immediate danger lurks in the fact that they have to all intents and purposes recently merged in Europe, and will certainly do so here if not immediately checkmated. Yet there are some individuals in Canada who still have sufficient effrontery to glorify the communistic principles of their Russian comrades.

I accept unreservedly the view which has been expressed that we are in a state of war now, not so much because we are a part of the British commonwealth of free nations but because the government have already made known in the world that Canada stands at the side of Great Britain. That, in my humble opinion, is a direct and positive commitment from which we cannot recede, and we must abide by it. The government have spoken to the world for the nation, and we are definitely, irrevocably bound by what our government have said and done.

I for one deeply regret that the enormous sacrifices of men and money during the last war have not provided Canada with sufficient guarantees of lasting peace and of no further participation in continental wars. There is no doubt that after the present conflict is over, Canada will secure a clearer definition of its

international status, so that it will not be eternally bound to the changing courses of European diplomacy. However, this does not change our present international situation, and we must be prepared to face a long war with a treacherous, inhuman and diabolically intelligent enemy.

This parliament must now decide the degree and form of cooperation which Canada shall furnish to its allies. To my mind this cooperation should be such that, although it shall be precious and constant, it will not endanger the unity and internal peace of this nation, nor bring about financial ruin or economic suicide. The preservation of true Canadian interests should be our prime purpose, over and above the desire to help our allies, because we must ever remember that we owe ourselves first to Canada, which, notwithstanding what may be said, is the first country we are sworn to honour and defend. Nothing, however, should be done to weaken faith in the British link, and we must proceed by such means and degrees as will convince every Canadian that it is a privilege and an honour to belong to the commonwealth instead of a burden. Nothing should be done in the nature of coercion which will even faintly resemble nazi means and methods. British ties and connections appear indispensable to most of us, but we must be prepared to do what is essential to preserve and maintain these links here. More than ever I think we must take stock of our financial situation and the everyday living conditions of our own people before we allow our loyalty and sympathy to run away with our better judgment. Our first responsibility is the welfare and security of our people, and we would not be serving the cause of the commonwealth or the principles of government it has come to represent if in these early days of conflict we embarked upon a policy of such proportions that the physical and economic well-being of the bulk of our population would be seriously threatened.

In the three days preceding this session, Mr. Speaker, in common with so many others from the province of Quebec I was inundated with letters and telegrams telling me what I should do and what I should not do. In view of these communications I immediately set out to consult representative English and French-Canadians in every poll of my constituency, and those I invited to my caucuses were both Liberals and Conservatives. I have spoken to clergymen, labourers, farmers, industrialists, young men and mothers, and I obtained these results: fifteen per cent favour enforced participation to the last man and the last dollar. Twenty per cent are for complete

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isolation. Sixty-five per cent want cooperation within our means and resources, preferably by the extension of credits, gifts of provisions and foodstuffs, and the manufacture of planes and munitions. I must say frankly and sincerely, however, that in my constituency at least there is a very strong and earnest sentiment against conscription of man power.

My first duty, as I see it, is to the constituents who elected me, and I adopt the views expressed by the majority of my constituents, in whose good, hard common sense I have absolute faith. So, Mr. Speaker, I shall support cooperation with Great Britain and France. That cooperation, however, must first take into account our immediate and best Canadian interests, and that cooperation must not deprive the individual Canadian of his inalienable right to choose honestly for himself whether he shall or shall not serve. The preservation of individual liberty and freedom must be the keynote of this cooperation; for he only serves devotedly a cause which he espouses freely, while he who fights for a cause in which he does not believe is beaten before he starts. Perhaps I could best express my thoughts on the matter by saying that those who have indicated a desire to enlist can be immediately accommodated, while those who think they can best serve Canada by carrying on their tasks at home should not be molested. As I said before, we are engaged in a struggle for freedom. Let freedom of thought and action be first maintained and honoured within our own borders. Let every Canadian be made to feel that freedom, autonomy, justice and absolute liberty for everyone will forever be practised in this country, in time of peace as in time of war.

With these reservations I declare without hesitation that I choose to align myself with those other Canadians who feel that their greatest security and best guarantee at this time lie within the British commonwealth. Let me repeat that: I align myself with those who feel that their peace, security and welfare at the moment lie in the sincere acceptance of the will of the majority of this house. I shall vote for the address simply and only to indicate my willingness to cooperate. Of course at the same time I reserve the right to decide on each measure and estimate that may be brought into the house. I do not subscribe to a blank cheque policy in matters of war, because when it comes to the lives of men and colossal expenditures, every elected member must very carefully study the measures brought down, since they directly affect the immediate safety and welfare of every man, woman and child in each constituency throughout the country.

Now, Mr. Speaker, I wish to close with these words: War is the very negation of christianity. Evidently, instead of rearming morally, as we should have been doing, we as individuals and as nations have been in some way derelict to the divine's precepts. Should it be said that God has cast his wrath upon the world and ordered that for the second time in twenty-five years we must be subjected to anxiety and misery? Be that as it may, it behooves christianity to accept respectfully that which has been permitted by Him to happen. Surely we must no longer hesitate to vow voluntary obedience to His command, "Love thy neighbour." We must abandon and fight to the last ditch the pagan concept of an eye for an eye and a tooth for a tooth. Yet I am sure victory shall be achieved, for He will not permit that one man shall rule by the sword without dying by the sword.

(Translation) Before bringing my remarks to a close, Mr. Speaker, I have a few words to say in French, words which I address to my hon. friends from Laval-Two Mountains (Mr. Lacombe) and from Quebec-Montmorency (Mr. Lacroix) both of whom I hold in high esteem and whose principles I share. I wish to state to these two hon. friends that should, in my opinion, there exist the slightest chance of their viewpoints being adopted, I would certainly make a personal effort to support them; but I am enough of a realist to know that such a view cannot be adopted and would not be concurred in by the house or by the majority of the Canadian people at this particular juncture. And I do not intend to make the mistake of alienating a majority group which, at this very moment, is absolutely friendly and favourably disposed. Nor shall I play into the hands of a certain group which would like nothing better than to stir up the other provinces against our own, for the purpose of furthering their imperialistic ends. I am too well aware of the fanaticism of this group to play into their hands. For a purely local and immediate political success, it would have been quite easy for me to adhere to the views respecting isolation which I have once advocated. Some of my former supporters will brand me as a traitor and a coward. I know, still, as the saying goes, I have consulted my conscience, and I know that in casting my vote in favour of cooperation, but against the sending of an expeditionary force and against conscription, in this critical hour, I am really and truly serving my compatriots; and I am prepared to go and meet my constituents at any time.

Mr. SAMUEL FACTOR (Spadina): Mr. Speaker, may I congratulate the hon. member

(Mr. Heon) who has just taken his seat upon his fine, sincere and eloquent address.

On April 8, 1937, just about two and a half years ago, I had the privilege of addressing this house on the Canada-Germany trade agreement. My observations in that connection are to be found at page 2736 of *Hansard* for that year. At that time I spoke of the violence, the terror and the brutality directed by the nazi regime against a vast number of law-abiding and God-fearing people of all races and creeds. I appealed to hon. members and to all my fellow-Canadians, lovers of French chivalry and traditional British freedom, to raise their voices against Hitlerism, which had set a path of conquest and destruction. Mine was a lone voice in parliament at that time.

To-day, sir, we are plunged into this terrible tragedy called war. It is not of our making; we wanted peace. Great Britain and France wanted peace; but Hitler, the economic and social destroyer of minorities, the suppressor of the Catholic church, the persecutor of that brave Protestant pastor and servant of the church, Niemoller, has flaunted the opinion of the world's most civilized nations, and has made war upon us. Upon his head, sir, lies the blood and guilt of the many lives that will be sacrificed by the democracies on the altar of liberty.

How then, under these circumstances, can anyone oppose the rendering by Canada of such assistance as is essential? If the war is to be won against autocracy and national savagery, all that we are asked to do in this parliament to-day is to express our firm determination to do all we can to help Great Britain and France, the motherlands from which the two races in Canada have sprung. I cannot conceive, sir, how any of my fellow-citizens in any of the provinces of Canada can refuse whole-heartedly to support brave Britain and heroic France in this battle with the forces of evil and injustice.

Mr. Speaker, I am a Canadian. I was never more proud than I am to-day of being a British subject living under the far-flung union jack. I represent a large and cosmopolitan constituency. I do not represent any particular race or creed, but rather I represent all Canadians. But I am a member of a race and faith which throughout its history has stood and suffered for the principles of democracy. I belong to a minority that appreciates the blessings of liberty, such as we enjoy under the British system of government.

As one who took a small part in the last war, and who is ready to serve again, I can tell you, sir, speaking on behalf of my co-religionists in this country, that we are to a

man with Great Britain and France in the war these two great nations have been forced to wage to save not only civilization but our very souls. Canada has been generous to our race. All that we are we owe to our fellow-citizens, and we are ready to do all we can to destroy that system which has enslaved the German people and which seeks and threatens to extend its sway.

Before I conclude, sir, may I be permitted to pay a well deserved tribute to the Prime Minister (Mr. Mackenzie King) for the splendid judgment he showed and the patience he exhibited during the very trying days which preceded England's declaration of war.

Mr. Speaker, those connected with the Liberal, Conservative, Cooperative Commonwealth Federation and Social Credit parties, French-Canadians, English-Canadians, Jews and Gentiles are to-day all Canadians; and as a united people we shall carry on to the victory that will be ours.

Mr. J. H. HARRIS (Danforth): Mr. Speaker, at this critical time I feel very deeply the responsibility of saying a few words. But it is a duty I owe to the house and to my people to say at least one or two sentences which I would hope might help to unify and solidify the action of our Canadian people and Canadian public opinion at this time.

The eyes of Canada are on this chamber now. If they are, is it not then our duty to see to it that we unify our action and go forward with a united front? The reason for it is here before us. We know it; we realize it; our people know it and our people realize it. Christianity, democracy and personal liberty are fighting for their existence. As my hon. leader has said, the die is cast. I endorse heartily what he said in his speech on behalf of the people of Canada. While Great Britain and France are engaged in a war of life and death, we are engaged in a war of life and death, and there is no neutrality for Canada.

I endorse what the Minister of Justice (Mr. Lapointe) had to say in that regard. In this chamber there should be no bodies of opinion prevailing in one direction while other bodies of opinion prevail in another direction. When the hon. member for Selkirk (Mr. Thorson) rose in his place to-day and reminded us of the body of opinion the principles of which he had enunciated some few years ago, and then closed his speech by saying, "Now I am a Canadian; I represent Canada and will go as a Canadian through the tragedy which confronts us," I felt proud of him. But I was a little disturbed. This afternoon we heard the brilliant speech of the Minister of Justice during which he stated that there could be no

[Mr. Factor.]

neutrality. I hope he was not throwing down the gauntlet in connection with conscription. I hope he will not raise this question after the vote has been taken. I hope that the Prime Minister (Mr. Mackenzie King), in the speeches that he may make from now on, will not turn round and appeal to one section of his followers here and to another section somewhere else. I hope he will speak straight out on behalf of Canada and not emphasize any particular opinion or idea of any group. I say this in all kindness. I say to the Minister of Justice: While you were saying this afternoon that you were ready to retire from public life on the conscription issue, the men who had been recruited into the army were not thinking of that particular issue and they do not want to be reminded of it at this time.

There are enough of them volunteering, so why dampen their enthusiasm? This is not the time. I rather liked the speech made by the gallant member for Algoma West (Mr. Hamilton). His speech ought to have been enough, along with the speech of the seconder (Mr. Blanchette). After we had heard the speeches of the two leaders the vote should have been taken then and there, but now a debate has been precipitated. I have seen hon. members rise in their places at this time to enunciate their own principles. The Social Credit party is guilty of that. I was sorry to see that and hence I felt that I ought to rise and plead that there should be no more of that until this war is over. The leader of the Cooperative Commonwealth Federation (Mr. Woodsworth) enunciated his views with regard to the Cooperative Commonwealth Federation movement which is taking place in Canada.

There is only one movement in Canada at the present time. That is the movement toward a united force of all the Canadian people to cooperate with Britain and France through this difficult time. There should be no lines between race and creed; there should be no boundaries between the provinces, until this war is over. There should be no differences between rural and city life, between rural and city activities. I plead with employers of labour and with employees to have no strife at this time. There should be no oceans between the different component parts which go to make up our commonwealth of nations. We ought to work as one to save christianity and ourselves.

The people are filled with patriotic fervour at the present time, but they have not sufficient outlet for this feeling. I say to the government and to all members of this house: When you ask for calmness, courage and fortitude on the part of our people, you

should be ready to give them some leadership in providing some sort of activity that will take up their time. They should be given some patriotic work which they can grasp; they should be given something to do. They cannot play baseball and they are not interested in amusements and moving pictures. They do not even want to go fishing. If they do go, they take along their radios and spend more time listening to the radio news than in carrying on the art of fishing. We should provide activities for the people. Women do not want to play bridge at this time because their hearts are not in it. Their hearts are filled with the difficulties which the nation is facing at this time.

I say quite reverently that Lent is on at the present time for the Canadian people and something must be done to take up this slack. It is Saturday night and to-morrow more people will be attending church than would ordinarily be the case. I ask those who would support this amendment: Are you ready to let Herr Hitler take away from our children and our children's children the privilege of going to church? I ask them to abstain from voting for the amendment. What are we going to do to occupy the minds of the people? In my opinion there should be an immediate census of the capabilities of individual Canadians, of industries, of producers and of what they can produce. We ought to know where subversive elements are to be found in this country so that they may be controlled.

The civil service commission has a list of people who are fitted for different jobs. Every one of our citizenship should be registered so that we may know how he or she can best help the country. This ought to be gone on with at once. During the last tragic war in 1914-18 there were many examples of round pegs being fitted into square holes. This should not be repeated after that experience. The Prime Minister went on at some length to explain that the provinces were solidly behind him, but he did not indicate what particular line of help he was going to ask them to give. I should like to make one or two constructive suggestions. Inasmuch as the provinces are charged with the responsibility of education, I suggest that the students in the secondary schools ought to be told more about present-day geography and about the present situation. They ought to be told, as the Prime Minister told us yesterday, that in March, 1935, Herr Hitler, the chancellor of the Reichstag, announced that he had made a non-aggression pact with Poland. Yet Herr

Hitler declared war on Poland. He stated that they did not want to interfere with any of the smaller states, yet he rode roughshod over them. The students in the secondary schools should know this story so that they can go home and tell it to their mothers and fathers. Then the Canadian people would be more seized with their responsibilities and know more about what should be done.

I think the nursing curriculum in many of our hospitals should be shortened so that trained nurses would be available when their services are required. The clever young nurses in training of eighteen years of age who have passed their matriculation are perhaps of too tender years to enlist for war service, but many of those who could not get their matriculation and who are now twenty-five years of age or so should be permitted to train as war-time nurses and be available for service. We should shorten the nursing curriculum so that trained nurses would be available to take care of our soldiers when they find themselves in need of nursing service. Put the provinces to work and see that all essential power plants are running smoothly and that the power is there to operate industry. See to it that in the municipalities where there are so many factories lying idle, a list is made and that these plants be made available for production for the Canadian people.

To the Minister of Trade and Commerce (Mr. Euler) and to the Minister of National Revenue (Mr. Ilesley) I say that one of your responsibilities is to see to it that raw materials should not be permitted to go out of this country if they are required in Canada, and thought ought to be given to an embargo on the required materials.

To the Minister of Agriculture (Mr. Gardiner) I say that if this is going to be a war of attrition lasting three or four years, see to it that increased production of all kinds of farm products is encouraged and that there be a careful conservation of our foodstuffs.

I close, Mr. Speaker, with this one thought. Fifty years ago in Canada we thought of the peoples of the maritimes as being the sons and daughters of Wolfe's Highlanders who fought on the Plains of Abraham, or of those Scotch people who came over on the steamship *Hector*. We thought of the people in British Columbia as English ranchers and of some Nordic people working in lumber mills. But now these Nordics and all these other people are Canadians of the first calibre; they are fine Canadians. We were disturbed at one time about the people who were settling on the western plains, but we know that they are real Canadians. We knew at that time and

we know now that our compatriots in the province of Quebec were Canadians long before you and I were. They love their Canada. We know that in the province of Ontario in that day and generation people were thought of as English, Irish or Scotch; but now all these people, without thought of their particular ancestry, realize that they are Canadians, and I plead with them as Christian Canadians that from now on, after this vote is taken, let us have no dissension of opinion in this house as to what must be done to accomplish what we have set out to do.

Mr. E. J. POOLE (Red Deer): Mr. Speaker, I shall not take up much of the time of the house, and I question if I would have spoken at all had it not been for some of the criticism levelled against this group to-day.

During the past two days a plea has been made for tolerance, but I note that those who are most loud in their appeals for tolerance are the least willing to practise it. I listened just now to the opening remarks of the hon. member for Danforth (Mr. Harris), when he accused this group of endeavouring to put over its own particular doctrines. I do not know how that accusation can be justified. Surely we did not come down to the house on this occasion simply to say yes to everything that the government proposed, without offering any constructive suggestions of our own. Are we to lose sight utterly of what may occur in the days ahead?

The hon. member for Rosetown-Biggar (Mr. Coldwell) also made a plea for tolerance, but he did not show very much tolerance himself when he endeavoured to make political capital at the expense of this group by accusing us of believing in regimentation and in dictatorships under the guise of social credit. I ask you, Mr. Speaker, what group in this house leans more closely towards regimentation than the Cooperative Commonwealth Federation? Surely it must be evident that if we are to take over the means of production, it requires regimentation and a dictatorship. I notice that the Cooperative Commonwealth Federation have greatly changed their views in the past year. Last year, for instance, the hon. member would sooner go to gaol than go to war, and now this year they are differentiating between home service and service abroad. That is all nonsense; there is no difference. There should be no line of demarcation between the two services. Service for Canada means service anywhere for Canada, and without the facts before us we cannot tell where the front line of defence will be. If it is on the Rhine, that is where we should be as Canadians.

[Mr. Harris.]

This group here has made its stand clear. We have made no bones about saying what we believe should be done in the present situation. Canada probably before this night is over will be at war. We shall never defeat the forces of Hitler by lip service. This group has proposed the conscription of finance, industry and man power. Why do we propose the conscription of man power? Because we know that those who yesterday were public liabilities, those who were referred to by one member last session as "yaps," those who were driven from one town in one constituency to another town in another constituency because they were so embarrassingly plentiful and were a liability and charge against that city, will to-morrow be our national heroes. But they should not be the only ones. They should not be driven to war because of their economic circumstances. If you can tell me, Mr. Speaker, of a worse kind of conscription than that, I should like to hear of it. We are determined that in this war it shall be not only the working man's son who shall go, but the rich man's son as well, that it shall not be just the working men's sons who shall lay down their lives for Canada while finance goes free; and the time to discuss these things is not when war is over but before war begins.

Probably the objection the previous speaker (Mr. Harris) had was to the conscription of finance that we propose. But, Mr. Speaker, we are irrevocably opposed to a dictatorship by Hitler, on the one hand, and to a dictatorship by finance on the other. They are equally obnoxious, and we in this group, representing a body of Canadian opinion, will fight both kinds of dictatorship on any front.

It has often been said in this house during the last few years since I have been a member that there was no money for public works. But there will be no question about money being provided for war. We know that we have been forced into war, but if we are going into it let us go into it with everything that we have, not with just half of what we have. We do not want the same cry that was raised when the last war was over and the survivors came straggling back to this country, those who had offered their all and then had to fight for the next twenty years for pensions and for jobs, only to be told by an apathetic parliament: We have not the money. Nor do we want them to be told, when it is proposed to create credit and currency, that this would mean inflation of a dangerous kind.

I suppose it is not in order to discuss these matters. The hon. member who spoke before me does not like any reference to them, but we must not blind ourselves to the facts. We

in this group are fact finders; we work upon facts and not fiction. What objection is there to conscription of industry? Are we going to place ourselves in the position of the man who once said to Jesus that he had done everything, that he had led a good life, and who wanted to know what more he could do. The Lord said, "Go and give that which you have," but the man did not come back.

The hon. member for Rosetown-Biggarr (Mr. Coldwell) is prepared to support war only to the extent of providing ammunition for others to fire. Those who believe in a profitless society have no objection to profits in time of war. Surely it must be evident to all of us that if you ship one load of wheat to a British port you are at war, because foodstuffs are just as essential as arms. Those who do not want Canada to participate in order to protect its own frontiers and to take its part within the British commonwealth of nations should ask themselves whether they are prepared to cut themselves off from all possibility of trade within the empire in future days. Surely that is something strange, coming particularly from members of a party whose whole political philosophy and planning are based upon the principle of exports. And now in time of war they would not participate.

I was born in England. My mother is there now and so are two of my sisters. They are in one of the greatest industrial centres of that country. When war comes to this dominion, and when conscription of wealth is declared, I shall be prepared as a Canadian citizen to do my share and to don a uniform for my country, Canada. But, Mr. Speaker, we should hesitate at any time to conscript men and allow finance to reap the reward of conflict in terms of dollars and cents.

Last year I read a report on the munitions industry compiled by a committee of the United States congress, in which it was shown that millions had been made out of war. It is no use talking about that when we are in the midst of war. These vultures are with us now and they will take every possible advantage they can of the situation. To these people human life means nothing. We claim that there must be equality of sacrifice, and that means equality of sacrifice by finance, by industry and by men.

The hon. member for Peace River (Mr. Pelletier) said that conscription was the working man's friend. What he meant by that was that when war comes, public assistance of every kind is cut off, and to force a man into war all you have to do is to take away from him his meal ticket. The poor will go; they have always done so. And they have always been despised too.

I do not think a greater mistake could be made at this time than to participate in the war in a half-hearted manner. When you go to war you go to win, and therefore we should harness the whole forces of this country without exception. And finance should be the first to be conscripted. I hope that when this question is discussed on the political platform, man power will not be emphasized and finance subdued in the discussions by those who oppose us politically. We make it definite: finance, industry and man power.

There is another matter to which I wish to refer. Some guarantee should be given to those who go, whether as volunteers or under conscription, that they will receive better treatment after the next war than the men received after the last. In my constituency there is a man who this week lost his farm, which he purchased under the soldier settlement board. This man served overseas for four years and brought up four children. He cut down the trees on his farm, clearing eighty acres in twenty years. Yet to-day he has lost that farm. Is that fair treatment? He had no pension, notwithstanding appeals, because some nincompoop in the department locally did not like his politics. Someone pleads for tolerance. Well, if evidence is needed in support of the statement I make, I can give it; and if I prove that it is true, I would ask hon. members to help me to eradicate that sort of thing.

This group will support the motion; it will support the government. We believe that we are in for a long war and we believe that it is going to be bigger than the last; but we should enter it united, with a determination to wipe from this earth those who have denied all reason and who know only force. That can best be done by putting all the resources of the country into the effort.

Hon. J. E. LAWSON (York South): Mr. Speaker, the exigency of war makes it imperative that the business before the house should be dealt with with the utmost dispatch. Therefore I shall be very brief. I intend to vote in favour of the motion because that motion stands for the participation of Canada by the side of Great Britain and in support of the democracies. In the course of his enunciation of the policy of the government before this house the Prime Minister (Mr. Mackenzie King), in dealing with one subject matter, namely, conscription made the following statement:

No such measure will be introduced by the present administration.

Lest my vote in support of the motion should be misconstrued by some, I rise merely to

*The Address—Mr. Lawson*

record that by that vote I do not subscribe to the policy contained in the words I have just quoted.

Amendment (Mr. Lacombe) negatived.

Mr. SPEAKER: The question is on the main motion. Those in favour of the main motion will please say, "aye."

Some hon. MEMBERS: Aye.

Mr. SPEAKER: Those opposed will please say "nay."

Some hon. MEMBERS: Nay.

Mr. SPEAKER: I declare the motion carried.

Mr. WOODSWORTH: There were some of us opposed to the main motion.

Mr. CASSELMAN: Only one member rose.

Main motion (Mr. Hamilton) agreed to.

An hon. MEMBER: On division.

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

That the address be engrossed and transmitted to His Excellency the Governor General by such members of the house as are of the honourable the Privy Council.

Motion agreed to.

#### SUPPLY

Right Hon. W. L. MACKENZIE KING (Prime Minister): The next order of business is to set up the committees of supply and ways and means. I move:

That this house will on Monday next resolve itself into a committee to consider of a supply to be granted to His Majesty.

Motion agreed to.

#### WAYS AND MEANS

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

That this house will on Monday next resolve itself into a committee to consider of the ways and means for raising the supply to be granted to His Majesty.

Motion agreed to.

#### ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. MACKENZIE KING moved the adjournment of the house.

Mr. STEWART: Will the right hon. gentleman intimate the business for Monday?

Mr. MACKENZIE KING: There is notice on the order paper at the moment of a bill respecting the patriotic fund. The bill passed first reading to-day and now stands for second

[Mr. Lawson.]

reading. The government will introduce on Monday the war appropriation bill. I would ask the house to allow us to proceed through its different stages, with that bill, as rapidly as may be possible.

What further legislation may be brought down on Monday I am not in a position to say at the moment, but I will make an announcement to the house first thing on Monday afternoon.

Motion agreed to and the house adjourned at 10.25 p.m.

### Monday, September 11, 1939

The house met at three o'clock.

#### EUROPEAN WAR

##### TABLING OF EMERGENCY ORDERS IN COUNCIL

Right Hon. W. L. MACKENZIE KING (Prime Minister): I desire to lay upon the table of the house emergency orders in council which have been recently passed:

No. 2512, respecting trading with the enemy and treatment of enemy property.

No. 2580, respecting the appointment of Mr. Oswald Mayrand as a member of the censorship coordination committee.

No. 2581, respecting the franking of correspondence for the censorship coordination committee.

No. 2584, in respect to members of the public service who join the defence forces.

No. 2586, further trading with the enemy regulations.

No. 2590, respecting aircraft registration.

##### PROCEDURE IN ISSUANCE OF PROCLAMATION DECLARING EXISTENCE OF STATE OF WAR WITH GERMAN REICH

Right Hon. W. L. MACKENZIE KING (Prime Minister): I should like to take advantage of the earliest moment possible to give to the house a statement of what has taken place since we adjourned on Saturday evening last.

On the orders of the day on Saturday I made the following statement:

I should like to make clear to the house the procedure which the government have in mind as to giving effect to the decision of parliament regarding Canadian participation in the war.

The adoption of the address in reply to the speech from the throne will be considered as approving not only the speech from the throne but approving the government's policy which I set out yesterday of immediate participation in the war.

If the address in reply to the speech from the throne is approved the government will

therefore immediately take steps for the issue of a formal proclamation declaring the existence of a state of war between Canada and the German Reich.

On Saturday afternoon a telegram was sent to the Canadian High Commissioner in London requesting him to hold himself in readiness to make a submission to the king.

The address in reply to the speech from the throne was adopted by the House of Commons on Saturday evening just prior to the adjournment of the house at 10.25. It had previously been adopted by the Senate.

The cabinet met immediately after the adjournment of the house, and a report was made to council recommending that on the advice of the King's Privy Council for Canada a petition should be submitted to His Majesty the King with a view to the authorization by him of the issue of a proclamation forthwith to be published in the *Canada Gazette* to the following effect:

Declaring that a state of war with the German Reich exists and has existed in Canada as and from the tenth day of September, 1939.

The committee of the privy council concurred in the recommendation and it received the approval of His Excellency the Governor General.

The Canadian High Commissioner was immediately instructed by telegram to submit to His Majesty the petition of the King's Privy Council for Canada that His Majesty would approve the issuing of a proclamation in his name embodying the declaration set forth in the order in council. It was added that a formal submission in writing would follow.

At 11.15 a.m. on September 10, that is yesterday, the Secretary of State for External Affairs was informed by the high commissioner that His Majesty had given his approval to the submission. A special issue of the *Canada Gazette* was published at 12.40 noon containing the proclamation as duly signed.

#### ANNOUNCEMENT RESPECTING FURTHER PROPOSED LEGISLATION

Right Hon. W. L. MACKENZIE KING (Prime Minister): On Saturday evening, prior to adjournment, I promised the house that I would take the earliest opportunity to make an announcement with regard to the further legislation to be brought down by the government. The measures to which the house will be asked to give consideration are as follows:

A bill to amend the Combines Investigation Act will be introduced by the Minister of Labour (Mr. Rogers). Notice of the introduction of this bill appears on the order paper now before the house.

A resolution in respect to the war appropriation bill will be introduced by the Minister of National Revenue (Mr. Ilesley). As hon. members are aware, it has not been possible for the Minister of Finance (Mr. Ralston) to take a seat in this house at the present time. The Minister of National Revenue has been acting as Minister of Finance for some time past, and he will present to the house the different measures that would have been presented by the Minister of Finance himself had it been possible for the minister himself to be present. As hon. members are aware, the resolution preceding the war appropriation bill appears on to-day's order paper. As announced at the time of adjournment on Saturday, the house will be asked immediately to pass the war appropriation bill through its several stages.

A bill to incorporate the Canadian Patriotic Fund, introduced at the afternoon sitting on Saturday, will be presented to the house for second reading by the Minister of Pensions and National Health (Mr. Power), and passed through its remaining stages.

The Minister of Labour will ask the house to pass through its remaining stages the bill to amend the Combines Investigation Act he is introducing to-day.

When these measures have been disposed of the Minister of National Revenue, acting for the Minister of Finance, will introduce the minister's budget. The house will resolve itself into committee of ways and means to consider the budget, which will be brought down by the Minister of National Revenue.

A bill to provide for the regulation of war charities will be introduced by the acting Secretary of State (Mr. Lapointe).

A bill respecting a department of munitions and supply will be introduced by myself, as Prime Minister, and related to this measure will be a bill to amend the Salaries Act.

It is possible that it may be necessary or advisable to introduce one or two other measures before parliament prorogues. I should like therefore to reserve to myself this right and shall endeavour to notify the house of any such intended legislation at the earliest moment.

In reference to the legislation which is being presented to the house, may I conclude with this statement. For over a week Great Britain and France, and for a longer time Poland, at a sacrifice of human life which has been hourly increasing, have been striving with all their power to resist further aggression on the part of a ruthless foe who is seeking not only to destroy those countries, but to occasion chaos throughout the world. Now that it

*Combines Investigation Act*

has been formally proclaimed that a state of war also exists between Canada and Germany, I hope I shall not be accused of trying to limit any hon. member's freedom of discussion, or any other freedom, if I venture to ask that the government be given, as speedily as may be possible, the authority it requires to proceed in the most expeditious and effective manner with the organization of Canada's war effort.

Mr. MANION: Are we on the orders of the day?

Mr. MACKENZIE KING: No. My hon. friend will notice that the orders of the day do not come until later—not until after a consideration of the resolution respecting the war appropriation bill. I took advantage of the order for motions to make a public statement, but I would say to my hon. friend and to other hon. members of the house that I hope they will feel free to do as I have done and proceed immediately if they have anything they wish to say that otherwise they might have intended to say on the orders of the day.

## SIR HERBERT MARLER

## RESIGNATION OF CANADIAN MINISTER TO THE UNITED STATES

Hon. R. J. MANION (Leader of the Opposition): I wished to ask the Prime Minister (Mr. Mackenzie King) just one question, which he need not answer unless he wishes to do so. The story is abroad that Sir Herbert Marler has resigned. Is the Prime Minister in a position to make a statement in that connection?

Right Hon. W. L. MACKENZIE KING (Prime Minister): In reply to my hon. friend I regret very deeply to have to inform the house that Sir Herbert Marler has been critically ill for some time. A week or two ago, it was hoped that his health might be restored, but unfortunately thus far it does not seem to have improved. Upon Sir Herbert Marler's behalf, Lady Marler tendered his resignation to me, and I have accepted it. Immediate steps are being taken for the appointment of a successor to Washington. I am not at liberty at the moment to say whom the government intend to appoint, as it is essential to have his majesty's approval of the recommendation before any appointment is made.

Mr. MANION: Perhaps I might be permitted to utter just one sentence. I have known Sir Herbert Marler for many years; I think he came into this house in the same

[Mr. Mackenzie King.]

year that I entered it. I want to say that I personally, and I think our whole party, had a very high opinion of him, and that we are terribly sorry the condition of his health has required his resignation.

Mr. MACKENZIE KING: I thank my hon. friend for what he has just said. It adds to the pathos of the situation that in view of his illness Sir Herbert has not been informed of the fact that Canada is at war or that his resignation has been accepted. On behalf of the government I should like to say, following what my hon. friend has said, that I doubt if there are any Canadians who have given their time and service to their country more wholeheartedly than Sir Herbert Marler has done in the positions he has held, as a member of this house, as a minister of the crown, as our representative in Japan and as the representative of Canada at Washington.

## COMBINES INVESTIGATION ACT

## STRENGTHENING OF PROCEDURE FOR INVESTIGATION AND PROSECUTION

Hon. NORMAN McL. ROGERS (Minister of Labour) moved for leave to introduce Bill No. 3, to amend the Combines Investigation Act.

He said: The purpose of this bill is to strengthen the existing procedure for the investigation and prosecution of alleged combines. It provides for the amendment of two sections of the present act and the repeal of two other sections.

One proposed amendment will provide that the attorney general to whom a case is submitted for the institution of prosecution proceedings shall have available the documents which were produced as evidence in the investigation of the alleged combine. Another provision of the bill would enable the trial of a person at the same time or upon the same evidence for alleged offences under the Combines Investigation Act and the related provisions of section 498 of the criminal code. A third amendment would permit an investigation to proceed whenever the commissioner under the act was in possession of adequate information indicating the apparent existence of a combine. The fourth amendment would give the commissioner authority to require the necessary attendance of witnesses and the production of books and records.

Motion agreed to and bill read the first time.

Mr. MACKENZIE KING: I am told that this bill has not been distributed as yet; it might therefore stand and be proceeded with later to-day.

## WAR APPROPRIATION BILL

PROVISION FOR GRANTING TO HIS MAJESTY AID  
FOR NATIONAL DEFENCE AND SECURITY

Hon. J. L. ILSLEY (Acting Minister of Finance) moved that the house go into committee at the present sitting to consider the following proposed resolution:

That sums not exceeding \$100,000,000 be granted to His Majesty towards defraying any expenses that may be incurred by or under the authority of the governor in council during the year ending 31st March, 1940, for—

(a) the security, defence, peace, order and welfare of Canada;

(b) the conduct of naval, military and air operations in or beyond Canada;

(c) promoting the continuance of trade, industry and business communications, whether by means of insurance or indemnity against war risk or in any other manner whatsoever; and

(d) the carrying out of any measures deemed necessary or advisable by the governor in council in consequence of the existence of a state of war; special warrants to the total amount of \$16,454,120 issued on or since 25th August, 1939, under section 25 of The Consolidated Revenue and Audit Act, 1931, to be included in the said sum of \$100,000,000;

With provision also empowering the governor in council to raise by way of loan under the provisions of The Consolidated Revenue and Audit Act, 1931, such sum or sums of money, not exceeding in the whole the sum of \$100,000,000, as may be required for the purpose of defraying the aforesaid expenses, the principal and interest of any such loan to be a charge upon and payable out of the consolidated revenue fund.

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

Mr. ILSLEY: Mr. Chairman, the resolution provides for the granting of \$100,000,000 to his majesty for certain general purposes in connection with the prosecution of war activities. Perhaps the committee will want not a detailed but rather a general statement of the purposes for which the money is being granted, and the reason for fixing upon the amount of \$100,000,000.

The cost of a war effort by Canada does not lend itself to precise calculations in advance. Fortunately, we lack experience as to the costs involved in mobilizing large numbers of men, and the task of fortifying our sea frontiers is, to a great degree, without precedent. Therefore the financial process must take a form permitting financial decisions to be made as need arises, and not by settling now a fixed plan which must be rigidly observed, irrespective of what the necessities may involve.

The Appropriation Act for the current fiscal year provides, in round figures, \$65,000,000 for the services which come within the field of the Department of National Defence. As will be recalled, the votes were, to a great extent, for the acquisition of armaments and machines of war. A large number of contracts have been entered into since April 1, and deliveries are being made. But, broadly speaking, the majority of the contracts are still in process of being performed, with the result that approximately \$50,000,000 of the regular appropriations remain undischarged, and that expenditures for armaments in the next few months will be, in the main, for those for which provision is already made.

It is not desirable, and the reason is obvious, that I be too specific in particularizing the nature of the steps which the general staffs of the three defence services recommend should be taken. I trust therefore that the committee will bear with me if my explanation takes the form of broad generalizations.

First, as to the naval service:

The existence of a state of war, as it is now prosecuted on the high seas, demands that all reasonable precautions be taken to safeguard our ports and sea lanes. The Minister of National Defence is of the opinion that this can be achieved through the acquisition of certain classes of craft, by the equipping of other craft with necessary apparatus and by the provision of various forms of protective works on each seaboard. There will be, also, expansions in the service to permit the navy to give the service expected of it at a time such as the present.

Next, as to the militia service:

The permanent force and the non-permanent units of the militia have been placed on active service status and the establishments of the units are being filled out by recruiting activities. Therefore, with respect to the militia, the major costs in the next few months will be for pay and allowances and for clothing, shelter, subsistence and training provided to the men on active service status.

A problem to be faced is that of housing the members of the forces, because the winter season is not far distant. Again, in a country as large as Canada, the question of transport is neither a simple nor an inexpensive one to solve. It is felt that we should make such provision that the Canadian militia activity at the moment could take the form of mobilizing at least forty thousand men for general purposes, plus a further number for special and coast defence purposes. The acquisition of large quantities of materials is also necessary, but immediate disbursements will be mainly on account of those in training.

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Now, as to the requirements of the air force:

The air force's needs pivot on the acquisition of stores, and equipment, mainly aircraft. It is idle to discuss what one might want, because aircraft cannot be acquired by simply placing an order as one does for an automobile. Therefore, while an expenditure in the vicinity of \$40,000,000 would bring the air force to full peace time establishment, both in equipment and in personnel, it is not anticipated such an amount will be disbursed in the next few months.

In addition to expenditure on equipment, an immediate expenditure on the training and dispatch of pilots and airmen overseas will be necessary. Enlistments are now taking place, a substantial number of pilots and airmen are already trained or completing their training, and there will be no delay in proceeding with this effective form of co-operation with Great Britain. It is essential that there be ample funds to meet any emergency which may arise in the needs of this service.

The next department which has material additions to its costs is the Royal Canadian Mounted Police. The force has been expanded by a call going out to five hundred former members to report for duty and by engagement of special constables up to a total of 2,500. The pay and allowances for these, and the cost of moving the members of the force to where they will be required, are the major new items of expenditure to be incurred by the force. In all, if the precautionary recommendations are fully implemented, about \$3,000,000 may be involved.

The Departments of Public Works and of Transport visualize new activities devolving upon them. In the case of Public Works, these will be in connection with housing for expanded services, particularly those of national defence, while the new costs of the Department of Transport will be mainly with respect to adding to the facilities for ocean shipping, and for landing fields for aircraft. In neither case can the amounts be estimated with exactness, but neither will be for large amounts at any one point. Perhaps \$3,000,000 is an outside estimate.

Other departments will need financial assistance for new or expanded services, but, collectively, it is hoped that, in total, these new disbursements may be kept within \$1,000,000.

The various departments of the government visualize a possible new outlay of about \$125,000,000. It does not necessarily follow that the government will approve all these proposals. Nor, in fairness to all concerned,

[Mr. Ilsley.]

should it be said that the submitted estimates represent the most conservative estimate which might be made; for, as pointed out before, an exact forecast of events into the months to come is not possible. Further, while certain costs can and will come due for payment within the period, many contract orders will remain uncompleted by the end of January and therefore unpaid. Likewise, as already pointed out, deliveries of aircraft are not secured forthwith by simply placing an order. For all of these reasons, and bearing in mind the provision already made by parliament for the public services, this bill has for its purpose that of appropriating \$100,000,000, and it is believed that this amount will permit Canada to perform the duties resting on the dominion until further consideration may be given by parliament to our national effort.

Hon. H. H. STEVENS (Kootenay East):  
Mr. Chairman, the procedure at this moment seems somewhat different from that of the special session on the last occasion on which an emergency of this kind arose, but I presume that remarks made now need not be repeated later, at another stage of the proceedings. I should like to address myself briefly and in a very broad and general way to the situation now confronting parliament. By the adoption of the address in reply to the speech from the throne parliament has placed itself clearly on record and has outlined the course that it proposes to take. That course is one of effective cooperation with Great Britain and France in the prosecution of the war. The exact form and details of that cooperation of course cannot possibly now be disclosed in their entirety. This we recognize fully. As my leader (Mr. Manion) indicated in his remarks the other day, we desire at this time genuinely to cooperate with the government in the discharge of its grave and onerous duties.

I submit that this is not the time for captious criticism or for hypothetical dissertations upon methods or theories of procedure or upon systems of government. In other words, I think we should forget the differences of the past as far as that is possible and genuinely unite and cooperate to face the tragic conditions with which we are confronted at this hour. I wish once again to assure the government, as my leader has done already, that by constructive cooperation we desire to assist the government in their most difficult task. Perhaps the committee will bear with me while I quote a few words which I recall vividly as being uttered by that great leader of the Liberal party, Sir Wilfrid Laurier, a little over twenty-five years ago. I recall the occasion as if it were yesterday. He stood in his place with that grace and dignity which

won for him the respect and indeed the veneration of his political friends and political opponents alike. Beloved and respected as he was by those who knew him, I can think of no better sentiment to inspire us in this period through which we are now passing than the words he uttered on that occasion, particularly as they apply to the matter immediately before the house at the moment. Sir Wilfrid said:

Speaking for those who sit around me, speaking for the wide constituencies which we represent in this house, I hasten to say that to all these measures we are prepared to give immediate assent. If in what has been done or in what remains to be done there may be anything which in our judgment should not be done or should be differently done, we raise no question, we take no exception, we offer no criticism, and we shall offer no criticism so long as there is danger at the front.

I shall never forget the tense moments when those words were uttered. I am conscious at this time that conditions at the front are extremely serious. I do not know that this is the time to say much along that line, but I cannot forbear from making one brief reference. Why has Hitler attacked Poland? Here was a little country already in possession of a non-aggression pact with Germany. Poland had no desire or intention of interfering with the affairs of others. It was a country brought once again to life—it is an ancient nation—by the unanimous opinion, other than perhaps that of the Germans, of those who attended the peace conference. Why should Germany want to violate its non-aggression pact? Poland had resisted any contact with the soviet government because it could not sanction the attitude of the soviet authorities. It was a country which was largely agricultural and which sowed its crops under, shall I say, the shadow of religious shrines. Believing as they did very deeply in the efficacy of the Christian religion, it seems to me that there is only one answer to this question—the antipathy and bitterness which existed against the manner of life of these people, against their beliefs, their ideas and their religious conceptions. There seems to be no other reason which could be offered. As far as Danzig was concerned, the Germans had it. They were in the majority and they were directing its affairs. It is true that Danzig was under the control of a commission of the League of Nations, but the Germans were in as full physical control as they possibly can be at any time in the future. This thought has pressed itself upon my mind. I cannot for the life of me get away from the idea that we here in Canada, just as were the Poles, are faced with the necessity of defending the things which we hold dear, whether they be religious or social or economic.

Turning more directly to the resolution before us, I give utterance again to the sentiments expressed in 1914 by Sir Wilfrid Laurier. To the measures proposed by the government, to the suggestions contained in this resolution, we take no exception and we offer no criticism at this time. We desire to give to the government a perfectly free hand. We desire to offer constructive cooperation in the serious task they have before them. I trust that it will not be considered out of order should any hon. member, whether he sits on the other side of the house or on this, deem it necessary or desirable or advisable during this session, or during the months to come at future sessions, to offer suggestions to the government. Indeed, the other day the Prime Minister (Mr. Mackenzie King) invited such suggestions. Anything that I shall say to-day is not by way of criticism, but merely by way of suggestion. I know I am expressing the views of my leader and of my colleagues generally when I say that we have no desire to criticize or to prolong the discussion.

The resolution does two things. First, it authorizes the government to make considerable expenditures for certain things that they deem to be necessary and essential for the defence of Canada and the prosecution of that degree of cooperation which we have already sanctioned. Of course it is quite useless, indeed not desirable, to ask for details of these matters now, and we shall not do so. We simply say to the government that we will gladly cooperate and grant the request for this sanction and trust the government, in fact suggest to the government, that they exercise every reasonable care to see to it that nothing other than the first duty to the country at this time, namely, the public safety, shall be the motive directing them in the expenditure of these funds.

I have one suggestion to make regarding the last paragraph of the resolution, which authorizes the government to raise by way of loan the sum of \$100,000,000. In the first place, this loan should be raised at a low rate of interest—a very low rate indeed. I am confident from remarks that have been made to me by responsible financial men that it is possible at this time to raise the funds at a low rate of interest, and I am assured that if the government will ask for the funds it requires on a very low interest basis they will meet with a generous response from the public as well as from financial institutions throughout the country.

Another thought that occurs to me is this. Sometimes when a loan is issued there is a provision that no sums above the amount asked for will be accepted. I suggest to the

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minister (Mr. Ilsley) and through him to the Minister of Finance (Mr. Ralston), not in any dogmatic way, that they should accept any amount that is offered, but that they should very carefully consider accepting as much as may be offered. That is my opinion. In other words, leave the loan open, so that if it is oversubscribed the full amount subscribed may be accepted; because I am convinced that the country will need all the financial resources it is able to make available.

The government is asking for \$100,000,000, which is to include \$16,000,000 already expended, thus reducing the amount made available by the loan to about \$84,000,000. Obviously it is not my duty to suggest to the government that that is not enough; but I do express this private opinion, that more may be needed in the next few months. Parliament may not meet until January or February; we do not know, and I personally would not object if the amount to be raised were made larger, because \$84,000,000 is only some \$30,000,000 more than was asked for in 1914, when circumstances were vastly different from those of to-day. It must be remembered that mechanization, which is the keynote of all present military and naval forces, is very expensive. The government have the right, of course, under governor general's warrants, to supplement the sum now proposed to be raised, if it proves to be insufficient. But it is likely that subscriptions can be obtained at a lower rate of interest now than will be possible later on, and I suggest that that point be kept in mind.

Another suggestion I would make to the minister and the government is this: Do not overlook the gold resources of Canada. It has been demonstrated in the last few years that Canada is capable of producing a tremendous quantity of gold. Not so many years ago when someone suggested that Canada's gold production might reach \$100,000,000 he was laughed at, but during the last few years we have produced gold to a value of over \$150,000,000, taking into account its increased value; and I think production during the current year will exceed that figure. That is a very substantial amount, and there is no reason why we should not make a maximum use of our gold production in Canada by adding to our reserves and utilizing the advantages which accrue from that method of financing. We often talk about the gold reserve as something so sacred that it must not be touched, a reserve in excess of our minimum requirements which may be used in times of stress or necessity. That is something we should keep in mind. These are times of stress and necessity, and while I would not for one moment

[Mr. Stevens.]

suggest that we should lower the standard of reserves which has been set up, I do think we should add to those reserves from our production, instead of simply shipping the gold out of the country as an export commodity. We should exercise our rights under the law and in accordance with the practice, and use those reserves to the limit to which we are capable of using them.

Another thought that might be expressed at this time, and I offer it largely, if I may so, to encourage the government to follow the path of reasonableness and caution, is this. We hear a lot of talk about the conscription of wealth, but I have not yet heard anyone define in specific terms what he means by the conscription of wealth. The term is used very loosely; I submit there are as many definitions of "conscription of wealth" as there are people who use the phrase. I very much prefer the term "mobilization of wealth." If the conscription of wealth means, for instance, the nationalization of industry, I warn the government against any such step; it would mean national confusion and chaos, and, I believe, collapse, if we were to attempt to change from the present organization of our industrial and financial life to a system of nationalization or government operation of industry. I suggest to the government, therefore, that they approach this question with great care.

But I do hold very strongly—and I gathered from the Prime Minister's utterances the other day that he has some such view in mind—for the coordinating of the wealth resources of the economic structure of Canada in a united effort to prosecute this war; in other words, for the mobilization of the industrial, financial and other resources of Canada for the common purpose. With that I am agreed, and I think it is the objective we should have in mind. In this mobilization, particularly of industrial resources, I suggest that the government keep in mind the splendid compilation of information made by the census bureau of Canada regarding the industrial life of this country. I do not think it is used either by the scholastic fraternity in their economic instruction in the universities, or by financial or industrial men in Canada, or even by the government, to the extent to which it might be. The government should make full use of this compilation of information—which is completely analysed and tabulated by a competent staff of experts who understand their business thoroughly—and of the census bureau and the trained staff in its industrial branch.

I should like to utter a word of encouragement to all as to the attitude of the people

of this country. I shall give only two or three illustrations which have come to my attention. We hear a great deal about profiteering and the dangers of profiteering, and with all that I agree. We should be extremely careful about profiteering, but on the other hand let us realize the goodwill and the good faith of the people. Only a comparatively small number of the people of this country would selfishly and in a spirit of greed seek to profit from the war. On the other hand, hundreds of thousands of industrialists, merchants, business men and financiers are just as anxious to serve the country without profit as any who can be found in other walks of life. The other day in Ottawa a group of business men met, representing the whole clothing industry. They have offered voluntarily, without any suggestion or influence on the part of the government or any other group, to stabilize wages, to arrange an equitable distribution of orders—that is, to do away with pulling for orders, with one seeking to get an advantage over another, or using political or other influences to get orders—and to place all the resources of the industry at the service of the government virtually at cost, that is, the cost of operation together with overhead. This is a generous offer. It is made by the industry as a group. I suggest that we do everything we possibly can to encourage an attitude of this kind; and I suggest to the government that through the agencies they have set up the same idea might be passed on to other industries. Under our economic system there is the possibility of controlling an industry from within, whereas when we seek to control it from without we often experience difficulty and disappointment. In any case I point to that offer of the clothing industry as one that should be commended.

I received also an offer from the Masters' and Mates' guild, a splendid class of men whom I believe we all honour—men connected with coastwise and deep sea fishing. This communication is from the Pacific coast, but I have no doubt that it will apply also to the other coast. They suggest—as do the marine engineers, another splendid body of men—that they will place their whole guild as a body at the service of the government. Conscription vanishes into thin air when you have suggestions of this kind. I repeat, they suggest they will place the whole body of their membership without reserve at the disposal of the government, and they offer to cooperate with the government in allocating the work that their members are best suited to perform. This is a fine offer, a splendid example which may be and I think will be followed, if it is made known, by many other unions, groups and guilds throughout the country. I say again

that I think public notice of these things ought to be taken and some encouragement and commendation given in regard to them.

I indicated when I rose that my purpose was to be brief and not to delay business. I have offered these few remarks to indicate a course which we as a parliament and also as private members may usefully promote, and also to demonstrate to the government that we wish to render them reasonable cooperation and assistance, to be constructive in our criticisms, and, as far as we possibly can, to make the pathway as smooth as it can be made for them.

I offer, as the late Sir Wilfrid Laurier said, no criticism of this method of financing. In whatever respect it may be different from what we might think would be best, we do not interject objections at this time. We simply suggest that the greatest care be taken as to the manner in which these large sums—not only those now proposed but others which undoubtedly will follow—will be used and expended, and urge that they be expended solely and wholly with regard to the public interest, the prosecution of this great war, the defence of Canada, and our cooperation with the motherland. These are extremely critical times, and we cannot take too seriously the duties which rest upon us at this hour.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): It is not the purpose of our party in any way to obstruct or delay business. The other day my colleague from Rosetown-Biggan (Mr. Coldwell) read into the records of this house the policy in a general way which our party has decided upon. It is quite obvious that certain of the provisions included in this resolution are not in harmony with that policy, and we shall reserve our right to offer criticism on those matters when the bill is before the house. However, in order that there shall be no unnecessary delay, we do not propose to say anything now at the resolution stage.

Mr. LIGUORI LACOMBE (Laval-Two Mountains) (Translation): Mr. Chairman, I desire on this occasion to reiterate my opposition, clearly expressed on Saturday last, to any participation by Canada in foreign wars. I particularly protest against paragraph (b) of the resolution which reads as follows:

(b) the conduct of naval, military and air operations in or beyond Canada.

I take this opportunity to call the attention of the house to an article published in the *Montreal Gazette* concerning the last sitting of the house, that of Saturday last. The *Gazette* said:

When the amendment of Liguori Lacombe (Laval-Two Mountains) was called in the house

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last night by the Speaker there was a roar of "Nay" and a weak reply of "Yea." The sponsors of this amendment (three insurgents spoke for it) did not even demand a vote.

Mr. Chairman, I assert that, contrary to this newspaper's report, my colleague the hon. member for Quebec-Montmorency (Mr. Lacroix) and myself rose in our places, thereby clearly indicating our desire to have the hon. members of the house record their vote. But, being alone with the hon. member for Quebec-Montmorency to ask for a recorded vote, Mr. Speaker declared the amendment defeated, inasmuch as according to the rules of the house a vote must be demanded by at least five members.

I make this statement, Mr. Chairman, in order to set out the actual facts.

Mr. A. H. MITCHELL (Medicine Hat): We appreciate some of the difficulties confronting the government at this time, and we have no wish to embarrass the government or to impede in any way the passage of this measure. It must be passed: Canada is at war. But there are certain principles which are just as vital to Canada as the passing of this bill, and they must be enunciated. This hundred million dollars which the resolution calls for is only pin-money compared to the sums which parliament will be required to vote before this war is over. Now is the time to enunciate and if possible ensure acceptance of the principles on which this money and subsequent amounts will be expended during the war.

The New Democracy group has laid down the principle in Canada and in this house that when Canada is at war the whole of Canada is at war. You cannot conscript men and have industry and finance volunteer. You cannot conscript finance and industry and have men volunteer. This is a sound principle; it is an elementary principle of good business which it would seem imperative for this parliament to accept. If we choose not to do so now, circumstances will eventually compel us to do so. I sound this solemn note of warning to the government, that we cannot afford not to begin right. The experience of the last war, if it taught us anything, taught us that. Why is it that we refuse to learn? Must we in this crisis repeat the initial blunders and wastage of resources and man power that took place in the last war? If we must, then let us decide to do it frankly and openly; let us not pretend that we are not doing it. But if we would learn from the experience of the last war, then let us face the matter frankly and clearly now, and admit that the answer lies in national service—not national service of men alone, of finance alone or of industry alone; anything

[Mr. Lacombe.]

less than national service of all three together as Canadians would be a supreme demonstration of inefficiency.

The government have declared against universal conscription; the Conservative opposition have officially declared themselves as against universal conscription; the Cooperative Commonwealth Federation have declared against universal conscription. This means that these parties are allied on a principle which means suicide for Canada. The grossest kind of discrimination and wastage in human life and material resources will follow unless those responsible achieve maximum efficiency throughout the whole length and breadth of our national economy, not merely in any specific part of it. This means universal conscription for national service. And only on the basis of universal conscription can this country do its duty to itself, to the empire and to the cause of civilization and Christianity, now at stake.

It has been suggested that universal conscription will promote disunity in Canada. We hold the contrary view. We believe that when the need for maximum national service is made clear to Canadians it will have overwhelming approval from them without distinction of class or race or creed, because it is right and just and sound. We stand for Canadian unity, but we stand for unity upon the principle of supreme national effort.

This measure must be passed. It is the best that has been offered to us; we can do no better, now that Canada is in the war, than hasten its passing, and we in this corner shall certainly not block it. But the principles which I have enunciated are eternal and they must prevail.

Right Hon. W. L. MACKENZIE KING (Prime Minister): May I ask the hon. member who has just taken his seat (Mr. Mitchell) one question, partly for my own guidance, but equally for the guidance of hon. members generally? I notice in speaking this afternoon he has referred to himself as a member of the New Democracy group. He has not referred to the Social Credit group which has been sitting in the seats that he and his colleagues are now occupying. I notice also that the leader of the Social Credit group, speaking in the house on September 8, used this expression:

This Social Credit group, now in Canada identified with New Democracy, has committed itself to the unqualified support of Britain and her allies.

The leader of the Social Credit group has spoken of an identification with the New Democracy. Would my hon. friend inform the house whether the Social Credit group still exists as such, or whether it has changed into

a New Democracy group, and by which of the two designations we should address its leader and members when speaking in this house?

Mr. MITCHELL: I appreciate the point of the Prime Minister; it might serve perhaps to change the subject a little, but I can clear his mind at once by saying that the hon. member for Lethbridge (Mr. Blackmore), the leader of the Social Credit group in this house, used the correct term. The Social Credit group is an entity. It exists, and it exists very completely, and is associated with and is part of a tremendous wave of public opinion which is growing in this country, known as New Democracy. Is that clear?

Mr. MACKENZIE KING: That does not quite answer my point. What I wished to know is, when I address the leader of the group of which my hon. friend is a member, or any other member of it, am I to refer to him as a member of the Social Credit group or as a member of the New Democracy?

Mr. MITCHELL: The right hon. gentleman may take his choice. We are the Social Credit group of the New Democracy.

Mr. MANION: I should like to ask my hon. friend a question, with no desire to enter into a political discussion. That is farthest from my mind. But the hon. member who has just taken his seat (Mr. Mitchell) and his leader in the house came out, as they said, for universal conscription—that is of men, materials, industry and capital; I suppose I may go as far as I like. I have in my hand a telegram received a few days ago from Louis Dugal, president of la ligue du crédit social de la province de Quebec. It is in French; I have translated it into English, and the committee will perhaps permit me to read it in French and then I will translate it into English. It is addressed to myself, and it says:

L'exécutif provincial de la ligue du crédit social de la province de Québec, réuni à Montréal en assemblée spéciale, réitère son opposition irréductible à toute participation du Canada aux guerres extérieures, tel que résolu au congrès général tenu le 18 juin à Québec.

This is the translation—

Mr. MICHAUD: We do not need a translation.

Mr. MANION: Well, some of us do.

The provincial executive of the Social Credit League of the Province of Quebec, gathered at Montreal in a special meeting, reiterates its unyielding opposition to any participation of Canada in exterior wars, as resolved at the general congress held on June 18 at Quebec.

The Social Credit League of the  
Province of Quebec

Louis Dugal,  
President.

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I should like to ask my hon. friend, for which of these policies does the Social Credit party stand?

Mr. MITCHELL: The leader of the opposition has read a communication which came, as it states, from the head or the executive of a provincial organization. It ill behooves me to interject a note of reproof into the deliberations of this committee. But I should like to know exactly what that communication has to do with the subject of the vote of \$100,000,000 with which we are now dealing. I should also like to know what the question asked by the Prime Minister has to do with it, and why these matters are interjected into this debate at this time.

Some hon. MEMBERS: Politics.

Mr. MACKENZIE KING: I may answer my hon. friend so far as I am concerned. I was simply asking for guidance in order that we might use the proper designation in addressing hon. members in his corner of the house.

Hon. J. EARL LAWSON (York South): I have no desire at this time to enter into a discussion with my hon. friend from Medicine Hat (Mr. Mitchell) as to the nationalization of capital or industry. So far as I am concerned I can cover the whole ground by saying that in my opinion the nationalization which he proposes would not bring about the maximum national efficiency which is so much desired.

Despite the urgent desire to dispose with dispatch of matters before the house I should like to pause for a moment particularly on this, the first resolution to come before the house which in the ordinary course of events would have been introduced by the Minister of Finance, to express my extreme regret that illness necessitated the retirement of Hon. Mr. Dunning. It was a privilege and a pleasure to be associated with him in this House of Commons, even as an opponent.

I have no desire to express any criticism of the government to-day. I entirely agree with the sentiment expressed by my leader the other day, and by the hon. member for Kootenay East (Mr. Stevens) to-day. I realize that at this time the government has a grave and heavy responsibility, and that no matter what divergent views we may have held in the past with respect to domestic problems, it is most important that there should go forth to the people of this country, and for that matter to the peoples of the world, the knowledge that we stand as a united nation for the survival of democracy and the upholding of

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the principles of justice and right within, and in association with, the British empire. At some future time, as matters develop, the necessity for criticism may arise, but at the moment I desire merely to offer the government one or two suggestions, first in connection with the borrowing of the \$100,000,000, and second in connection with the expenditure of it, which suggestions I trust may be helpful in attaining the maximum results from our united efforts.

The first thought that occurs to me was mentioned this afternoon by my colleague from Kootenay East, namely the cost of borrowing this \$100,000,000. The interest rate upon that amount, to the extent that it is not raised by special taxation during this year, will constitute a burden upon the taxpayers of Canada for many years to come. I think it is most fortunate for the government that at this time, by reason of the operation of the law of supply and demand together with other factors which enter into the matter, interest rates are, I imagine, at their lowest point in our history. These low interest rates are applicable both to short term and to long term money, but I am thoroughly convinced that this condition will not long continue. The advent of war, the increasing purchase of supplies and many other factors, in my opinion will cause that interest rate to rise continually until, if it is left uncontrolled, in the not too far distant future we shall be back to a demand for a rate of five and five and a half per cent on government bonds, as happened during the last war.

I believe public sentiment to-day will not approve of the payment of such rates of interest. I believe the sentiment of the people demands, and rightly so, that the rate paid for the use of domestic capital in time of war for the necessary services of the country shall never be greater than and only commensurate with the recompense received by those who serve in the combatant forces.

We heard some discussion to-day with respect to the nationalization of industry. I am sure it requires no statement of mine to make hon. members of this house realize that I should never advocate the nationalization of industry or of capital. But I do suggest very seriously to the government that, having regard to what I have said as to the likelihood of a rising interest rate, the government should contemplate right now such measures as may be necessary in the future to restrict borrowed domestic capital to a return on the basis I have outlined, a return commensurate with that received by those in the combatant forces, in order that there may be equality of service for all citizens of this country.

[Mr. Lawson.]

With that in view I suggest to the government now that they contemplate measures and act immediately to prohibit, except under licence through the central bank and the commercial banks, the exportation of domestic capital from Canada, and that regulations be prescribed by the government so that only that domestic capital may be exported which is for purposes beneficial to the national interest or at least not detrimental to the future requirements of the country.

There are two methods of borrowing; the one is by short term financing, treasury bills and so on; the other is by the issue of bonds, long term securities. If at this time the government finances this \$100,000,000 by means of treasury bills, unquestionably it will obtain a lower rate of interest than it would if it financed by means of long term bonds. But I doubt if, ever again in Canada—certainly not during the period of this war upon which we have embarked—the government will be able to borrow money on long term securities at rates lower than those existing to-day. Therefore I say to the government that in my opinion—and I am not going to suggest that my opinion must be taken alone—though you may place a lesser burden on the people in the first year if you borrow on short term treasury bills during that period, in the long run you will place upon the people of this country a greater burden if you adopt that procedure. Therefore I urge the government to consult with the personnel of the central bank, and others for whose opinions the government may have high regard, in order to ascertain, and having ascertained it to follow, their advice as to borrowing the amount required, either \$100,000,000 or a larger amount, on long term securities at this time; so that if in the future there should be complaint that for purposes of its own—I shall not now enumerate them, because I want to keep away entirely from political discussion—the government was borrowing on short term treasury bills, any action taken in that regard would have behind it the best informed opinion in the country as to the cheapest possible method of financing the borrowings we now have to make.

I wish to make only one suggestion with respect to the expenditure of the money. To my mind, to conclude that we are participating in a war of short duration would be the height of folly. I think we must prepare for long and extended participation. If it be short, then so much the better. Our experience in the last war taught us, among other things, that citizens of Canada served in either a combatant or a non-combatant capacity who would have been eminently qualified to

render a much better and greater service to Canada had they been serving in some other capacity. At the present time we have little accurate knowledge as to the individual capacities, abilities and attainments of our people. With a view to meeting that situation I suggest that the government spend some of this money, which under the wide terms of this resolution they have power to do, in proceeding at once with a national registration of all the people in Canada, with a view to ascertaining accurately the capacities of our citizens and their respective records of attainment.

I make these suggestions to the government in the most earnest desire to be helpful. And while I am on my feet may I comment on a point which has been brought to my mind by the recitation of the hon. member for Kootenay East respecting the generous and patriotic offers made by groups of men in Canada who are anxious to serve. For many years we have rewarded meritorious service in the combatant forces. I have no doubt that literally thousands of Canadians are willing to serve in any capacity which may be considered beneficial to the country. I know there are at least hundreds who have great ability, and who may be able to serve and are willing to do so, even if it be at great personal sacrifice to themselves. Although the point I have in mind does not relate immediately to the measure before us, I suggest that the government consider the advisability of establishing in Canada some award of merit or decoration of merit which could be conferred upon those rendering distinguished service to the country in war time, at great personal sacrifice, but who are not actively participating in the combatant forces.

Mr. VICTOR QUELCH (Acadia): Mr. Chairman, I have no intention at this time of entering into any long or detailed discussion as to methods of procedure, but on behalf of the group to which I belong I wish to protest against certain actions which we believe may lead to chaotic conditions similar to those which existed at the close of the last war.

The hon. member for York South (Mr. Lawson) intimated that we had advocated the nationalization of capital. When he made that statement I believe he must have been confusing us with the Cooperative Commonwealth Federation, because at no time have we advocated the nationalization of capital. On the other hand we have advocated the conscription of, first, finance; second, industry, and third, man power. By conscription we mean a process of effective control and direction.

When a country engages in war it becomes engaged in a life and death struggle, and it therefore becomes essential that it organize on as effective a basis as possible. Otherwise unnecessary loss of life and great hardship are bound to result. That is why the group to which I belong has taken a stand in favour of the conscription of finance, industry and man power. By such means we believe we can avoid the injustices and inequalities which existed during the last war. By such means we believe we may develop the resources of this nation to their full capacities, so that we may be enabled to make a maximum contribution, without increasing the debt of the nation by a single dollar. In other words we advocate a policy of pay-as-you-go.

Last year before the banking committee Mr. Towers emphasized three ways by which a government could finance, namely, by borrowing, by taxation, and by monetary expansion. The group to which I belong believe we should adopt the last two of those proposals. We believe in utilizing the Bank of Canada so that we may create the necessary financial credits and currency, combined with definite price regulation so as to obviate any serious rise in prices. We would advocate, further, steeply graded income and profits taxes. We maintain, further, that the only possible justification for borrowing is when our need for goods is greater than our ability to produce them. That condition of course requires external borrowing. We see absolutely no justification for internal borrowing.

I realize there will be some who will object strenuously to any increase of taxation on incomes in the higher brackets. To them I would present this argument: In time of war it becomes necessary to call upon certain people to be willing to sacrifice their lives. It becomes necessary for some people to make that supreme sacrifice. It is necessary for others to suffer mutilation of the body. Is it asking too much to ask people remaining in Canada, in comparative safety, to be willing to sacrifice the major portions of their incomes? Is that asking too much, at a time when we are asking other people to sacrifice their lives? I say we have every right to demand that those who remain in safety be prepared to sacrifice the major portion of their incomes, that they be permitted to retain only that portion which is necessary for the maintenance of a moderate standard of living. We are unalterably opposed to the proposal that we finance our share of the war by the issue of bonds. The government has the right to utilize the Bank of Canada, and I see no possible excuse for paying chartered banks to do that which we can do through our own national bank.

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Mr. MAXIME RAYMOND (Beauharnois-Laprairie): Mr. Chairman, as I have already stated my attitude against participation of Canada in the present war I shall not at this time make any additional observations. May I therefore propose an amendment to the resolution before the committee. I move to amend the resolution by striking out in subparagraph (b) the words "or beyond".

The CHAIRMAN: In my opinion the amendment is out of order.

An hon. MEMBER: Why?

Mr. MACKENZIE KING: It is a resolution which has been recommended by His Excellency the Governor General, and the amendment is out of order for that reason.

Mr. COLDWELL: Would such an amendment be in order on the bill?

Mr. MACKENZIE KING: I would prefer to leave that to His Honour the Speaker to say at a time when the bill has been introduced, but the amendment offered is certainly out of order on the resolution.

Resolution reported, read the second time and concurred in. Mr. Ilsley thereupon moved for leave to introduce Bill No. 4, for granting to his majesty aid for national defence and security.

Motion agreed to and bill read the first time.

Mr. ILSLEY moved the second reading of the bill.

Mr. LACROIX (Quebec-Montmorency) (Translation): Mr. Speaker, I have an amendment to move on the second reading, seconded by the hon. member for Laval-Two Mountains (Mr. Lacombe), as follows:

That the said bill be not now read the second time, but that this house express the opinion that the moneys to be appropriated and placed at the disposal of the government shall not be expended for any naval, military and air operations outside the limits of Canada.

Mr. SPEAKER: I think this amendment is out of order because it deals with the provisions of the bill and for that reason, in my opinion, it cannot be considered. See May, page 391. I declare the amendment out of order.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Sanderson in the chair.

Section 1 agreed to.

[Mr. Quelch.]

On section 2—Appropriation.

Mr. GREEN: This section of the bill deals with one of the matters in connection with which I should like to make a suggestion, and I take this opportunity of placing three suggestions before the Prime Minister and the cabinet. This week Canadians from coast to coast are facing the new and difficult world in which they find themselves with a seriousness and determination which have not been known in this nation during the lifetime of any hon. member who is present in this house this afternoon, and I believe Canadians are looking not only to the government but to every hon. member of this house for leadership as they have never done before. There is a great opportunity for us to steady the nation and to show the path that it should follow.

Naturally the responsibility falls largely upon the Prime Minister and his cabinet, and I am sure that none of the other members of the House of Commons envy them the difficult task they are facing in these days. But there is also a responsibility upon each one of us, even those of us who sit on the back benches and who have been in the public service for but a short time. For this reason I was glad to hear the Prime Minister of this nation state the other day that he welcomed and invited suggestions.

I suggest in the first place that we take a more definite stand concerning an expeditionary force. The statement of the Prime Minister with regard to such a force will be found at page 35 of *Hansard*, where he is reported as follows:

The question of an expeditionary force or units of service overseas is particularly one of wide reaching significance which will require the fullest examination.

He then went on to refer to what had been done in Australia, where it had been stated that the government had not yet seriously considered dispatching an expeditionary force overseas. The Prime Minister said that was also the attitude being adopted by the Canadian government. But I should like to point out that the position of Australia is different from the position of Canada. Australia is more isolated and has potential enemies within close reach. It is certainly not protected to the extent that we are by the great nation to the south. Australia's problem is different from the problem of Canada. Canada has a larger population; it is the senior dominion,

and I submit that Canada should not hang back and wait for Australia to give a lead. Australia will be there when the time comes; there is no doubt about that, but in the meantime Canada should take the lead.

I fear that the announcement by the Prime Minister may give the nation the impression that we in this parliament are half-hearted in our conduct of the war. I realize that that is not the case, but I say simply that that impression may be created. It may be felt by Canadians—and I think this is particularly true of my own province of British Columbia—that Canada is not going to do her fair share. It is vital to maintaining the spirit of our people that they be able to feel that Canada is doing her part.

I can well understand that such a force is not needed in Great Britain at the present time, and may not be needed for months, but eventually it will be needed and should be recruited and trained in preparation for that time. We cannot pick up an expeditionary force on a few days' notice. It is not like going to a store to buy something and getting it off the shelves immediately. To be effective such a force must be trained for six months or perhaps for a year, and we should begin at once. I have all of the old soldier's horror of rushing half-trained men into war, which would mean not giving these fine young Canadians who will compose the expeditionary force a fair chance for their lives. Any war should be fought by properly trained men.

But what do we find in Canada to-day?—and I suggest this, not to be critical, but in the hope that the fault may be remedied before we go any further. We find that men are being recruited for a Canadian active service force—and if I am incorrect with respect to any of these statements I would ask the Minister of National Defence (Mr. Mackenzie) to set me right. The regulations show that men are being enlisted for home service only. In my own city of Vancouver the explanation has been given in the press repeatedly that later, if required, there will be recruiting for an overseas force, and that such members of the active service force now being recruited as wish to serve overseas can then sign on again; in other words, that they can reenlist. Actually the majority of these young men right across Canada believe that they are enlisting for overseas service, and the situation as it now exists will mean confusion, delay, and inefficiency.

I point out to the government what has happened in New Zealand. I am reading from a press report of September 8:

The New Zealand government decided to-day to raise a special military force for service within and beyond the dominion.

Then it goes on to give the particulars. Canada should follow that example. We should change our method of recruiting and have men enlist for either home or overseas service, and parliament should announce to the Canadian people the preparation of a force that can be used if necessary as an expeditionary force.

Remember that these recruits are volunteers. With those of the other dominions they will be the only volunteers, so far as we know, serving in this war. We are raising an army of men who enlist of their own free will, not blindly, but for a purpose, and the purpose of the great majority of the men who are enlisting to-day is to smash Hitlerism. That must be done overseas, and must be done by trained troops. If we leave this question of an expeditionary force in the air I believe we shall see a rapid falling off in recruiting and a rapid deterioration in the morale of our people.

My second suggestion is this: For the present Canada is to be represented in the actual fighting by our young lads who go overseas as air personnel. The Prime Minister said the other day—I am quoting from page 35 of *Hansard*—"and the dispatch of trained air personnel." Again the Minister of National Revenue (Mr. Ilesley) to-day said that airmen would be sent overseas just as rapidly as possible. They will be the very cream of our young manhood, and I suggest that they be allowed to fight as Canadians in Canadian squadrons, and not merely be sent over as "air orphans," to be lost sight of in British squadrons. Those of us who were privileged to serve in the Canadian corps in the last war will remember the thrill that came from having that name "Canada" on our shoulder straps. These young airmen should be placed in the same position, and be followed and encouraged and cheered by this nation as no body of our young men has been before.

Finally, and as a third suggestion, I think we must at once find ways to break this vicious circle of rising prices. We have not yet been at war for two days but already the war profiteer is reaping his harvest. I would read to the house a wire I have received from the mayor of Vancouver, dated September 8. He says:

Would suggest immediate action be taken by government to prevent price manipulation and hoarding of essential foodstuffs. Already there is marked upward swing in prices here without any justification whatsoever. It is working terrific hardship upon those on relief and in lower income brackets. If this state of affairs is allowed to continue and those who have already hoarded not made to disgorge it is

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inevitable that much justifiable resentment and unrest will ensue. Would suggest you try to have market commissioner McGuigan of this city appointed here at once to protect our consumers' rights. The local situation is urgent.

J. Lyle Telford,  
Mayor.

That could be confirmed by every member of this house, I have no doubt. This sort of thing must be stopped and stopped quickly. It affects every single Canadian, and particularly, and oh, so disastrously, does it affect Canadians who are on relief or on government aid of one type or another, numbering, according to the *Labour Gazette*, in May of this year almost one million people, a total of 934,000. The same applies to thousands of Canadians who are on the verge of relief, and to pensioners of the last war, war veterans' allowance recipients, old age pensioners, mothers on provincial allowance, and finally—and I ask the committee to note this—the dependents of these young men who are now enlisting, the dependents of our new soldiers. For all of these the raising of prices means semi-starvation.

This war is a war of nerves, far more so than the last war. How can we expect the Canadian people to keep their nerve and to keep up their spirit under such conditions? I suggest that the government take steps at once to investigate each price increase, even if they have to use the local municipal authorities for that purpose, and that if any improper increase is found, the person responsible be dealt with summarily and severely. Somewhere in most of these increases there is somebody trying to profiteer. It is seldom the retailer, but somewhere in that chain there is a man profiteering. If our present criminal code does not cover such an action, an amendment should be brought in at this session. If this price racketeering—for that is what it is—is stopped, and stopped quickly, nothing will do more to keep the morale of our people high and to maintain confidence in this parliament.

Mr. MacNEIL: We have now reached the point where we must discuss the extent of our military action. This, in my opinion, must be a matter of grave, cool and deliberate appraisal. We cannot make the grave decisions involved purely on a basis of sentiment or emotion. It is now a matter of national strategy; and no greater injury could be done to our country at this time than to attempt to dictate its strategy by unreasoning emotion. As a dominion we are now at war. War is a grim and deadly business. It demands not only cool judgment but a balanced strategy. Personally I refuse to be stampeded

[Mr. Green.]

by slogans that are now being coined to whip up a suicidal hysteria. For reasons which were not based on sound strategy, decisions were made in the last war which we all now admit were blunders. By reason of these blunders thousands of young Canadians were sacrificed needlessly. As a small nation facing an unpredictable war, facing an unpredictable alignment of forces, the conservation of our man power is a paramount consideration.

I want to think as soberly of these matters now as when I see long Canadian casualty lists and attempt to weigh the loss of life against the objectives attained. I want to think as soberly of these matters here as though I were actually facing death on the field. I want to think as soberly now of these matters as when I am faced with the problems of peace rehabilitation and national reconstruction at the termination of hostilities.

War talk is a heady brew. May I say, as one who knows something of war, that perhaps the greatest stupidity of war is the impulse to plunge headlong into the conflict with a mistaken heroism and discard the strategy of the ultimate aim for the brave but melodramatic moment. Now that we are at war, nothing is more important than the calculation of a course which will bring us quickly and efficiently to the establishment of enduring peace based on justice.

We have been drawn into war as a part of the British commonwealth. Our war policies, I assume, will therefore be coordinated with those of the commonwealth. To the extent that Canada is left vulnerable the British front will be vulnerable. It is clear that as a first step in a coordinated plan, we shall be expected to place Canada in a reasonable and proper state of defence. At the same time may I point out that any unwise extension of any war effort which would undermine our defence would hamper rather than assist Great Britain. It would be the height of folly to expose the British front to a flanking movement and jeopardize a vital source of essential supplies. We invite defeat if we push forward into a salient which we have not the strength to hold.

This parliament must now decide whether Canadian lives are to be sacrificed on European battlefields. We cannot leave this decision simply to the British high command. We cannot allow this decision to be determined by hysteria or unreasoning emotion; and I submit that, from the standpoint of national or commonwealth strategy, there is no justification for sending any expeditionary force to Europe. It is on considerations of the national interest as I have attempted to

define it that the Cooperative Commonwealth Federation is opposed to military action overseas.

Canada's war objectives have been stated by the Prime Minister and the Minister of Justice. The first of these, according to the Prime Minister, are home defence, internal security, defence of British and French possessions in this hemisphere, economic blockade and pressure, and supply of war materials to the allies. In addition he asked blanket approval of an indefinite extension of these war objectives to military participation abroad if and when, after consultation with the British authorities, the government decides such action to be advisable. The Minister of Justice speaks of Canadians in the front line of battle "under the control of Canada, commanded by Canadians and maintained by the Dominion of Canada." We can only interpret this as meaning that the government is paving the way for action on other fronts.

We of the Cooperative Commonwealth Federation are not in agreement with such an extension of policy. In our statement we have offered no objections to measures for home defence and economic assistance to the British and French people. We do say that the measure of Canada's direct and vital concern in this struggle does not justify the shedding of Canadian blood on European soil. This is the policy enunciated by the governments of some of our sister dominions. This is the correct policy for Canada. Canadian participation in this war does not compel military participation abroad. On the contrary, we can make our best contribution to the commonwealth and at the same time safeguard the interests and future of the Canadian people by limiting our assistance in the way we have proposed.

It is important that we should clearly define now our position on this aspect of the problem. If we launch any measure of military operations abroad there will ultimately be no limit, regardless of present intentions. We must now face the fact, and face it calmly and frankly, that if we sanction any degree or form of military participation in Europe it will give rise to an increasing demand for more direct military intervention on a much larger scale.

It is possible now to discuss these problems calmly. It may not be possible to discuss them calmly when casualty lists from Europe come home. May I point this out, with no desire to detain the house at undue length? It is idle to brush aside the conscription issue if we plan now for military intervention in Europe. An expeditionary force and the

publication of casualty lists resulting from the operations of such a force mean inevitably that the conscription of man power will come to Canada. I cannot conceive of any war-time administration, having advanced to that stage in the struggle, doing otherwise than was done by Sir Robert Borden in 1917, when he said that, with an expeditionary force of 237,000 men in the field, because of inability to secure the necessary reinforcements, in order to avert national disaster, it was necessary to introduce conscription of man power in Canada.

One or two other important considerations occur to me. Unquestionably, as the struggle advances, the industries of other countries will be devastated. The production of essential materials will be difficult. More and more they will look to Canada and rely on Canada for essential materials. We have after all only eleven million people; and the most careful, deliberate, cool, almost ruthless appraisal must be made of the dangers of diverting any substantial number of men from productive enterprise at this time to combatant service.

I suggest this further, that any attempt under present circumstances to enforce conscription in Canada would virtually immobilize Canada because of the marked degree of disunity which would be created.

I think we should also keep in mind the strength and the geographical position of our country, and now plan for peace rehabilitation and consider the problems with which this small nation will be confronted at the termination of hostilities.

Other speakers have traversed that ground. In order that the point may be clear, that we may have a definite declaration of policy by the government, I move this amendment:

That section 2, subsection 1 (b) be amended to read as follows:

(b) The conduct of naval, military and air operations in or adjacent to Canada.

Some hon. MEMBERS: Question.

The CHAIRMAN: Shall the amendment carry? Will those in favour please say aye?

Some hon. MEMBERS: Aye.

The CHAIRMAN: Those opposed will please say nay.

Some hon. MEMBERS: Nay.

Mr. LACROIX (Beauce): Mr. Chairman, I had risen—

The CHAIRMAN: Order. The amendment is lost.

Mr. LACROIX (Quebec-Montmorency) (Translation): Mr. Chairman, I request that the vote be recorded.

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Mr. LACOMBE: I second the motion of the hon. member for Quebec-Montmorency.

Mr. LACROIX (Quebec-Montmorency): We are five here who insist that the vote be recorded.

Mr. LAPOINTE (Quebec East): The hon. member was standing.

The CHAIRMAN: Order.

Mr. GARIÉPY: Mr. Chairman, this is a matter of fairness. I rise to a point of order. The hon. member for Beauce was standing awaiting his chance to speak before the amendment was put, and you persisted in going on with the proceedings while the hon. member for Beauce claimed the floor. It is most unfair in a matter of this importance that if the hon. member for Beauce has any remarks to make he should be deprived of an opportunity to make them when he rises to do so.

Mr. MACKENZIE KING: May I say to my hon. friend that I do not think the chairman had any intention of unduly pressing a vote at that moment. The chairman was looking at the amendment and did not see the hon. member for Beauce rise at the time. But there is no doubt that the hon. member for Beauce did rise, and I think the chairman has since taken that fact into consideration by being about to call the motion again. It would, I am sure, be the wish of the committee to have the motion called again.

Mr. LACROIX (Beauce) (Translation): Mr. Chairman, allow me, on this important matter of a war budget, to raise my voice and express my opinion.

War appropriations are being asked for:

- (a) the security, defence, peace, order and welfare of Canada;
- (b) the conduct of naval, military and air operations in or beyond Canada.

On September 8, the right hon. the Prime Minister (Mr. Mackenzie King) made in this house the following statement, reported on page 35 of *Hansard*.

The question of an expeditionary force or units of service overseas is particularly one of wide-reaching significance which will require the fullest examination. I note that Sir Henry Gullett, Australian minister for external affairs, told the Australian house of representatives on Wednesday that his government had not yet seriously considered dispatching an expeditionary force overseas. He declared that when the commonwealth had discharged its first duty to the empire, which was to ensure its own safety, and when it was better able to assess the strength of its enemies and the nature of the conflict, it would evolve proposals for further participation in the war for submission to the people. That statement indicates the Australian government are making the same general

[Mr. Lacroix.]

approach to the consideration of this problem as the government of Canada.

I understood from the statement of the right hon. the Prime Minister that Canada would not send overseas volunteer forces financed by this country without first giving the matter serious consideration.

Now, on the morrow of that declaration, we are being asked to include in the war appropriations a sum of \$100,000,000 for military, naval and air operations in or beyond Canada, which means overseas.

I do not agree with the right hon. the Minister of Justice (Mr. Lapointe) when he says that it would be a dishonourable thing for Canada if our volunteer forces were raised at the expense of England.

No, no, Mr. Chairman, there is nothing dishonourable for Canada in trying to remain solvent during a conflict which is not directly our own war.

We bled our country white from 1914 to 1918. We made lavish expenditures. Canada lost 60,000 human lives. We have nearly 40,000 men crippled for life, to whom we are paying pensions. We are paying yearly for interest \$114,000,000 more than in 1914 and the pensions to veterans of the great war are costing us \$40,774,880.80 a year.

From 1930 to the present day, our country has not been able to collect from the rate-payers enough taxes to meet her obligations. Our working class is living in slavery. Our farmers have abandoned and are still abandoning their lands through the lack of the necessary income or credit.

I have always been willing to vote and I have always voted in favour of the military appropriations required for the defence of the country. But when I am asked to vote this appropriation to maintain an army outside the country, I say that we cannot afford it, while England can very well afford it if she wishes. And if we have volunteers ready to go to help her she should refund to Canada the expenditure involved.

England has financial facilities and financial experts which a young country has not. Only recently, she bought on the Canadian market nearly 100,000,000 bushels of wheat at about 55 cents a bushel, knowing very well that two years ago we had guaranteed to our farmers 70 and 80 cents a bushel. There would be no dishonour in England's using these 25 millions of dollars towards refunding to Canada the expense of supplying her with volunteers, and there would be no dishonour in Canada accepting it. I should feel no embarrassment nor shame if England used these 25 million dollars for that purpose.

Moreover, should we maintain one or two army corps of volunteers in England and then find ourselves short of men to keep them up to strength, would we not soon be on the way to compulsory service?

Another compelling reason for not embarking upon a war overseas lies in our geographical situation. More than ever is it time for this country to endeavour to remain Canada. The French Canadian particularly, who holds fast to his religion, his language and his schools, should give serious thought to the matter at this juncture. Our forefathers fought to preserve their liberties in that regard.

What would become of a Canada fallen into complete bankruptcy? The debtor belongs to his creditor; he falls under the latter's thumb when he is no longer able to finance himself. Is there not danger of us falling under the dependency of the United States, our principal creditor, in the event of our becoming bankrupt?

In order to remain what we are we shall have to look to our finances and to our outside expenditures. We went to extremes from 1914 to 1918 in giving unto the last man and the last dollar.

For these reasons I feel in duty bound to vote for the amendment which has just been moved.

Mr. CRETE (Translation): Mr. Speaker, may I be permitted, at this stage of the discussion, to express a personal opinion. It is useless to underline once again the importance of this special session, since this is only the second war session in the whole history of Canadian confederation. It is most unfortunate and regrettable, however, that this second war session, necessary as it may be, should take place hardly a quarter of a century after the first, that is, a period ranging from the birth of our sons to their attainment of young manhood.

I do not harbour the slightest doubt, nor have I any grounds to do so, respecting the good faith and the sincerity which all the representatives of the Canadian people, gathered here, have shown with regard to the means that would best ensure the security and survival of Canada and her people. It is undoubtedly due to the different mentality of the various groups of people in this country, that the proposals advanced with respect to participation do not all harmonize, and that, in certain cases, they would almost seem to be contradictory.

I shall not attempt to analyse our position from the international standpoint, nor to justify our neutrality or non-neutrality. Notwithstanding the assistance of the world map which I have studied from every angle during

the last two days, I have as yet been unable completely to understand a single one of the important speeches made in this house since the opening of the session.

Apparently, if I am to believe the oft repeated statements of our leaders, parliament has not the competency to discuss, and much less to declare Canada's neutrality; with this in mind, I wonder through what miracle the Canadian parliament finds itself in a position to formulate, on its own authority, a declaration of war against Germany.

Neither shall I waste the house's time in discussing the conscription of manpower, since all parties and groups are agreed on this matter and have assured the Canadian people that such conscription would not be established, save for the relatively unimportant group of social credit members opposite us, who probably wished thereby to throw into complete confusion their already few supporters in Quebec.

There is, however, the very important question of Canada's participation in empire wars concerning which I would like to express my frank opinion.

Having no desire to make political capital out of this, I shall speak simply and frankly, avoiding the hustings' manner which is out of place when the survival of a nation is at stake.

We have heard a great deal, during the last few days, about different kinds of participation, and I hasten to state my own point of view. I can see no objection to Canada's supplying England with everything she needs for the provisioning of her troops, and I am sincerely convinced that this would be our most effective form of cooperation. Nor do I see any objection to the voluntary enlistment in the English army of any Canadian who so desires, provided England bear the cost of such.

But, were Canada to repeat the experience of 1914-18, I could not approve of such action, and I would add that I could not believe any more in the friendship of England for Canada, were England to demand that our country ruin itself, in capital and in man power, by a contribution similar to that of the last war, that is a contribution both unreasonable and out of proportion with its resources.

Consequently I will oppose any appropriations for the purpose of equipping a contingent, even of volunteers, for overseas service.

Mr. Chairman, true to my deepest convictions and to my conscience, before the country which is mine and which I love, of my province, my constituency and my family, I reiterate to-day the stand I have already taken

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on the question of participation, and I am sincerely convinced that that stand only will guarantee to our children that they never will be drawn into military service on foreign soil.

Let me conclude by formulating the wish that the same God, to whom our king was praying on the morning of the declaration of war, will soon dispel the hatred between nations, stop the roaring of cannon and the rattling of machine-guns which are mowing human lives like ours and killing adolescents like our sons.

Mr. LALONDE (Translation): Mr. Chairman, may I be permitted a word with respect to the amendment moved by our hon. friends on the other side of the house. I believe it my duty, in view of the events which have recently taken place in this house, to make clear my attitude on the government's policy respecting Canada's participation in this European war. That much I owe to my constituents and to my conscience. I have repeatedly declared that I stood opposed in principle, in common, I believe, with the majority of the members of this house, to the idea of squandering our country's resources and the life-blood of our sons in any external war where, note well, Canada's interests were not at stake. A Montreal newspaper went so far as to quote me to the effect that I was opposed to any participation whatever in empire wars, and that I would vote against my party should such a policy be put forward in this house. That is not quite correct.

It is now high time that I should clearly define the policy I intend to follow and on behalf of which I shall fight unremittingly. I wish it understood that I am opposed to the conscription of Canadian man power and wealth for participation in any external empire war where this country's interests are not at stake. And our participation must be proportionate to our means and our interest in the conflict. That is the sole meaning and extent of the statements I have made in and outside this house.

Last Saturday evening, there was moved an amendment to the address in reply to the speech from the throne, which amendment simply amounted to a declaration of complete neutrality, a matter which had been decided upon negatively a few sessions ago when the hon. member for Winnipeg North Centre (Mr. Woodsworth) had moved the adoption of a resolution of neutrality. I need not add that in view of the basic significance of such a motion, I would have voted against the amendment.

I desire it to be clearly recorded that I deeply hate war and that my sole wish was that our beloved country might be able to

keep out of this world conflict between the supporters of pagan barbarism and the heroic defenders of the christian democracies. Alas, Mr. Chairman, in view of her constitutional position, in view of her political situation and of the impossibility for her to proclaim and enforce complete neutrality, Canada finds herself to-day engaged in a disastrous world war that is bound to shake the foundations of modern civilization. I listened with a great deal of sympathy to the speech made by the right hon. the Minister of Justice (Mr. Lapointe), in which he set forth the practical results of Canadian neutrality. Once again, sir, even though I would greatly desire to see our country remain neutral in this conflict, I am forced to agree with my hon friend from Argenteuil (Mr. Héon), that our constitutional status does not permit it. The deficiencies and insufficiencies of the statute of Westminster, the racial sympathies of the majority of our citizens, the economic ties which bind us to the British commonwealth are as many reasons, as many paths leading us directly and unfortunately into this world conflict, with the sole result, as the hon. member for Beauce (Mr. Lacroix) stated recently that the burden of our national debt will be increased, that the lives of a great many enlisted men will be sacrificed and that we shall have to recognize that our beloved country does not enjoy the absolute freedom of completely autonomous nations.

Indeed, Mr. Speaker, even though it be trumpeted from the house tops that Westminster has granted us complete independence, I will not believe it. Such nations only as possess the attributes of complete autonomy have a right to proclaim their neutrality and to enforce it. I respectfully submit, as a corollary, that this does not apply with regard to a declaration of war, as was suggested by my excellent friend the member for St-Maurice-Lafleche (Mr. Crête), and I doubt that the adoption of the address in reply to the speech from the throne can be legally considered to have the effect of a formal declaration of war on the German Reich. As a consequence of the splendid work accomplished by the leading advocates of the statute of Westminster, I admit that we have obtained noteworthy concessions, such as the right to adopt extraterritorial legislation, to abolish appeals to the Privy Council, and such as the repeal of the Colonial Laws Validity Act. This means a great step forward, but the ties previously referred to still remain, over and above our inability, which we must perforce recognize, to amend our constitution without first

[Mr. Crête.]

obtaining permission from London and our obligation to refer our legislation to the governor general for assent.

Adoption of an absolute neutrality measure in Canada might lead to a serious constitutional crisis should such a step prove contrary to British interests to which we are still bound. I cannot do better than quote the words uttered in this house, on March 31, 1939, by the right hon. the Minister of Justice:

The Statute of Westminster never purported to dissolve the bonds between nations of the commonwealth. Indeed it was intended to strengthen and maintain that bond, which is the principle of unity.

I would add to this testimony that of Professor Keith.

Though the governor general has ceased to be an agent of the imperial government, his position is still not that of the mere figurehead of a dominion government. The constitutions grant to him the office of reserving bills, and the right to give instructions as to reservation is vested in the king advised by the imperial government, and the Prime Minister of the United Kingdom did not fail to intimate immediately after the conference that this power was not surrendered nor, as we have seen, did the conference arrive at any conclusion as to its abolition. It is obvious, moreover, that apart from royal instructions the representative of the crown would be bound on his own authority to oppose resistance to any legislative measure contrary to his duty of allegiance and fidelity to his oath of office and his position as representative of the crown. Hence General Smuts' dictum still applies; it would be impossible for the governor general to assent to any bill which purported to destroy British sovereignty over the Union.

Moreover, it must be pointed out that the choice of the governor general does not rest, as is claimed in the Irish Free State, with the dominion government. The position is defined in article 3 of the treaty of 1921 by which "the representative of the crown in Ireland shall be appointed in like manner as the Governor General of Canada and in accordance with the practice observed in the making of such appointments." This means, as Mr. Lloyd George explained on December 13, 1921, "that the government of the Irish Free State will be consulted so as to ensure a selection acceptable to the Irish government before any recommendation is made to His Majesty." Unquestionably, this principle is observed as regards all the dominions, but the recommendation is that of the imperial government, with which the right to secure appointment, subject to the king's personal approval of his representative necessarily lies.

Then, this question is asked by Professor Keith:

Is the right of neutrality possible under the constitution of the empire? The only answer is that the preponderant weight of empire opinion denies the right of neutrality. It would insist on the tie of common allegiance to the crown and the voluntary association in the

British commonwealth, together with the agreement to exchange information on foreign affairs, as negating the right to remain neutral.

Would a declaration of neutrality entitle the Union of South Africa to neutral rights at the hands of other powers? To this question there is available a very definite answer. The rights of neutrality can be claimed only by a power which is able and willing to perform the duties of a neutral.

To these legal arguments must be added racial considerations which we must not underestimate. I have heard and approved the English-speaking members of the house who, in the course of the debate, made an appeal to Canadian unity. I hope that such sincere dispositions will manifest themselves in the future in every field of national life where cooperation between the two races is essential to the progress and prosperity of Canada and that certain Jingo elements of our population will act accordingly when the occasion arises. If French Canadians must not ignore that their compatriots of English origin have jealously kept a deep-rooted love for the mother country and that we must not blame them for the apprehension which they feel when Great Britain is threatened, likewise Jingo and ultra-imperialists have no right to question the loyalty of the French Canadians to the British crown because they are not moved by the same reasons as their compatriots of English origin to fly to the assistance of England. Canadian history is more eloquent than I can be to refute the quibbles of the demagogues who have insulted the men of my race by calling them "slackers," those men who, on two different occasions, have saved for the British crown, at the price of their blood, the Canadian territory which to-day we are called upon to defend; those men who have crossed the sea in 1914 to offer their lives for the democratic ideology. I hope, Mr. Chairman, that, were my compatriots freely and voluntarily to decide to fight against brutal German supremacy, they will be true, on the battlefields of Europe, to the noble traditions of gallantry which brighten the pages of their history.

Moreover, the economic ties which so closely bind Canada to the commonwealth have had their influence in making Canada greatly dependent upon England.

Our trade with the British commonwealth amounts to nearly 50 per cent of our total trade. I cannot believe that those economic interests are not for something in the relative dependency from which we are suffering to-day.

Such are, frankly expressed, the reasons why we cannot seriously claim that our country enjoys complete sovereignty in the British commonwealth. Because of that and because we must submit to an existing fact, we must

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admit that it is constitutionally and economically impossible for Canada to proclaim its absolute neutrality and that our country is necessarily drawn into the catastrophic whirlwind which threatens the very life of Europe.

We then have to decide the form and the scope of Canada's participation in the European war.

I felt greatly relieved when I heard the statements of principle enunciated by the right hon. the Prime Minister on September 8 last. They can be reduced to four main points: 1. The defence of our territory:

The primary task and responsibility of the people of Canada is the defence and security of Canada.

2. Economic cooperation:

We propose to cooperate in economic pressure.

3. The solemn engagement not to propose nor enact a compulsory military service act and

4. Not to send any contingents beyond the seas without having obtained the prior approval of the people of Canada.

We have before us a motion to amend paragraph (b), I believe, of section 2. When the address in reply to the speech from the throne was carried, the house approved the principle of Canada's participation to the extent of cooperating with England in the war which has just been unleashed on the world.

May I now ask, Mr. Chairman, how it would be possible for us to maintain to-day the opposite of what we admitted previously. I now come to the sending overseas of an expeditionary force. I am going to express my personal opinion. The right hon. the Prime Minister said: What I want is the free expression of a free parliament. I fear—and I do not hesitate to say so—that the dispatching of contingents of volunteers is but the prelude of a compromise which later will bring about a union government from which military conscription will ensue. In the present occurrence should we not choose the lesser evil?

Mr. Chairman, I find in the definite statement of the right hon. the Minister of Justice sufficient evidence that we are not going to have in Canada military conscription to which I am irrevocably opposed. Knowing as we do how unsparingly he and his colleagues from the province of Quebec have laboured towards the acceptance of the French-Canadian view as regards military cooperation, I think we can pause for a moment to say that military conscription shall never be approved and adopted by the present Liberal government. On the other hand, this sending of forces overseas, even on a voluntary basis, is causing me, despite

[Mr. Lalonde.]

everything, a great deal of apprehension. I cannot help suspecting, as my hon. friend for Portneuf (Mr. Gauthier) said, that "the force of circumstances will perhaps be stronger than the will of men," and that, in view of the facts, notwithstanding the integrity and honesty of purpose of the hon. ministers who have promised that no such thing would be done, Canada may to-morrow be forced to accept such a course under a union government. We should accordingly strive to prevent the formation of a union government in Canada. We would then have conscription within six months.

Mr. Chairman, for that sole reason, I cannot concur in the amendment which has just been moved by the hon. member for Vancouver-North (Mr. MacNeil). I am in sympathy with the principle he is laying down, but I wonder what would happen to-morrow if we were to oppose the present government for the benefit of a union government.

What would happen to-morrow should we fight the present government? We would be faced with the necessity of setting up a union government. The lesson learned during the last war is more eloquent than anything I can say. I believe the people of Canada feel that the present government should be maintained instead of setting up a union government. This is my own opinion, and I want every hon. member to understand that. What happened during the last great war? At that time we saw the Minister of Justice (Mr. Lapointe) and the Prime Minister (Mr. Mackenzie King) fighting with Sir Wilfrid Laurier against conscription. The same thing will happen if we fight them to-day, and I do not want that. My people do not want that and the province of Quebec does not want that. We want unity on the part of every citizen and every member of this house. We want united support for the present government so that we shall not be blamed for unsound and unfair policies so far as our cooperation or participation in this war is concerned. This is the reason why I cannot stand behind the hon. member who moved this amendment.

Mr. MACKENZIE KING: Mr. Chairman, I wish to say a word to bring home to all hon. members the significance of the amendment which has been proposed. The government is asking that the house should make an appropriation of \$100,000,000 to be used, among other things, for the conduct of naval, military and air operations in or beyond Canada. The amendment would substitute for the words "or beyond Canada" the words "or adjacent to Canada," so that the clause would read:

(b) the conduct of naval, military and air operations in or adjacent to Canada.

The first question I wish to ask is this: What precisely is meant by "adjacent to" Canada? By "adjacent to" Canada, do we mean confined to our own shores? If that is to be the interpretation, what is to become of the view that is taken by those who are best able to speak of what even in its narrowest application is essential to the defence of Canada itself, namely the necessity of our naval and air forces cooperating with other forces, in the defence of Newfoundland and of St. Pierre and Miquelon, those islands which are beyond our coast? The amendment, as I see it, would certainly leave in doubt whether we would be permitted to use our naval and air forces in cooperation with the British or French naval and air forces in the protection of Newfoundland and St. Pierre and Miquelon. Their protection is essential to our protection. Once an enemy is permitted to take possession of Newfoundland or the islands of St. Pierre and Miquelon, and use those islands as a base for their operations, what real security is left for our Canadian Atlantic coast? And yet this amendment, as I read it, unless it be given a much broader interpretation than was given by some who have already spoken, would make it absolutely impossible for us to use our naval and air forces in that way for the defence of our own Canadian coast. I venture to say that if the committee realizes such to be the case, it will not think of amending this section in that particular way.

May I add another word? I am afraid that many hon. members to-day, and very naturally, have still vividly in their minds the last war, and do not realize sufficiently the changes that have come about with respect to both the methods and the objectives of war in the course of years. There is no comparison between what may or may not have been the wise thing to do in 1914 and what may or may not be the wise thing to do in 1939. The whole strategy of war and the implements of war have changed in the interval. I imagine that some hon. members, who may be supporting the proposed amendment, have mostly in mind only the one question of an expeditionary force overseas. Assume that the question of an expeditionary force were not being considered at the moment at all; the amendment as proposed would rule out any kind of effective cooperation between the British and French navies and our naval and air forces for the defence of Canada itself. I do not think any hon. member of this house would wish for one moment to have the government's power to defend our own country limited in that way. I have given one illustration only as respects the Atlantic. Many others might be given, and in relation to the Pacific coast as well.

May I point out that the government has stated its policy in the speech from the throne which has already been adopted, and in the course of the debate on the address I gave in more specific detail essential features of that policy. I made quite clear the scope in part of cooperative measures we propose to institute immediately. My statement was in part as follows:

There are certain measures of economic, naval and air cooperation which are obviously necessary and desirable and which it is possible to undertake without delay. The information we have obtained indicates that the most immediate and effective further means of cooperation would be a rapid expansion of air training, and of air and naval facilities, and the dispatch of trained air personnel. These measures we propose to institute immediately.

This amendment would deny the government the right of going the length it has already stated it intends to go and, may I add, which this House of Commons by the adoption of the address has give it the authority to go. The address has been adopted; this house has approved the government's policy as specifically set forth. Surely at this stage of our proceedings we should not unduly delay matters by an attempted refusal to give the government all the authority its policy demands.

One word in conclusion. I sympathize with those who feel certain that measures should be debated at this stage. I go back, however, to what I said at the beginning of this afternoon's session of this house. Men are dying by thousands, yes, by hundreds of thousands, on the field of battle in Europe now. The struggle is rapidly extending to parts of Europe other than Poland. There have already been attacks upon France and attacks upon Britain, and there have been attacks upon the high seas. It is not disclosing a fact that is not pretty generally known when I say that enemy submarines are believed to be scattered over not only the Atlantic ocean but also the Pacific. Where enemy warplanes may be a few days from now, or to-night, none of us knows. The way to meet an aeroplane or a submarine attack is not to wait until the enemy reaches your shores but to go out and meet him and try to prevent him from ever reaching your shores. I hope that for the balance of the session members of the house will not fail constantly to realize that the government has a tremendous responsibility in getting on with very pressing matters. We are asking the house to enable us to do our part in cooperating as effectively as we possibly can cooperate, and to that end we must have the opportunity to act and cooperate expeditiously. Accordingly I would ask the house,

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with regard to further amendments to any measures, to be if possible prepared to vote on them at once, and not take up unnecessary time in discussion, when Canada is, as she now is, at war with Germany.

Amendment negatived: yeas, 16; nays, 151.

Section agreed to.

Sections 3 to 5 inclusive agreed to.

On section 6—Loans authorized.

Mr. COLDWELL: I see that this clause empowers the government to borrow money to the extent of \$100,000,000—

... by the issue and sale or pledge of securities of Canada, in such form, for such separate sums, at such rate of interest and upon such other terms and conditions as the governor in council may approve.

May I plead with the government for a moment that we should not begin immediately at the outset of this great war to fasten upon the generation which comes after us the burden which may accrue to this dominion from the long conflict which seems to be now quite inevitable? I believe, as I said on Saturday, that there are untapped sources of revenue from which, instead of borrowing money, we can immediately obtain the funds that we require. If we need \$100,000,000 at once, it seems to me, as was said earlier this afternoon by a member of the Social Credit group, that we have the instrument, in our national central bank, by which we can relieve the immediate necessity while we are making plans to raise the money by other means. I believe that by instituting immediately among other things a capital gains tax and an excess profits tax, we could raise a very large sum of money. On Saturday I drew to the attention of the house the fact that a little more than a month ago it was reported that there was a carry-over of nearly one hundred million bushels of wheat. Most of that wheat had been bought from the wheat board at a very low price. We saw a few days later in the newspaper that the board stated that it had disposed of its holdings of wheat and that this large quantity of grain had passed out of its hands. Since that time the price of wheat on the market has gone up by leaps and by bounds until to-day—I have not checked to-day's price—it is in the neighbourhood of thirty cents a bushel higher than it was a few weeks ago. This means that during this period of tension, which for not a few of us has been something of an agony, some persons in this dominion or elsewhere have made or can make out of that wheat about \$30,000,000. I use that just as an example.

[Mr. Mackenzie King.]

Mr. DONNELLY: How does the hon. member know that the board has not made it?

Mr. COLDWELL: The hon. gentleman interrupted me. I know because, according to press reports, the board stated early in August that the carry-over of wheat had passed out of its hands and it was waiting for the new crop.

Mr. DONNELLY: The hon. member knows that the board has options.

Mr. COLDWELL: I do not know anything about the buying of options, but if I remember aright, the party to which the hon. gentleman belongs criticized the former wheat board under Mr. McFarland for having anything to do with the option market; consequently I am concluding that the Liberal party would not tolerate the buying of options.

I am pointing that out. I also point out that if we pick up our daily newspapers we find that stocks and shares of industries which are connected with the war have risen very rapidly during the past several weeks; fortunes have already been made. It seems to me that if we are going to finance this war we ought to finance it as far as possible out of current revenue. As it was put by one of my hon. friends to my left, we should adopt a pay-as-you-go policy. On behalf of the group with which I am associated I suggest that in the initial stages of this great conflict we should as far as possible lay down the rule that we are not going to burden future generations with the cost of this war which, after all, has been brought about by the policies of the generation to which we belong.

I say, further, that we could repeal the legislation which gave in effect a rebate of income tax to organizations which made certain extensions and replacements in their industries this year. Maybe this will be done before parliament prorogues. We could yet further increase taxation on higher incomes, and we could begin to tax excess profits. Already, as has been pointed out in this chamber, the cost of commodities has risen, in my opinion without warrant and without justice. I appeal to the government this afternoon not to institute a policy of war loan and load this country again with a burden which, if it increases, will inevitably bring about a total economic and social collapse in Canada within a measurable period of time. We should not authorize the government at the very first stage of this great conflict to borrow \$100,000,000. We have in the national bank an instrument which can relieve our present necessity. I listened to the governor of the bank telling the committee that the coverage we had of gold, securities and so on was sufficient to enable us, if we

wished, largely to increase the amount of money we could issue and recover it by new taxation. I am no believer in printing press money. But I point out that where you have a necessity and where you have the coverage you can, if you will, avoid the making of loans at high rates of interest. As an hon. member pointed out this afternoon, an attempt will be made, in view of the world outlook, to increase the interest rates, which have been low.

In summing up what I wanted to say, I suggest that we should relieve our necessity at the moment by the use of the instrument which this parliament created, namely the Bank of Canada. Then ways and means should be devised to finance this \$100,000,000. I believe it could be wholly financed out of a capital gains tax and an excess profits tax and we would still have the income tax in the higher brackets to assist us in the future. I urge, then, these policies upon the government instead of the policy laid down in this clause, which in my opinion sets our feet upon the path of economic and social ruin in the future.

At six o'clock the committee took recess.

### After Recess

The committee resumed at eight o'clock.

On section 6—loans authorized.

Mr. DUBOIS (Translation): Mr. Chairman, for the last three years I have opposed any increase in the militia estimates, foreseeing as I did what is happening to-day. I have never realized more fully than I do to-day the responsibility of the mandate which my electors entrusted to me in 1935. I have no bitterness towards anyone, I am moved by no spirit of hatred; I am guided by duty alone in this fateful hour. Sitting in a free parliament, in a free country, I wish to say freely to this house that I cannot support this bill so long as the words "or beyond" have not been deleted from section 2, subsection 1, paragraph 3.

Mr. GAUTHIER (Translation): Mr. Chairman, I have no desire needlessly to prolong this debate, but I owe to myself and to my constituents a word of explanation on the vote which I gave this afternoon. Having enjoyed the privileges of a democratic country and a democratic parliament and also making use of the privileges of a Liberal member of that parliament, I wish to state that, in voting a single cent for an overseas expeditionary force, I would do an injustice to myself and my personal convictions as well as to my constituents, and I would be false

to them after the battles that I fought in the county of Portneuf at the side of men who have left in this chamber the reputation of good fighters, good Liberals, men of strong and lasting convictions, for instance Hon. Lucien Cannon who, in 1935, was elected member for Portneuf and who, during the campaign, when I was fighting at his side, stated on all the platforms of the county that he would not vote a cent for an overseas expeditionary force, and I supported that statement. Consequently, I would do an injustice to my constituents and, moreover, I would be adopting an attitude quite contrary to the stand I have taken in the House of Commons ever since. In 1937, I stated in this chamber, in a speech on the military votes, that I was opposed to the enlistment of men for external wars and I am still of the same opinion. At that time I expressed my fear of the possibility of the appropriations then voted being used for the dispatch of an expeditionary force, knowing that if a single man—be he cavalryman or airman—paid by Canada went overseas to serve in this war, the vote I would have given in favour of the appropriation used to send that man overseas would have been a vote against my convictions and contrary to the principle for which I have stood ever since I became a member of the House of Commons. I feared then, as I fear now, that the moment we begin participating, even on a voluntary basis, we will have one foot in the saddle and, sooner or later, would be galloping off on a participation less voluntary than it appeared.

In 1914 I was of military age. I remember friends of mine who went to bed free men and woke up the next morning to find themselves enlisted. Service was voluntary at that time. I also remember friends of mine who enlisted of their own free will. I did all I could to remain in Canada. I advised those who would listen to me to remain in Canada for the defence of Canada and Canada alone. This advice I still give and will continue to give. My views will never change. I will continue to advise my fellow-citizens not to enlist for service in a foreign war. Here, Mr. Chairman, we have an immense country with a population of only 11 million. The immensity of our country compels us to keep our people here to defend it. We should not increase our already enormous debt by excessive participation in this war.

May I say, Mr. Chairman, that if we are now giving utterance to opinions which are not shared by the majority of the members

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of the house, we are entitled, without causing scandal, to make use of the privileges which we enjoy as representatives of the people. It is our right to make use of the privileges belonging to a democratic parliament in a democracy. That is what we are doing. And I do so, Mr. Chairman, not, as has been stated, to draw forth applause nor to obtain ephemeral political success, but by conviction and because I do not wish to change my views, believing that I should devote all my strength to the defence of my country alone which, whatever may be thought, I wish to keep under the British crown. I share the opinion of my friend the hon. member for Beauce (Mr. Lacroix) who this afternoon presented an irrefutable argument to prove our desire to maintain the Dominion of Canada under the British crown and in the free association of the British commonwealth of nations.

Mr. CHURCH: I fail to see that the last speaker was in order in reference to this section.

In 1937-38 the governor in council was given power, and he had power long before that to raise money. A great deal of this money was not spent. I am supporting every clause of the bill; I do not object to the bill, but I should be glad if the Minister of National Defence to-day or to-morrow would clarify this way of spending \$100,000,000, because it was criticized in the late war as a blank cheque. We want to get value for our money, and I should like to have some clarification of the policy of the government with regard to unexpended money. Last session \$63,000,000 was voted for the Department of National Defence, but owing to the length of the session very few orders have been placed. Now is the time to act; there has been altogether too much metaphysical language used since we met last Thursday. It should be made clear what these orders in council under section 6 relate to and what sums remain unspent or unborrowed and on what program and policy. Not a day should be lost in connection with the provision of man power, food, clothing and munitions. It is going to take a long time, one year or two, to get the money spent, to get orders for munitions delivered, and to equip recruits, because man power is the most important thing of all, and get them trained and equipped. There has been a great deal of complaint that with the money provided last session and some under orders in council, when the men went to the camps equipment—boots, clothing, rifles and so on—was lacking. I do not wish to delay the passage of this bill, but either in connection with this section or on third reading I hope that, instead of all this metaphysical language that has been

[Mr. Gauthier.]

used here during the last three days, the government will let the house and the country know exactly what they propose to do. I think everyone in the country wants, in such a world crisis, to give the government the maximum of help with the very minimum of criticism. So I hope that to-morrow or the next day the government will take some definite stand in order to help voluntary recruiting. Some of these unemployed youths, who have had very little help from parliament, nevertheless are extremely anxious to help the government and enlist, so I hope we shall have a clarification of all the talk that has gone on during the last three or four days.

Mr. LANDERYOU: Mr. Chairman, I do not intend to delay the government during this session, but I desire to take this opportunity of once more protesting against this method of raising funds for government purposes. If we can borrow money on the credit of the nation, for the life of me I do not see why we cannot issue money on the same credit. It is the same basis. Why must we continue to borrow money rather than issue it? I have never had any statement from the minister in charge of the financial affairs of this nation as to just why we as a nation cannot issue money upon credit instead of borrowing it upon credit. I hope that in the expenditures that will be made in the years to come, if this war continues for any length of time, the government will give due consideration to the propositions we have advanced during the years we have been members of this house.

Mr. JEAN FRANÇOIS POULIOT (Témiscouata) (Translation): Mr. Chairman, the hon. member who has just spoken must not expect that we are going to refute for the thousandth time the argument put forth by his group to the effect that soldiers should be paid in worthless paper. If soldiers enlist, they deserve to be paid with currency that will enable them to purchase the things they need and to help their families. It is quite ridiculous for social credit members to propound once more before the house their groundless theories purporting to pay the soldiers with worthless paper.

I wish, first of all, to extend my congratulations to the Minister of National Revenue (Mr. Ilsley) who during several months has acquitted himself of a double task without neglecting the business of his own department. He was in charge of Department of Finance and he had given proof of his business experience and good judgment. When only a private member, he had shown himself quite helpful to me on several occasions and I have always valued his keen knowledge of public affairs and to him I wish to extend my best wishes.

The question we are to deal with is the most important I have been called upon to consider in the fifteen years during which I have had the honour of representing Témiscouata county in this house. Sentiment, here in parliament, cannot serve as a basis for discussion. We must listen to the voice of reason alone. Particularly at critical junctures we must be calm in our appreciation of every question. Certain facts pertaining to international law and domestic constitutional law must be clearly brought out so that all may understand the present status of this colony which we are agreed to call the Dominion of Canada. In previous debates, certain speakers have stated that freedom of speech constituted one of the benefits of our system. They have mentioned the names of two of my colleagues, whom I congratulate, for it has not always been my privilege to express so freely my opinion in this house, even though I remained at the time within the limits of parliamentary rules and though the terms I used were not contrary to parliamentary custom.

While duly appreciating the efforts made by certain statesmen in favour of peace, we cannot fail to observe, now more than ever before, the futility of the labours of the League of Nations on every continent: the Gran Chaco in South America, Abyssinia in Africa, China in Asia and Czecho-Slovakia in Europe. I do not wish to belittle the sincerity of these statesmen who put their faith in the League of Nations, but as Lord Baldwin admitted, in the last public speech he made at the time of the coronation of His Gracious Majesty, King George VI, the League of Nations has been of little use, and Mr. Chamberlain, moreover, repeated the same thing last year with greater emphasis. There has been much talk about "status" in Canada. It has been said that the British Empire is made up of free nations, possessing equal rights, which is false. In the course of another debate, a prominent speaker stated that no one in our province of Quebec—and he insisted on the word—journalists, members of parliament and others, had solved or even attempted to solve the insurmountable, I almost said insoluble, legal difficulties offered by our constitution and the neutrality of our country. To speak of the member for Témiscouata is repugnant to me, Mr. Chairman, but I may remind hon. members that two years ago, in the columns of the greatest French newspaper in America, *La Presse* of Montreal, he who now speaks to you showed, in words which were crystal clear and lucid as the mid-day sun, that Canada was not a sovereign country. I regret that on this point of law I do not share the view of my

leader the right hon. the Prime Minister (Mr. Mackenzie King) who spoke the other day of a "full nation." "Full" was translated in *Hansard* by "véritable."

I defy anyone to find in any dictionary the French word "véritable" as a translation of the English word "full." We are a "veritable nation" in the sense that we are an agglomeration of individuals in a territory having certain boundaries, but Canada is not a sovereign nation, and that, because of our constitution. There is not a single member of the house, I suppose, who has not read over and over again the British North America Act, particularly sections 53, 54, 55, 56 and 57, concerning the disallowance of laws passed by this parliament. In the first place, His Excellency the Governor General of Canada, according to one of these sections, may refuse to give them his sanction and submit them to the British government; and even if, in accordance with the terms of section 56, His Excellency the Governor General of Canada, in his capacity of official representative of His Majesty the King of Canada, gives the royal sanction to a law enacted by both houses of the Canadian parliament, His Majesty the King of Great Britain in council may disallow that law in the space of two years. That means that the King of Great Britain, assisted by his council, has two years in which to disallow any law, even if that law has received the sanction of the official representative of His Majesty the King of Canada.

To avoid any misunderstanding, Mr. Chairman, let me quote section 56 of the British North America Act, which everybody knows by heart:

Where the governor general assents to a bill in the queen's name, he shall by the first convenient opportunity send an authentic copy of the act to one of Her Majesty's principal secretaries of state, and if the queen in council within two years after receipt thereof by the Secretary of State thinks fit to disallow the act, such disallowance (with a certificate of the Secretary of State of the day on which the act was received by him)—

And that means the Secretary of State at Westminster, not at Ottawa—

—being signified by the governor general, by speech or message to each of the houses of the parliament or by proclamation, shall annul the act from and after the day of such signification.

This is exactly what I was just saying. How, then, can we claim to be a sovereign nation if our king, not as king of Canada but as king of Great Britain, assisted by the British cabinet at Westminster, may disallow any law enacted by this parliament?

Consequently, Canada may be a nation geographically, but juridically it is evident that Canada is not a sovereign nation. And for that reason I am of the opinion that the

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Minister of Justice (Mr. Lapointe) was perfectly right in stating that Canada cannot be a neutral in the present war. I am in agreement with him when he says that there is no such thing as partial or mitigated neutrality. A great deal of fuss has been made about proclaiming the neutrality of Canada, but those who will take the trouble to read the British North America Act, particularly the sections concerning disallowance, will fully realize that Canada is not an independent country, that Canada is not a sovereign country and that, even if we have made progress in the constitutional field, it is progress in words only and, as a matter of fact, absolutely devoid of juridical meaning. Canada is a colony and has made no progress in the last hundred years.

Mr. Chairman, Canada, being a British country, was at war the moment England was at war, for the good reason that Canada was considered a British dominion, and that only sovereign nations may proclaim their neutrality in time of war. Consequently, Canada's declaration of war simply amounted to an official confirmation of a fact already established and a consequence of what we see in the British North America Act, and also in the field of external trade, since our trade commissioners are under the authority of the English consul or diplomat in every country in the world where Canada has no minister of her own.

Furthermore, it is with Sir Thomas Inskip, who recently entered the House of Lords, that our high commissioner in London, Mr. Massey, had to communicate to get acquainted with the details of the negotiations taking place between the British government and the other powers. Mr. Massey has no direct contact with the French and German embassies in London, and any news he receives originates either from the Foreign Office or the members of the British cabinet.

Let us nurse no illusions, Mr. Chairman, and at such a critical moment as this, let us carefully measure our words. That is why I am in complete agreement with the Minister of Justice when he declares that this country could not remain neutral in the present war because our neutrality ended at the very moment England forwarded her ultimatum to the German Reichfuhrer.

Such being the case, let no one henceforth repeat that Canada is a nation, let there be no further hints to the effect that Canada is a free and sovereign nation. The whole truth must be told, and it must be admitted that Canada's status has not been raised since the days when she was a colony, save that her trade has expanded and that we are

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represented by more or less efficient ministers—except in France and Belgium—in several countries of the world.

I am very proud, Mr. Chairman, of coming from that part of the province of Quebec of which the Minister of Justice is himself a native. He knows that I have the greatest respect for him and that I also greatly respect the leader of the Liberal party, the Prime Minister and their colleagues. I am in close contact with the labouring and agricultural classes of the province of Quebec,—at least as regards my constituency, and I might even add outside that. Moreover, anyone who converses daily with workmen and farmers, attentively listening to them in order fully to understand their problems, finally obtains what might be termed a composite picture of the opinions of both those classes.

And you know, Mr. Chairman, that Canada is not to be judged by the Ottawa atmosphere. No place lends itself better to meditation than the countryside. I had the very great privilege to deliver speeches in many cities and towns of the province of Ontario, from Windsor to Ottawa, especially while campaigning in 1932, 1933, 1934 and 1935 on behalf of my friend the Hon. Mitchell Hepburn, Premier of Ontario. There is perhaps not one member representing a rural constituency in the province of Quebec who had the opportunity of meeting as many farmers and working men from the good province of Ontario. In Windsor, Chatham, London, Toronto, and Ottawa, at Casselman, Finch and Rockland and many other rural localities, I noticed that no one looks so much like the good farmers of the province of Quebec, as the Scotch presbyterian farmers of Ontario. I was able to make many friends among those farmers. I took pleasure in discussing with them and they reminded me of the electors of my county. Their problems were identical.

Mr. Chairman, you will be surprised, I believe, in hearing the text of a resolution carried unanimously by the municipal council of the parish of Saint-Hubert, in the county of Témiscouata. That parish lies at a distance of nine miles from the station of Saint-Honoré on the Témiscouata Railway, and twenty miles south of the St. Lawrence river. The resolution which was sent to me speaks for itself, but I especially wish to call your attention to its wording, which shows that the French Canadians from the province of Quebec are considering the situation with all the seriousness it calls for and that they are offering suggestions which every one can put to good use, from the leaders of the House of Commons to the humble member that I am.

- Province of Quebec.
- Municipality of Saint Hubert.

At its meeting of September, 1939, the municipal council of Saint Hubert adopted the following resolution:

Moved by councillor Charles Thériault,

Seconded by councillor Alphonse Chouinard;

Whereas England is at war against Germany for a just cause;

Whereas the Canadian parliament has been summoned for a special session in order to determine the attitude of Canada in the present conflict;

Whereas our member in the said parliament, Mr. J. F. Pouliot, would probably like to have the opinion of his electors made clear to him so as to be able to express it in the house during the present session;

To this end, it was unanimously resolved that the parish of Saint Hubert, through its municipal council, convey to him its views on the present conflict;

1. Canada must first provide for the defence of her territory, and this in the most efficient manner possible.

2. Canada can best help England by supplying her, out of Canadian resources with products of every kind.

3. Canada is not in a position, on account of her debt, to send expeditionary forces, the necessity of which, besides, is not obvious.

4. Conscription would be disastrous for the country and, in the end, more harmful than useful to England. Therefore, we hope you will endorse our views and that you will uphold them in the house as you have always furthered the interests of the Canadian people.

Carried unanimously.

(Signed) Geo. April,  
Sec. Treas.

Countersigned by  
Freddy Massé, mayor.

That is the opinion of the farmers of Saint Hubert. Were my colleagues from the province of Quebec to forward that resolution to every municipal council in their counties, I am sure it would be carried unanimously in the great majority of cases.

Now, Mr. Chairman, I have one more thing to say, and it is that my English-speaking fellow-citizens imagine that the province of Quebec is opposed to conscription because the French Canadians are afraid to fight, and they feel contempt for those they deem to be cowards. That is a grave error. If French Canadians are opposed to conscription it is because, in most cases, their families have been living in Canada for two or three hundred years and that they are Canadian to the core. Their fatherland is, first of all, the place where they live surrounded by beautiful scenery, the place where their parents have lived, and where their sons shall also live; that is their home. They cherish both their province and their country.

The resolution is categorical. Canada must provide first for the defence of its territory and that with the greatest efficiency possible. We have no objection to our helping England by organizing the defence of Canada on a sound and practical basis, so that the sacrifice of those who enlist may be of some use and that they may not be marched to slaughter under incompetent leaders and lacking the necessary armaments. When a man makes the sacrifice of his life he gives his all and he is entitled to the protection of the government and of the country, so that his effort may be most useful to the community. I invite my English-speaking colleagues to come in my county next summer, so that I may be privileged to present to them some of the good farmers of Temiscouata. I am sure they will have for them, if they do not already know them, the same respect that I have for the farmers whom I met in the course of electoral campaigns in the provinces of Ontario and New Brunswick.

I believe that the resolution I have just read virtually represents the sentiment of the province of Quebec. I congratulate my good friend the right hon. Minister of Justice (Mr. Lapointe) on the statements he made the other day about conscription. Conscription is not necessary. We have no need of it for war outside Canada and it would be superfluous in Canada, for there is not a healthy old man that I know of who would refuse to fight for the defence of our country. For all these reasons, I understand that Canada's formal declaration of war, made when Canada was in fact already at war, was a concession. We are ready to go that far but no farther. We are ready to make a concession for the sake of Canadian unity, but on condition that the province of Quebec be not made the scapegoat for all the jingoes and war profiteers of whom it is said that patriotism is the last refuge of scoundrels. During the last war aspersions were cast at the province of Quebec, which entertained no prejudices, whose population was composed of good citizens and which had a right to its opinion if Canada is really a democracy.

There is something else that I wish to say. To my great surprise I read in the newspapers reports of meetings where young men objected to the existence of armaments in Canada. Are they those who advocated separation of the province of Quebec from the rest of the country. If a province of Canada were to secede from the others it would necessarily have to be better armed and we would have to spend considerably more for its defence.

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There is something else in this resolution, Mr. Chairman, to which I particularly call your attention and that is that an expeditionary force does not seem to be necessary at present. Why expose our country to attack and to sabotage for the sake of sending our forces to fight in Europe?

To begin with, the population of England is four times that of Canada and the army is, at the present time, nearly the same as the Canadian army was at the end of the great war. Let us keep a sense of proportion. We must keep cool. Let us see things as they are and ask ourselves if Canada must make an effort four times as great as that of England in this war. Here, we have no battalions of women; nurses are not digging trenches around hospitals, as we have seen in telephotographs appearing in newspapers. That is not done. In our country, the women are as brave as the men, but they set the example of family virtues, which is in accordance with the established tradition.

I abide by the terms of this resolution and, I think I thus express the sentiment of the electors not only of St. Hubert but also of the county of Témiscouata, and of the immense majority of the province of Québec, in the urban as well as the rural communities.

Let me add a word in conclusion. The question of a union government has been mentioned. The leader of the opposition (Mr. Manion) has been kind enough to offer his cooperation to the present government. The leaders of the other parties did likewise. And, though the hon. member for Winnipeg North Centre (Mr. Woodsworth) has expressed personal objections, I am sure that he will not hinder the work of the government in order, as far as possible, to maintain order in this country. With that, I am in agreement. Now, as regards a union government, I was informed last year that a five-year campaign had been started in favour of the amalgamation of the Canadian Pacific and the Canadian National railways. We are now in the second year and I am satisfied that those who so strongly advocate a union government are the very people who favour amalgamation of the railways. You need only read the newspapers to realize this. And if these people seize upon such a critical time to further their plans, at no other time can it be more aptly said that patriotism is the refuge of scoundrels.

Do not think, Mr. Chairman, that French Canadians are disloyal subjects of his majesty. Far from it. Had you witnessed the crowd of people, old men, young men, middle aged men, women and children who vied with each

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other at Rivière-du-Loup station to pay homage to their majesties as they graciously consented to stop there, had you seen the large number of people who had travelled miles and miles to greet our gracious sovereigns, you would have fully realized that it was not out of curiosity but out of deep reverence that they had come. I would also let you know, Mr. Chairman, that every Sunday, in every Catholic church, is sung the hymn *Domine, salvum fac Regem*, the Latin version of God save the King. And do you know what my venerable parish priest said at high mass last Sunday, when commenting upon a letter received from His Eminence the Cardinal-Archbishop of Quebec? He said: "Pray for peace." He asked his parishioners to turn to Heaven and beg Almighty God to put an end to this barbaric state of war. I trust that the universal prayer shall be heard.

Mr. HEAPS: Mr. Chairman, before clause 6 is passed, I am tempted to rise because of the statement made by the Prime Minister in this house a day or so ago, and repeated this afternoon, that the government are prepared to listen to suggestions made by hon. members. The total amount authorized to be raised by this measure is \$100,000,000, most of which is to be spent in Canada for the purposes of Canadian defence. My purpose in rising is to suggest to the government—and I hope they will receive my suggestion with a good deal of sympathy—that in view of the very serious situation that now exists, parliament might well make a gesture of real friendship to the mother country at this time by appropriating to the credit of the British government in Canada the sum of \$100,000,000 to be utilized by the British government in purchasing the goods we produce in Canada, the products of our mines, our forests and our farms. I suggest that it be an absolute gift from this dominion to the mother country. I believe such a gesture by this parliament at this time would have a very fine effect on the people both of Great Britain and of this dominion.

We in Canada have to a certain extent profited by the events that have been taking place in Europe during the past few days. A couple of weeks ago our wheat was a tremendous financial problem to the government of this country. By the increase in the price of wheat on account of the war, this government is going to save a vast amount of money, possibly \$50,000,000. I cannot of course state just what the amount will be because whatever sum might be mentioned could be only a guess.

We shall profit also because our unemployment situation will be mitigated to a large extent. The number of unemployed will be much smaller as a result of the war which has just broken out.

We gain also through the tendency of all commodities to rise in price as has happened during the past few days.

Because of these facts, Mr. Chairman, I think it would not be out of place if the Canadian government placed to the credit of the British government the sum of \$100,000,000 as a gesture of friendship to the people of Great Britain in this hour of their crisis. I trust that the Prime Minister and the cabinet will give this suggestion very serious and, I hope, sympathetic consideration.

Section agreed to.

On section 7—Report to the house.

Mr. MACKENZIE KING: There is one expenditure which the government is proposing to make under the War Appropriation Act, when passed, which is of a special nature, and therefore I feel I ought to draw it at once to the attention of hon. members. It is an expenditure the advantage of which I think will be immediately apparent. Hon. members will recall that two years ago I mentioned that the next development in our external relations would be the appointment of high commissioners to other of the dominions. The government of Great Britain has appointed high commissioners to most of the dominions, the first being to Canada, which was the first of the dominions to appoint a high commissioner to Great Britain. Since that time, last year in fact, the Union of South Africa appointed to Canada Mr. de Waal Meyer, as Accredited Representative of South Africa in Canada. Within the last two weeks we have had the pleasure of receiving a high commissioner from Eire in the person of Mr. John J. Hearne, who is now resident in the capital. The several dominions are now represented by high commissioners in London. That development has been fully justified.

We have felt that at the outbreak of war there is more necessity than ever for rapid and confidential communication with the other dominions, and that effective cooperation between the dominions themselves would be very much furthered if we had high commissioners in all of the dominions as well as in London. Having a high commissioner in London in a position to consult with the British government and the British government with him has proven to be of very great assistance to ourselves and I believe also to

the British government; and the British and inter-dominion representation that we have had in Canada thus far has been of very real and substantial benefit to our government, and I believe also to the governments which have their representatives here. In addition to planning to reciprocate the South African and Irish appointments, we have intimated to Australia and New Zealand that we should welcome an exchange of high commissioners with those two countries, and they have stated that they would very cordially receive high commissioners from Canada.

Hon. members will, I imagine, recognize immediately that this is an effort at a more effective cooperation between the different parts of the British empire all of which are more or less involved in this war. It would be of very material assistance to our government to have in South Africa, in Ireland, in Australia and in New Zealand, as we have long had in the United Kingdom, a representative of our own, in the person of a high commissioner, who would be able to give us through Canadian eyes his impression of different measures and matters which may require very careful consideration both here and there. I mention this important development as it appears special in its nature, seeing the provision of the War Appropriation Act will be availed of for the purpose of making these appointments.

Mr. POULIOT: May I ask the Prime Minister if the high commissioner in London gets in touch with the British government or with the embassies of the various countries?

Mr. MACKENZIE KING: The high commissioner in London is in touch with members of the British government, particularly the secretary of state for the dominions. Through the latter source he frequently obtains information of an inside nature which he communicates immediately to the government here. He does not however come into official relations with ambassadors of other countries.

Mr. HOMUTH: Might I ask if the expense of these commissioners will come out of this appropriation?

Mr. MACKENZIE KING: That is what I was intimating, yes.

Mr. LAWSON: Although we have a sincere desire to cooperate with the government in passing legislation, if I correctly interpret the provisions of this section we feel that the government is going pretty far in expecting cooperation with regard to the provisions of this section and that we must make a protest in connection therewith. I read the first part of section 7:

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The Minister of Finance shall make a report to the House of Commons on or before the thirtieth day of June, 1940, or if parliament is not then in session, within the first fifteen days of the next session—

What is the "next session"? That is the next session after the thirtieth day of June, 1940. To illustrate my point, let me assume that a general session of this parliament was convened on the twelfth of next January and prorogued on June 29, 1940; this house would have no report with respect to this vast expenditure of money, under this bill, until the next session after that came along in the ordinary course of events, in 1941. This in turn would mean that, unless this parliament through the exigencies of war or something of that kind extended its own life, we would have no knowledge under this measure as to how this money was spent or what contracts were let or anything else until after there was a general election in this country. I find it difficult to believe that such is the intention of the government. If it is, I desire to protest against it. I think that provision should be amended so that a report will be brought down within fifteen or thirty days, or whenever the government deems advisable, after the convening of the next session of parliament.

Mr. ILSLEY: The appropriation is for the fiscal year which ends March 31, 1940, and the books are not really closed—it is not possible to close them—until some time after that. For instance, during the month of April expenditures may be charged to the previous fiscal year. So it was thought necessary to give May and June for getting the report of the Minister of Finance ready for presentation to parliament. Therefore it was provided that he should make that report on or before the end of June if parliament were then in session; if parliament were not then in session he would have to make it at the earliest opportunity, which would be the beginning of the next session of parliament.

Mr. HOMUTH: 1941.

Mr. ILSLEY: Which would be 1941. The expenditures are, of course, subject to the usual audit and so forth, but we must remember here that we are talking about a vote for the fiscal year ending March 31. Therefore I do not think we should be called upon necessarily to present the report to the house before the end of the fiscal year, and this is the earliest reasonable opportunity that the report could be presented after the end of the fiscal year.

Mr. LAWSON: I submit that the reasons given by the minister are not tenable in the circumstances of this case, and I will try

[Mr. Lawson.]

briefly to state why. In the first place, the government is asking for an extraordinary sum of money for an extraordinary purpose and under extraordinary conditions, when we are being given practically no details as to how this money is to be spent. By reason of these conditions we are quite willing to give this blanket power and authority to the government.

But the very section in itself belies any necessity that the fiscal year must end and the payments must be made, because if the minister will look at paragraph (b), he will see that the intention is to bring down, not only particulars of "the moneys expended under the authority of this act," but—

(b) all known financial commitments which have been entered into but which have not come for payment before the first day of May, 1940.

I suggest to the government that, in view of the wide powers granted by this legislation, and in view of the fact that this money is going to be expended in large part for the purchase of supplies and so forth, the government would be most anxious to bring down a report, even if it were only a temporary one, at as early a date as could reasonably be expected after the opening of the next session, at least a report in conformity with paragraph (b) of section 7 of this bill. I therefore suggest that the section might have its whole intention changed so as to meet the views I have suggested, if the words after the word "or" in line 20, namely the words "if parliament is not then in session," were omitted.

I see where that also might leave the matter open to misconstruction. Would this meet the purpose?

Within fifteen days of the next session of parliament and in no event later than June 30, 1940, the Minister of Finance shall make a report to the House of Commons.

Mr. ILSLEY: That would be more in the nature of an interim report, and I do not think I am prepared to agree to that. This house has full powers of moving for returns and getting all necessary information in the usual way. I have before me the act that was passed in 1914, and there was in it no provision of any kind whatsoever for making a report to parliament.

Mr. MANION: It would be better if the minister left the provision as in 1914.

Mr. HOMUTH: Supposing we let it go as it is, and we ask for returns and are told that it is not in the public interest to give such returns, where would we be then? In order to keep the confidence of the people in what is being done I think we ought to have a report.

Mr. ILSLEY: I am content to strike the section out if that is the wish of the committee.

Mr. MANION: I think it would be far better with the section struck out than as it is. In all probability the House of Commons will meet, say in January. If I may judge from the experience in the last war, that session will probably not last as long as ordinarily, which means it might last a couple of months, as did the session following the special session in the last war. If this provision is left as it is, it would mean that June 30 is the earliest date for a report, and the House of Commons would probably be prorogued or dissolved before that date. I think it would be far better to leave the clause out altogether, as in 1914.

Mr. ILSLEY: I move the deletion of the clause. It was merely put in to give the house some check on us.

Mr. MANION: We have the same check; we can ask for returns.

Mr. CAHAN: I do not think the minister can move that. He should ask one of his colleagues.

Mr. LAPOINTE (Quebec East): I move that clause 7 be struck out.

Motion agreed to.

On section 8—Publication of orders and regulations.

Mr. ILSLEY: I shall ask one of my colleagues to move that this clause be struck out. At the time the bill was printed it was thought that publicity for all the orders and regulations made under the authority of this measure would be desirable. But upon consideration it is quite clear that it might be very dangerous to have a provision of this kind in the bill, because it is likely that some orders and regulations made under it should not be made public. Therefore my colleague the Minister of Transport will move that this section be deleted.

Mr. HOWE: I so move.

Mr. CAHAN: I can quite understand that there may be regulations made to give effect to the provisions of this bill, for instance under section 2, subsection 1 (b) for "the conduct of naval, military and air operations in or beyond Canada"—many regulations may be made which it is not expedient to publish in the *Canada Gazette*. But certainly regulations which have the force of law and which come into effect in Canada should be published in the *Canada Gazette* in order that Canadians

here may know what the law is so that they will not inadvertently break the regulations or infringe the law.

Mr. ILSLEY: I agree that that is so. But under the War Measures Act there is no provision that any of the orders or regulations need be published; it is just left to the government to give publicity to those which it is considered in the public interest to publish. I suggest that the same thing be done under this bill.

Mr. CAHAN: I notice that under the War Measures bill and under the previous War Measures Act notice in the *Canada Gazette* was not necessary. But the minister will remember, if he had to do with the regulations made under the War Measures Act, that as a matter of fact such regulations were published in separate blue books and made known to all those in Canada who were likely to need notice of them.

Mr. ILSLEY: Yes, that is true.

Mr. CAHAN: Some such course should be followed.

Mr. ILSLEY: We would follow the same practice. I think it could well be left to the executive, instead of being made compulsory.

Motion (Mr. Howe) agreed to.

Bill reported.

Mr. SPEAKER: When shall the bill be read a third time?

Some hon. MEMBERS: Now.

Mr. ILSLEY moved the third reading of the bill.

Mr. T. L. CHURCH (Broadview): I wish to say just a few words. I made a few remarks on section 6 but found that two other matters I wanted to bring up could not be spoken to under that section and could be brought up only on the third reading of the bill.

Recently I have noticed a large crowd of young men outside the Toronto armouries every day. Many of them have come to see me and other hon. members. There is some misunderstanding as to what these young men are enlisting for. When they go to the commanding officer there is some question as to whether they are signing on just for a month or for a year or for home defence or for overseas service. In my opinion there is no such thing as home defence; as I have said during the last two or three years, our main line of defence is in France and Britain; if they fall there is no such thing as defending the shores of Canada, for it will be all over if Britain fails. If voluntary recruiting is not

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to be absolutely killed in this country, something must be done and done quickly owing to the lack of support. The government have taken a very important stand on man power without any adequate survey. For the last three years I have asked in this house for a national survey of man power, food resources, industrial power, economic power, and nothing has been done. I asked the Minister of Agriculture (Mr. Gardiner) to set up storage reservoirs in England, but I was a voice crying in the wilderness during the past two years calling for rearmament, and I then predicted that this great disaster was coming.

I want to know what instructions have been sent out by the militia department for recruiting all over Canada and to whom and for what. We have waited long enough to see some allies of ours on the North American continent who are not visible to-night. We were told by some hon. members on my left that all we had to do was to let these allies defend our shores, and rely on Pan-Americanism only while it is of tremendous importance to have America with us. Yet their isolation policy disappoints us, and the time has gone by for all their peace pacts, agreements, and any more things of that kind. That very policy during the past two years of appeasement to the United States prevented this country from becoming properly armed during that period, so that to-day we have almost to act the part of Lazarus to beg a few crumbs from the table of rich Uncle Sam, in the form of a few aeroplanes, machine guns and so on. This is going to be a long drawn out battle, and under the present system I can tell the government that it will be hard for us to get men. If you want to kill voluntary recruiting you are going the right way about it, by not acting and getting on with the job. Last March and a year ago last March I called attention to the fact that Mr. Hore-Belisha, the British minister of war, and Right Hon. Mr. Brown, the British minister of labour, had addressed a great gathering of young people in the market place of the city of York. At that time this statement was made:

Employment is waiting for you in the army. If you take it you will get food and clothing; free housing; pocket money; instruction and physical education; you can learn a trade, if you have not already mastered one, at a vocation centre—

They could on an apprenticeship system of national service learn a trade and vocation, qualify as a mechanic or air pilot, and get deferred pay on a national service plan. I wanted one for Canada adapted to us. Why did we not tell our young men two years ago that if they joined the army they would receive this sort of treatment in Canada, and that after five years they would have a trade? [Mr. Church.]

If we had done that we would have had the mechanics and pilots we need so badly to-day. Last February the Toronto board of education sent a deputation to Ottawa urging the government to take over a course in aviation and aid it in the technical school for the purpose of training members of the air force, but nothing was done. I then also urged that something should be done in regard to sending young men from Canada to England and aid them to enlist there to serve with the Royal Air Force, but again nothing was done. I have many letters, which I could show the government or anyone else, indicating that some of these young recruits, instead of loafing round the corners doing nothing, have even gone to England on cattle boats in order to enlist in the Royal Air Force during the past two years and are pilots to-day.

I do not intend to take up more of the time of the house, but I do believe the young people of this country who want to enlist should know once and for all for what term they must enlist, and whether they are to enlist for home defence or for service elsewhere. A great many of these young people do not want to enlist for home defence; they say, as I say, that there is no such thing. If Britain and France fail over there on the Rhine and in their campaign, it is all over with us so far as the defence of this country goes. I believe our young men should be told what their pay is to be, the length of service, what clothing they will receive and if they will be paid any pension. And it should be put down in black and white so that we shall not have a repetition of what happened during the last war, when men went overseas, leaving their homes and families, and came back to find themselves out of employment and getting no help from the government or pensions. No doubt what the Prime Minister has said is quite correct; I do not know, because all the papers have not been laid on the table. I believe a large part of this \$100,000,000 should be spent along certain lines, and that not a dollar should be spent except on the advice of and in conjunction, cooperation and coordination with the mother country. Otherwise it will be wasted. Something must be done also about the dreadful submarine menace. How are we going to send any food overseas if there are submarines waiting to destroy the ships? During the last war Great Britain had to look after only the Atlantic ocean; now she has to look after seven oceans with fewer ships, and for every four ships that went out, one did not come back and she had to ration food drastically.

When Mr. Chamberlain introduced the military training bill in England, he let those

concerned know on what terms they were enlisting. That bill was introduced on May 4, just a week after the policy was announced, and at that time Mr. Chamberlain said only two hundred thousand men would be available for training this year. With the millions of men the dictators have, England could get only two hundred thousand men this year under the military training bill. Then, during the course of his remarks, he said that if the scheme ran for three years, eight hundred thousand men were hoped for. So it will be seen how much she needs our men overseas. It will take us a year or a year and a half to train and equip our men and to produce any munitions. At the present time the men are without proper boots and clothing. I saw the conditions that existed at one or two camps; some of the regiments had no boots, equipment or clothing, and it will take months to get the necessary supplies. So I say the sooner we make up our minds that something must be done, the better it will be. No one objects to the expenditure of this money, but we want the government to get on with the job. Above all, we want them to clarify their policy all along the line and let these young men know for what period they are enlisting and whether they are joining for home defence or for other service. I believe this country has been aroused as never before. We do not know what may happen at any time. If Britain and France fail, what use will all this money be for home defence here, whether it is good, bad or indifferent? Security is far better than opulence. For two or three months last session certain members of the house discussed social credit. They were quite within their rights in so doing, but there will be no social credit or any other kind of credit if we have no security from these dictators, and the time should have been spent on defence and security. What do the dictators care about social credit or other credit so far as this country is concerned?

Last spring, and a year ago last spring, I urged upon the government that we should have a proper national survey made, but up to this moment nothing has been done. The women's organizations of the country are asking for some leadership. Some of them are opening offices, even without authority, just waiting for the government to act, and have a really national survey at once. What have they done? The government said they were going to survey the industrial plants of this country. When I brought up the matter on February 12 last, what was the policy of the government in regard to surveying industry in Canada, as was done in the days of the last war? They had no policy. It is true that when the matter was brought up, they later wrote about 700 letters to plants,

but sent no one to make a survey, and five or six business men wrote me to say that their plants had never been surveyed. Now this money has been voted, and I hope the government will get on with the job. I am not asking these questions in a spirit of criticism; I have asked them before, but I am getting tired waiting for an answer. In the interests of voluntary recruiting I ask the government to-night to let the commanding officers of the various military districts know all about these enlistments, as well as all the other information for which I have asked.

Hon. R. J. MANION (Leader of the Opposition): The hon. gentleman (Mr. Church) who has just taken his seat has asked a very fair question, which was also asked this afternoon by the hon. member for Vancouver South (Mr. Green). I believe this house deserves an answer to such a question. The minister has been in his seat on both occasions, but apparently he intends to ignore these two speakers. I believe an answer should be given.

While I am on my feet I should like to say that throughout this country I have heard a great deal of discussion about this very matter. I have heard it argued by men, many of whom should be very familiar with the question. I have heard some outstanding men say that those who are now enlisting are promised that they are enlisting only for home defence. I have heard others, perhaps better informed, claim that when these men enlist, according to their attestation they can be sent overseas if the time should come when an expeditionary force should be sent. I do not wish to be placed in the position of arguing that an expeditionary force should be sent if England does not want one. At the same time, however, it is obvious that it will take time to train men; and if men are being taken into the forces at the present time, the position of these men should be made clear not only to the men themselves but also to the country generally. I hope the minister when he rises will give a definite answer in this regard, in order to clear up a doubt which exists in the minds of so many people across this country.

Hon. IAN MACKENZIE (Minister of National Defence): Mr. Speaker, I shall try to be as brief as possible. First of all, action was taken by the government, under section 63 of the Militia Act, under which the minister himself was granted authority to call out men for service within Canada. In the next instance action was taken by the government, when it was decided to call parliament, under section 64 of the Militia Act, placing the militia on active service within Canada.

*War Appropriation Bill*

The terms of section 64 of the Militia Act are very explicit, in that these troops may be placed on active service either within or without Canada, for the defence of Canada. At the present time, sir, the troops called out are in three categories: In the first place, there are those who are defending the vulnerable points within Canada; in the second place, there are those who are defending our coastal areas on both coasts and, in the third place, there is a mobile reserve for active service in the meantime within Canada. But if in the light of developments in the future the government policy should be that of sending an expeditionary force overseas, that reserve force would be the nucleus of the force so to be sent.

Mr. CAHAN: Under the present act, an active force can be sent overseas for one year only.

Mr. MACKENZIE (Vancouver): The terms of service in the field at the present time are for one year under section 68 unless the man volunteers to serve for the duration of the war.

Mr. BROOKS: Would these men be reenlisted for overseas, or would their present status be for both at home and overseas?

Mr. MACKENZIE (Vancouver): That would be a matter which would be decided later on. I think they may be reenlisted for overseas service.

Mr. MANION: Perhaps I have been a little dense, but there is one point on which I am not quite clear. Do I understand the minister to say that at the present time the men who are being enlisted and who have been for some time past are being enlisted under section 64?

Mr. MACKENZIE (Vancouver): Yes, that is correct—all under section 64. The minister had only limited authority under section 63, but once we decided that parliament was to meet, then under the provisions under section 64 all authority was taken by the governor in council, and not by the minister as such.

Mr. CHURCH: Why don't you train and equip an expeditionary force here at once?

Motion (Mr. Ilsley) agreed to and bill read the third time and passed.

### CANADIAN PATRIOTIC FUND

#### PROVISION FOR ASSISTANCE TO DEPENDENTS OF OFFICERS AND MEN ON ACTIVE SERVICE

Hon. C. G. POWER (Minister of Pensions and National Health) moved the second reading of Bill No. 2, to incorporate the Canadian Patriotic Fund.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, on the second reading of the bill I [Mr. I. Mackenzie.]

should like to ask a question. In view of the heavy burden resting on real estate for relief which is now borne by the municipalities in Canada, and the necessity of looking after homes from which soldiers will go, and aiding recruits, surely the government of the day should now assume the total burden of this patriotic fund, and it should be supported by the government and by private subscription and not by subscriptions from municipalities.

In view of tax rates and the condition of real estate, I believe it would be impossible for the municipalities to carry any greater burden. I have not consulted them in the matter, but I have had some experience in municipal affairs. I can tell the house that when a municipality has to tack on nearly \$2,000,000 in one year, and a million in another, which had to be done in one city with which I am familiar, it could not be expected to pass the hat round to collect another million. It is the function and the duty of the federal government and not of the municipalities to look after the soldiers in the field and their dependents at home. It is the first function of a government to look after those who are serving in the front line.

Further than that, I can see very little difference between this bill and the one which was in operation before. I would point out to the minister, however, that municipalities in Canada are still shouldering heavy responsibilities of the late war as well as relief. They had debts from the last war. Just as they did in the last war, at the present time they are contributing buildings of all kinds for the use of the troops. In view of the good work they are doing, I hope the federal government will take the share of the municipalities in this instance. Something should be done along that line, because there is no use in asking a municipality such as the city of Toronto to pay what it had to pay on another occasion towards a similar fund. Surely there must be some other way of collecting the money.

In view of the heavy burden carried by real estate, I suggest the government should also have introduced a workable moratorium. In any event real estate should not be loaded with any more debt. The local burdens of municipalities are almost too great. In addition to providing the free use of buildings, they will be asked to look after many of the dependents who are at home, and will seek also hospitalization, special care for children and that kind of thing.

I repeat that the government should assume the total burden in connection with a fund which at one time the municipalities had to support.

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—Incorporation.

Mr. MacNICOL: The last line of section 2 is as follows:

. . . together with such other persons as become members of the corporation.

By whom are they to be selected or appointed?

Mr. POWER: By the corporation.

Section agreed to.

On section 3—Objects.

Mr. POWER: Representations have been made by a number of patriotic organizations and associations to the effect that the patriotic fund will not, in all probability, during the course of this war, be called upon to pay such large amounts as was the case during the last war, because pay and allowances of soldiers and their dependents, as provided under the pay and allowances regulations now in effect are much higher than those which governed in the war of 1914 to 1918.

During the last war no allowance whatsoever was made for the dependents of ex-soldiers, whereas under the present arrangements the dependents receive fairly substantial amounts. During the great war separation allowance was paid on behalf of the wife only, and the additional allowance for a private soldier was \$30 a month. To this was added \$20 assigned by the soldier, making a total of \$50. No additional allowances were paid on behalf of children.

The patriotic fund augmented the allowance by paying an additional allowance of

\$10 for the wife, \$9 for the first child, \$7 for the second, \$5 each for the third, fourth and fifth and \$4 for the sixth. The total of separation allowance and assigned pay, and also patriotic fund grant to a man with a wife and six children was \$95. This was the highest amount paid.

The amended pay and allowance regulations of 1939 provide for a separation allowance of \$35, assigned pay of \$20, and an additional allowance of \$12 for each child. Thus the man with a wife and six children will receive \$127 a month instead of the \$95 a month which was the case in the last war. In other words, the dependents of a serving soldier will be far better provided for than they were in the last war. It is a question whether or not the compensation paid by the state should be supplemented by any definitely fixed scale, such as was done during the last war. It is anticipated that there will be ample scope for the activities of the patriotic fund in relieving many of the problems of the soldiers' families, either by way of financial assistance or otherwise, where the direct intervention of the state would not assure the best results. If the committee so desires and will permit me to do so, I shall be glad to place on the record tables showing the military pay and field allowance of a private soldier, in fact of every rank in the army, during the last war, and the rates provided under the 1939 regulation, together with separation allowances. I can also place on the record a table giving a comparison between the rates of separation allowance, assigned pay total to dependents and the portion the soldier is allowed to keep. If this information is placed on *Hansard*, it will make things clearer to hon. members. The tables are as follows:

	Military pay and field allowance		Separation allowance			
	1914	1939	1914	Dec. 1917	Sept. 1918	1939
Private. . . . .	\$1 10	\$1 30	\$20 00	\$25 00	\$30 00	\$35 00
L/Corp. or L/Bomb. . . . .	1 15	1 50	20 00	25 00	30 00	35 00
Corp. or Bomb. . . . .	1 20	1 70	20 00	25 00	30 00	35 00
L/Sergt. . . . .	1 30	1 90	20 00	25 00	30 00	35 00
Sergt. . . . .	1 50	2 20	25 00	25 00	30 00	35 00
Squad. Batt. or C.Q.M.S. . . . .	1 70	2 50	25 00	25 00	30 00	35 00
Squad. Batt. or C.S.M. . . . .	1 80	3 00	25 00	25 00	30 00	35 00
Reg. A.M.S., Staff Q.M.S., Q.M.S. . . . .	2 00	3 10	25 00	25 00	30 00	35 00
W.O. Class I. . . . .	2 30	3 90	30 00	30 00	35 00	40 00
R.S.M. . . . .	2 30	4 20	30 00	30 00	35 00	40 00
2/Lieut. . . . .		4 25				45 00
		12/9/18				
Lieut. } 3 00 . . . . .	2 60	5 00	30 00	30 00	40 00	45 00
Capt. } 4 00 . . . . .	3 75	6 50	40 00	40 00	40 00	50 00
Major. . . . .	5 00	7 75	50 00	50 00	50 00	55 00
Lieut.-Col. . . . .	6 25	10 00	60 00	60 00	60 00	60 00

## Canadian Patriotic Fund

Private soldier  
Comparison of amounts payable to dependents in Great War and present rates

	Separation Allowance	Present rates			Soldier's Portion
		Assigned Pay	Total to Dependents		
Wife.. . . . .	\$ 35 00	\$20 00	\$ 55 00	\$19 00	
Wife and 1 child.. . . . .	47 00	20 00	67 00	19 00	
Wife and 2 children.. . . . .	59 00	20 00	79 00	19 00	
Wife and 3 children.. . . . .	71 00	20 00	91 00	19 00	
Wife and 4 children.. . . . .	83 00	20 00	103 00	19 00	
Wife and 5 children.. . . . .	95 00	20 00	115 00	19 00	
Wife and 6 children.. . . . .	107 00	20 00	127 00	19 00	
Wife and 7 children.. . . . .	119 00	20 00	139 00	19 00	

  

	Separation Allowance	Assigned Pay	Great War rates		Soldier's Portion
			Canadian Patriotic Fund	Total to Dependents	
Wife.. . . . .	\$30 00	\$20 00	\$10 00	\$60 00	\$13 00
Wife and 1 child.. . . . .	30 00	20 00	19 00	69 00	13 00
Wife and 2 children.. . . . .	30 00	20 00	26 00	76 00	13 00
Wife and 3 children.. . . . .	30 00	20 00	31 00	81 00	13 00
Wife and 4 children.. . . . .	30 00	20 00	36 00	86 00	13 00
Wife and 5 children.. . . . .	30 00	20 00	41 00	91 00	13 00
Wife and 6 children.. . . . .	30 00	20 00	45 00	95 00	13 00
Wife and 7 children.. . . . .	30 00	20 00	45 00	95 00	13 00

In this connection I may say that certain societies and associations made representations that it might not be necessary for the patriotic fund to raise such large sums of money and suggested that section 3 be amended to provide that the patriotic fund corporation should, in addition to the duty of collecting these moneys, have placed upon it the duty of coordinating the efforts of other charitable organizations and that it not be mandatory upon the patriotic fund to start immediately to collect a fund, as the bill now provides. The language of this bill was taken from the 1914 act, and it is made mandatory upon the corporation to collect these funds. The necessity for doing so having to a large extent disappeared owing to the provisions which are being made for dependents, it may not be necessary for the corporation to make such an intensive and extensive drive on the patriotically minded and charitably inclined citizens of Canada. Therefore, I shall ask my colleague, the Minister of Public Works (Mr. Cardin) to move the following:

That section 3 be deleted and the following be substituted therefor:

The objects of the corporation shall be to coordinate the work of and promote cooperation among the various existing organizations carrying on work similar to that of the corporation, and, if it is advisable in the opinion of the corporation, to collect, administer and distribute the fund for the assistance in case of need of the wives, children and dependents, resident in Canada, of officers and men, who, during the present war, may be on active service with the naval, military or air forces of His Majesty or of any allied or associated power.

Mr. CARDIN: I move accordingly.

[Mr. Power.]

Mr. CAHAN: Is it the intention to have contributions to this fund considered in the same manner as other charitable contributions in connection with income tax payments?

Mr. POWER: The acting Minister of Finance (Mr. Ilsley) is not here at the moment, but I would say that would be done. However, I cannot give a definite answer.

Mr. CAHAN: I think that was done the last time.

Mr. POWER: I think it would be done, but I cannot give a definite answer.

Amendment agreed to.

Mr. MacNICOL: Would the minister explain further what is meant by active service? Would that cover a man guarding a canal, a bridge, or something like that, or is it only the man actually in the army?

Mr. POWER: My understanding of active service is that it covers those who are called out under section 64 of the Militia Act.

Mr. CASSELMAN: Those doing guard duty are called out under section 63.

Mr. POWER: They are called out on service under section 63, whereas they are called out on active service under section 64.

Mr. MacNICOL: The minister referred twice to a man with a family of six. Is a family of six the limit to receive benefits under the bill?

Mr. POWER: I do not think a family of six would be the limit in all provinces. I have the figures down to a family of seven. I can tell my hon. friend that a private soldier

with a family of seven would receive for his dependents the sum of \$139, while his portion would be \$19. I am informed that the recruiting officers are not very anxious to take recruits with families of ten or twelve.

Mr. MacNICOL: There is an article in to-day's *Citizen* referring to a man who had been enlisted in Ottawa with a family of twelve, eight of whom would benefit under the new bill. The result will be that his family will receive \$170 a month. I am not saying that is too much, but that is what he would receive.

Mr. POWER: I hardly think the patriotic fund would have to raise any money for the purpose of looking after that man's family.

Mr. SENN: In the case of a soldier's decease, have arrangements been made so that his family will fare as well as the family of a soldier who was killed in the last war?

Mr. POWER: By an order in council which was passed at the beginning of the week, I believe on September 1, the provisions of the Pension Act are to apply. As my hon. friend knows, the Pension Act applies to soldiers who took part in the last war, but its provisions have now been made to apply to those who are called for service during this war.

Mr. HOMUTH: For service or active service?

Mr. POWER: Both, if they are in the army now.

Mr. STIRLING: I am not quite clear as to the difference between service and active service. Am I right in supposing that those who enrolled under section 63 now come in under section 64, that section, which calls for active service, having been proclaimed?

Mr. POWER: In so far as the Pension Act is concerned, yes; in so far as this bill is concerned, I would have to inquire. I can tell my hon. friend that if it does not cover such a case, we will see that these men who are called out on service are treated in the same way as those called out on active service.

Mr. MANION: What I have to say really has nothing to do with the bill, but the subject has been mentioned by the minister. I should like to take this opportunity to step aside a little for a moment to mention one matter. The minister referred to private soldiers having families of six or seven. In my remarks the other day I suggested that soldiers with dependents should be kept out of the danger zones as far as possible. I just

draw this to the attention of the minister because he is one of the ablest ministers in the government.

Mr. POWER: Thank you.

Mr. MANION: I do not know that this is saying very much for him, but at any rate he is. However, I suggest to the government that they give serious consideration to seeing that men with large families are not sent into the danger zones. This should be done not only for the sake of the families but for the sake of the country because of the high allowances that would have to be paid; and if such a man becomes a casualty, there is a heavy pension bill to be paid by the country. No doubt the minister will have an opportunity to discuss this matter with his colleagues, and I think it should be seriously considered.

Section as amended agreed to.

On section 4—Property vested in corporation.

Mr. ROBICHAUD: Are contributions to the patriotic fund to be wholly voluntary?

Mr. POWER: Yes.

Mr. ROBICHAUD: The bill is not clear on that point. I notice that clause 4 reads:

There shall vest in the corporation all moneys at any time collected by, or contributed to, the corporation.

The old act of 1914 had the word "contributed" only. But now it says, "collected by, or contributed to, the corporation". My own municipality was called upon to contribute the sum of \$28,000, and we had to issue debentures on which we paid interest and sinking fund up to the year 1937. I think it should be made quite clear that these contributions are to be voluntary only, and not a matter of conscription or confiscation. The municipalities at this time, after passing through the depression, are not in a condition to make any forced contribution to the Canadian patriotic fund.

Furthermore, in many parts of the country the Canadian patriotic fund has left a bad taste in the mouth, and I think the government would be well advised to change its title because, as the hon. member for Témiscouata (Mr. Pouliot) said a few moments ago in discussing the other bill, patriotism is sometimes the last refuge of a scoundrel. I know that in some parts of the country the Canadian patriotic fund has left a bad impression. It was abused by people who had money in the bank and had really no need for assistance from the fund. Other people, perhaps because they were too timid to go after assist-

ance from the fund or lacked influence, got no assistance. The present fund will have to be administered better, and I suggest to the minister that it be made clear that no municipality shall be forced to contribute and to issue debentures as we had to do in 1914.

Mr. CAHAN: I would suggest to my hon. friend that all contributions were made voluntarily. Was there any municipal contribution made otherwise than voluntarily during the last war?

Mr. POWER: I am sure there was not. The sum of \$48,000,000 was raised by voluntary subscription in Canada.

Mr. CAHAN: That is what I understood. I never heard the suggestion during the lifetime of the patriotic fund that contributions were levied upon municipalities.

Mr. ROBICHAUD: I have been secretary of my county for the last twenty-two years, and I was secretary then. I know that we were given a quota which our municipality had to raise, and I understand that was the case with every other municipality in the province. It may have been done under a provincial act. It should be made clear that no such compulsory contributions will be attempted at this time.

Mr. HOMUTH: There was an amendment giving the municipalities the right to borrow for patriotic purposes, but whether or not they should contribute was entirely for the municipal councils themselves to decide, and even if the bill were amended the councils would still have the power to contribute voluntarily to the fund.

Mr. ROBICHAUD: But why the distinction between "collected" and "contributed"? Why use the word "collect"? It was not used in the old act, and while under the old act contributions may have been voluntary in theory, in practice a gun was held up at you.

Mr. POWER: I know that the patriotic fund was purely a voluntary fund. I have no doubt that the provinces gave the municipalities the right to issue debentures in order to contribute to the fund, but I am quite certain from all the reports that I have read that all funds were raised by voluntary contribution, and I have never heard anything to the contrary.

As to the distinction between the words "collect" and "contribute," I assume the word "collect" would denote the action of taking the money in, and that "contribution" would denote the action of giving money out to the fund, but I should not like to give the Webster definition of the terms. I am not quite sure

[Mr. Robichaud.]

that both words are absolutely necessary, but generally they indicate what would be the duty of the corporation.

Mr. ROBICHAUD: All I can say is that contributions may have been voluntary in the sense that the Sudetenland was given voluntarily to Germany and to Hitler. That was supposed to have been done voluntarily, but actually it was far from being voluntary.

Section agreed to.

Sections 5 to 15 inclusive agreed to.

On the preamble.

Mr. POWER: I have an amendment to suggest to the preamble to bring it into line with the amendment to clause 3, and I will ask my colleague to move it.

Mr. CARDIN: I move, Mr. Chairman, that the preamble be stricken out and that the following be substituted therefor:

Whereas it is desirable to promote co-ordination and cooperation between existing organizations and to provide, if any need shall arise, for the assistance of the wives, children and dependents, resident in Canada, of officers and men who during the present war may be on active service with the naval, military or air forces of his majesty or of any allied or associated power: and, whereas it is desirable to provide an organization for such purpose:

Amendment agreed to.

Preamble as amended agreed to.

Bill reported, read the third time and passed.

### COMBINES INVESTIGATION ACT

#### STRENGTHENING OF PROCEDURE FOR INVESTIGATION AND PROSECUTION

Hon. NORMAN McL. ROGERS (Minister of Labour) moved the second reading of Bill No. 3, to amend the Combines Investigation Act.

Hon. C. H. CAHAN (St. Lawrence-St. George): If this were deemed to be a necessary war measures act, or for the purpose of dealing with the subject matter as a necessary provision in view of the fact that Canada is in a state of war, I would hesitate to object to its enactment. Under the War Measures Act the governor in council has full power to enact orders, rules and regulations which will have validity during the period of the war, and, subject to amendments during the war by the governor in council, to make all provisions necessary to modify the existing combines act or, in so far as it is deemed necessary, to modify any other act as a war measure. In the orders, rules and regulations which have

already been enacted and laid upon the table of the house, the governor in council very properly has dealt with the substantive provisions of certain existing acts. For instance, the Patent Act is changed in important particulars; and during the previous war, under the same War Measures Act, other fundamental acts were dealt with in so far as it was necessary to modify them temporarily or for the duration of the war. This measure is not, I think, a measure of that kind.

During a recent session of parliament, the session of 1937, the combines act was amended, and serious discussions took place in this house with regard to its provisions. Subsequently an agreement was made between this house and another chamber as to the terms of certain provisions which were then enacted and which are now being repealed, not for the duration of the war, but for all time. I suggest that it is far better, so far as the fundamental provisions of this act or of any other act are concerned, that they should not be repealed for all time under the guise of meeting certain exigencies which are likely to arise or which may arise during the prosecution of the war. Therefore I would suggest that, in so far as, during the progress of the war, it is deemed advisable to modify the existing combines act, it should be done under the provisions of the War Measures Act, and then the regulations so made may be amended from time to time, as they were during the last war, in order to meet war exigencies as they arise. The fact is, I do not think this measure is a legitimate measure, in that it makes the amendment of fundamental provisions of the existing combines act not temporarily, nor to serve the exigencies of the war, but to serve for all time. That is not now necessary, and it raises a dispute which it is advisable, or at least expedient, to obviate during this present session of parliament.

There is a provision which I suggest the minister should consider if it is decided to deal by order of the governor in council with these exigencies which may arise during the war, and it is this. I speak from experience in the last war. For two years and a half, at least, I was chairman of a board which had to do with the manufacture of armaments and supplies to the extent of many tens of millions of dollars, and, for that purpose, had under its control and supervision some fifty industrial corporations in the United States and Canada. It would, I think, have been impossible to have dealt effectively with the manufacture and production of those military supplies if there had been in force in the United States, where part of the manufacture took place, or in Canada,

where a portion of it took place, such very strict and severe provisions as are now found in the combines act.

Section 2 of the act, under "definitions," provides that:

In this act, unless the context otherwise requires,

(1) "Combine" means a combination having relation to any commodity which may be the subject of trade or commerce, of two or more persons by way of actual or tacit contract, agreement or arrangement having or designed to have the effect of

(a) limiting facilities for transporting, producing, manufacturing, supplying, storing or dealing, or

(b) preventing, limiting or lessening manufacture or production, or

(c) fixing a common price or a resale price, or a common rental, or a common cost of storage or transportation, or

(d) enhancing the price, rental or cost of article, rental, storage or transportation, or

(e) preventing or lessening competition in, or substantially controlling within any particular area or district or generally, production, manufacture, purchase, barter, sale, storage, transportation, insurance or supply, or

(f) otherwise restraining or injuring trade or commerce, or a merger, trust or monopoly; which combination, merger, trust, or monopoly has operated or is likely to operate to the detriment or against the interest of the public, whether consumers, producers or others.

I suggest, from experience, for the consideration of the government—I am not moving any amendment whatsoever—that in view of the efforts which must be made to mobilize industry in this country, it will be impossible to mobilize industry for the efficient production of commodities which are needed for the efficient prosecution of the war, if the producers are held strictly to the terms of this penal statute. I therefore suggest that the government should deal with it by orders under the War Measures Act, which will have the same force and effect during the term of the war, the same validity, as if they were enacted by parliament, and which may be modified or amended by the government from time to time as the exigencies of war require, in order that there may be an effective mobilization of industry, and, with regard to certain branches of production, that there may really be a combine, if necessary, by those engaged in that branch of industry in order to produce more effectively, and, I think, more cheaply and satisfactorily. I protest against dealing now with this matter by legislation when the governor in council has full power now to deal with it from time to time under the War Measures Act, as the exigencies of the situation may reveal the need for changes in order that the commodities required for the prosecution of the war may be produced

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satisfactorily and effectively. I make that suggestion earnestly for the consideration of the government, because it seems to me this bill proposes to amend the fundamental provisions of an act, which in times of ordinary commercial transactions are sound and just, but which may require to be modified temporarily during the prosecution of the war, but the permanent modifications of which would require grave consideration and prolonged discussion.

Hon. H. H. STEVENS (Kootenay East): I hesitate to introduce a note of discord into this session, but I confess that when I read this bill I was amazed that a bill of its nature should have been introduced in a session assembled under present conditions, and one which we had hoped might be marked by a degree of unanimity and concord not usually found in sessions of parliament.

In the absence of some special explanation I fail to see any need for amendment of the Combines Investigation Act or anything that could not have been dealt with better, as the hon. member for St. Lawrence-St. George (Mr. Cahan) has so ably pointed out, under the War Measures Act. I have been debating in my mind whether I should say anything or should express myself at some length. But I have studied for a number of years the matters dealt with by the Combines Investigation Act. When the last amendments were made, I think in 1937, I declared that in 1923 when considerable time was devoted to the subject I took exception to the whole structure of the act. I think it is wrongly based; I have taken that position throughout the years.

I would point out that during the past fifteen or twenty or twenty-five years there has been a gradual change in our industrial and economic structure. When the idea of controlling trusts and mergers was originally conceived on this continent by the late Theodore Roosevelt in the United States in the early days of this century, conditions were entirely different from what they are to-day. The object of the Sherman Act, upon which this legislation is really patterned, was to deal with a group of individuals who might get together and conspire to bring about a condition inimical to the public interest. The idea of a trust at that time was not an institution that might be laudable in its objects, but rather a sinister institution the purposes of which were against the public interest. Legislation designed to deal with a condition of that kind is not applicable to-day because of the complete change that has come about in our economic structure. In the last few decades there has been a growing tendency to merge smaller businesses into larger ones;

[Mr. Cahan.]

we have great corporations, known as quasi monopolies, that have grown up in the economic realm. These are legitimate. I am not saying they are good or bad in themselves; that is not the point. The point really is that they do not come under this legislation; yet in some instances they may have upon the industrial and social life of the country an effect quite as injurious as a conspiracy of individuals might have. On the other side it may be said that many of these corporations or quasi monopolies are desirable because of their regulatory nature.

In this legislation we have been building up round an individual, the commissioner, as he is now called, a body of what the lawyers call case law. That is, he is clothed with powers—I am speaking of him not as an individual, but as an institution—that no individual should exercise. In this bill we are going still farther, I am sorry to see. I think the existing legislation goes farther than it should. Rather I will put it in this way: The existing legislation is not properly adapted to the present economic structure.

But this particular bill bestows on the commissioner more and more arbitrary powers which in my opinion are not in any sense connected with war conditions. Let me illustrate. It has not hitherto been possible for the commissioner to retain beyond a reasonable time, while he is carrying on his preliminary investigation, which is generally speaking a secret one, control of all the books and records of the company or companies under investigation. But under this bill the commissioner would be empowered to order the production of books of account, documents, minute books and all the records of a company and to retain those books and documents for a period of four months. The object of the original legislation, and, indeed, of the legislation amended, was that the commissioner should make a preliminary investigation to ascertain whether or not the complainants had a real case. It was designed to protect rather than to persecute, to protect those charged from being exposed to public calumny without just cause.

Under this bill the government are now asking parliament to give the commissioner the right to hold those records. Of course I know the answer will be that it has been found that when they come to prosecute, after the commissioner has made his report, records may have disappeared. But under the statute as it now stands, the commissioner may take any portion of the records, have them copied and attest the copies as being true copies, and such copies are accepted in courts of law as of equal validity

to the original documents. There is no difficulty there, but I am pointing out to the minister that in this respect the government are going too far.

Before I sit down I must refer to the two sections that are being repealed. The repeal of section 28, passed in 1935, is a serious matter. It provides:

No person shall be charged with, tried for or convicted of an offence under this act, by the same information, upon the same evidence or at the same time as he is charged with, tried for or convicted of an offence against section four hundred and ninety-eight of the criminal code.

I am not prepared, nor do I wish, to enter upon a lengthy argument, but I recall very well that this matter was thoroughly discussed and examined when this section was passed, and I believe it ought to be thoroughly discussed before this change is made. It is proposed to repeal this section without, I submit, proper time and consideration being given to it; yet it deals with charges under the criminal code. At the moment I am not prepared to go back over the old argument in an extensive way, but we ought to remember one thing. There are offences which may be considered such in a civil sense; we will say bad practice in business, and so on, but in themselves they are not criminal acts. There was some protection for the citizen in the section now to be repealed, so I say this is a serious matter. I am not debating the point; I am merely calling attention to the seriousness of it. The other section to be repealed also has considerable importance and should not be disturbed without careful consideration.

The point I wish to emphasize is that raised by the hon. member for St. Lawrence-St. George, which I think is well taken, that the proposals contained in this bill are not proposals which ought to have been obtruded upon this parliament during this session. They should come before parliament at an ordinary session, if at all, when we would have all the necessary time at our disposal to deal with them. We should have ample time to read and consider a bill of this kind, and it should stand until those who may be affected by it have an opportunity to present their views. It is serious legislation. On the other hand I point out, as the hon. member for St. Lawrence-St. George also indicated, that to the extent to which we wish to deal with peculiar circumstances arising under war conditions, that can be done much more effectively as war measures under the War Measures Act. The government may, as I expect it

will, find it necessary, during the period of the war, to take certain positions which it would not consider it advisable to take in times of peace. I am quite sure the Prime Minister (Mr. Mackenzie King) will agree that this is likely to be the case. Therefore it is inadvisable to amend a bill for war purposes, if that is the object of this amendment. Let us deal with such matters under the War Measures Act, and let this bill stand for the present and come before parliament at an ordinary session when we shall have ample time and opportunity to debate it.

I want to conclude my remarks by saying that I feel very strongly on this matter. For years I have taken a definite position. Personally I am not prepared to-night to discuss the matter at length, nor do I wish to fight the measure. I can tell the minister and the Prime Minister, however, that if this were an ordinary session I would feel myself in duty bound to offer the most persistent opposition to this legislation. As I indicated this afternoon, however, we have come here in a spirit of accord. We desire to cooperate with the government, but we see no reason why this bill should obtrude itself at this time, and I earnestly suggest to the government that the bill be dropped until the next regular session.

Mr. T. L. CHURCH (Broadview): Mr. Speaker, with all due respect to the Minister of Labour (Mr. Rogers) I would remind hon. members that this act has been on the statute books for many years. I have had some experience with it, and I can tell you that the procedure has killed the whole statute; it is too cumbersome. Take milk, bread, coal or any of the other necessities of life; that is where this war will react on the poor people of the country. In 1915, 1916 and 1917 we had a great deal of trouble with these combines in restraint of trade and enhanced prices in the city of Toronto. I preferred an indictment before the grand jury at the York assizes with regard to some of these very items I have named, but the law officer of the crown took the position that inasmuch as this act had taken combines in restraint of trade from under the criminal code, where they had been for many years, the presiding judge and the grand jury had no right to pass upon the indictment. We created a combines act and a whole lot of impossible procedure.

The fact that we are not making much headway in regard to the conflict of jurisdiction between federal and provincial powers, as set out in some of the decisions of the privy council, may be responsible for the fact that we are greatly handicapped in dealing with this problem. The right hon. Prime Minister (Mr. Mackenzie King) has taken a

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great deal of interest in this question for many years. He was one of the pioneers in dealing with it, but I must say that I am very much dissatisfied with the whole procedure or with any regulation of it. It is too cumbersome. Four or five men go to see a lawyer and say, "Here, we have a scheme to advance prices." Take coal; there was a scarcity of coal in 1917, and in that year United States newspapers pictured Canada as a sort of Lazarus hanging round the coal yards of the New York Central, trying to buy or steal a few crumbs of coal. A year or two ago we had a coal investigation conducted by Doctor Tory, but in his report I cannot find one word about the consumer. The retail coal men have now acted splendidly. I was referring only to 1917.

The labour organizations of the country are continually complaining about these trusts and combines in restraint of trade, which react on the poor people and those on relief. They also affect the municipalities, who must not only pay rent for these people but provide food and coal in order to keep things going. Prices are increasing abnormally at the present time. Wheat has risen from 48 cents to over 80 cents; yet the people of this country had to peg the price not long ago, and every taxpayer in Canada might have had to contribute heavily as a result. So prices and profiteering should be checked.

As I say, the procedure is all wrong. I do not blame the commissioner, whom I have found to be efficient as far as he can go. The act itself, however, is absolutely inefficient, not practical, non-enforceable and useless. I have had a great deal of experience with the combines act over many years, and am disappointed at its lack of relief or any regulation. Under it we can go into a man's office, seize his books, keep them for months, and then maybe get nothing out of them. All we do is interfere with his business. If there is a combine, why do we not stop it? We used to try to stop combines under the criminal code, until it was decided that we should have a board. Dear knows, we have had nothing but boards and commissions for years in this country, and that is not the way to attack this problem. You will never get anywhere that way, and you will have all kinds of trouble in this country in this war emergency from combines in restraint of trade that now flourish like a green bay tree.

We must have a more modern and faster system. A year or two ago I received some letters respecting a combine. What would I have to do? Well, I would have to draw up a petition for the commissioner, and the com-

[Mr. Church.]

missioner would send someone to see the man in question. He goes round in a circle, and at the end of sixty days nothing is done. Combines are flourishing like a green bay tree. They snap their fingers at parliament. If the commissioner takes action, they go to a weekly court for an injunction.

This is one of the things I thought would have been cleaned up long ago by the so-called Rowell commission. However, by the time we get that report it will be ancient history, and will be consigned to the archives. Something should be done to help the people of Canada in this direction. Prices are so high they are ridiculous. Some articles cost two or three times what they used to cost. I do not know where it will end. That is what is causing communism, and many other isms in Canada—I am referring to an abnormal increase in rates which the poor people cannot meet.

No doubt the minister has looked into the matter. I would point out to him, however, that there was an investigation in British Columbia respecting fruit. Of what benefit was it to the industrial worker or the farmer of Canada? The same profiteering is going on now with respect to grain, and nobody is prosecuting it. They snap their fingers at the law courts, and there is no control over them. A commission may be appointed, and they do as they like.

Mr. KARL K. HOMUTH (Waterloo South): Surely the minister who introduced the bill will give us a reason more valid than has been given as to why he has introduced it. We are anxious to expedite the business of the house, but on this occasion, as an hon. member has said earlier this evening, we find a piece of legislation which, under the War Measures Act, is not necessary. Despite the arguments which have been urged, we have had no response from the minister, or any attempt to give a reason. I suggest he might very well withdraw the bill, and let it come up at a regular session.

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Speaker, I thought I had already exhausted my right to speak on second reading, and had intended to make a statement when the bill was moved in committee.

I followed carefully the arguments of the hon. member for St. Lawrence-St. George (Mr. Cahan) and other hon. members who have spoken. It is doubtless true—and we assumed it—that we could have proceeded with these amendments under the War Measures Act, by order in council. At the same time I had no desire to deceive the house as to my own belief that these amendments were required only in time of war.

The feeling of the combines commissioner is—and I share it—that these amendments could be defended and would be desirable even in time of peace.

Mr. CAHAN: That is a large question.

Mr. ROGERS: I admit that, and I have no intention of deceiving the house on the point. I believe the amendments could be defended in time of peace. But there is additional need for them in time of war, and since the house is now in session and since these amendments were anticipated, I really felt that the government would be under some criticism if, knowing they were contemplated, we made no effort to take the house into our confidence, or to indicate exactly what we felt should be done to meet the situation.

On the other hand I quite agree there is nothing to be gained by proceeding with controversial legislation at this time, particularly when the main purpose can be realized, I assume, under the War Measures Act.

Mr. CAHAN: Very fully indeed.

Mr. ROGERS: I would therefore say to the house at this time that I shall be glad if the bill is permitted to stand for second reading. Then, in the interval between now and tomorrow, I shall consult with my own officers to assure myself of the fact that the immediate purpose which we have in view can be met under the War Measures Act. If that is so, and since some hon. members have indicated that it would be unwise to introduce controversial legislation at this time, then I may say we shall be prepared to proceed under the War Measures Act. But I should like to leave that matter in abeyance for the time being, until I consult with my officers.

On motion of Mr. Rogers the debate was adjourned.

#### ADJOURNMENT—BUSINESS OF THE HOUSE

Mr. MACKENZIE KING moved the adjournment of the house.

He said: I indicated in my remarks at the opening of the sitting that after the bill respecting the Combines Investigation Act and the bill respecting the patriotic fund had been discussed, the Minister of National Revenue (Mr. Ilesley) acting for the Minister of Finance, would bring down his budget. I notice the minister is not in the house at the moment. I believe in any event it would be advisable to wait until to-morrow to have him make his presentation.

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Mr. MANION: Is there anything coming up tomorrow, besides that which the Prime Minister has mentioned?

Mr. MACKENZIE KING: As I said this afternoon, there is a bill to provide for the regulation of war charities, and a bill respecting a department of munitions and supplies. The resolution respecting the latter I shall have placed on the order paper to-night, so that it will be before hon. members in the morning. Perhaps the house would permit us to proceed from the resolution immediately to the bill itself, and through its different stages.

In speaking of the bill respecting the department of munitions and supplies, I mentioned that there would be a bill related to it to amend the Salaries Act. I did not imagine that anyone would think that particular bill related other than to the salary of the minister, for which provision would have to be made. However this is the capital city, and it is already abroad that there is a possibility of its affecting the salaries of all civil servants. I wish to make it clear that that particular bill relates only to the salary of the minister who may be appointed.

Motion agreed to and the house adjourned at 10.30 p.m.

### Tuesday, September 12, 1939

The house met at three o'clock.

#### EUROPEAN WAR

##### TABLING OF EMERGENCY ORDERS IN COUNCIL

Right Hon. W. L. MACKENZIE KING (Prime Minister): I should like to lay on the table of the house the following additional emergency orders in council:

No. 2588, relating to the appointment of Lieutenant Colonel Henri DesRosiers and Lieutenant Colonel K. S. MacLachlan as associate acting deputy ministers of national defence.

No. 2595, placing all officers and ratings of the Royal Canadian Naval Reserve and the Royal Canadian Naval Volunteer Reserve on active service.

No. 2596, waiving the maximum age limits for entry into the Royal Canadian Navy, the Royal Canadian Naval Reserve, and the Royal Canadian Naval Volunteer Reserve.

No. 2620, setting up a war services offers bureau under the public information committee.

No. 2621, establishment of an agricultural supplies committee.

No. 2622, naming members of the agricultural supplies committee.

No. 2625, amending the war time prices and trade board regulations and appointing further members of the board.

No. 2626, authorization of the proclamation that a state of war exists between Canada and the German Reich as from September 10.

Mr. MANION: I would invite the attention of the Prime Minister to the suggestion that in the interim after the prorogation of the present session of parliament it might be advisable—and I hope the right hon. gentleman will agree that it is—that copies of emergency orders in council be sent to the leaders of the various parties.

Mr. MACKENZIE KING: I believe the suggestion is a good one, and I shall be glad to have it complied with.

#### CREATION OF VOLUNTARY SERVICE REGISTRATION BUREAU

Right Hon. W. L. MACKENZIE KING (Prime Minister): It will be noticed that the list of emergency orders in council tabled today contains an order respecting the war services offers bureau, and I should like to make a brief statement in regard to that body. During my remarks on Friday last I took occasion to inform the house that the government had in mind and were taking steps to arrange for the establishment of a bureau to give proper consideration to the many offers of assistance which had been received and indeed continue to be received daily in large numbers by the government. The order in council for this purpose has been approved by his excellency and has just been tabled. It provides for the establishment of a bureau to be known as the voluntary service registration bureau with authority "to direct and have general control of the tabulation, organization and coordination of all voluntary offers of service for the defence of Canada," in cooperation with Britain and France.

The general object of the voluntary service registration bureau is to arrange that the best possible advantage be taken of the offers which are being made by men and women and by organizations from coast to coast. The qualifications of individuals and organizations will be considered in relation to the country's needs at this critical time, in order that the most effective use may be made of such services. The bureau has already entered upon its task, and I feel confident that it will in no small measure contribute to the effectiveness of our national effort.

Hon. R. J. MANION (Leader of the Opposition): Might I ask the hon. gentleman to [Mr. Mackenzie King.]

put the order in council itself on *Hansard*? I believe that would be of assistance to all hon. members, because we are all receiving letters and telegrams in this connection.

Mr. MACKENZIE KING: I might have it inserted in the votes and proceedings, if that would be satisfactory.

Mr. MANION: Very well.

#### MUNITIONS AND SUPPLY

##### ESTABLISHMENT OF DEPARTMENT TO MOBILIZE AND CONTROL RESOURCES, MUNITIONS AND ESSENTIAL SUPPLIES

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved that the house go into committee at the present sitting to consider the following proposed resolution:

That it is expedient to introduce a measure to establish a Department of Munitions and Supply with authority, to mobilize the resources of the nation for the production of munitions and essential supplies and to take such action as may be necessary therefor, to secure an adequate supply of commodities of all kinds necessary or desirable for the prosecution of the war, to ensure an adequate allotment of such supplies among such agencies as may require the same, and to control the making of contracts in connection with expenditures therefor; to provide for the employment of officers, clerks and servants necessary for the proper conduct of the business of the department; and to authorize the payment of certain expenditures and the making of certain grants in connection with the work of the department.

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

Mr. MACKENZIE KING: Mr. Chairman, I would ask the committee if it would permit the resolution to pass so that we may have the debate on the bill. The purpose of introducing the resolution at this stage is that of permitting the house to have the bill before it at as early a moment as possible. Hon. members would then have an opportunity of acquainting themselves with its provisions. I would suggest that to avoid unnecessary repetition the resolution might be carried, and the bill introduced and immediately distributed, following which we could proceed, in a moment or two, with the budget resolutions.

Mr. MANION: Carried.

Mr. POULIOT: Will the defence purchasing board continue to operate after the establishment of the Department of Munitions and Supply?

Mr. MACKENZIE KING: I shall have a full statement to make with respect to the matter at a later time.

Resolution reported, read the second time and concurred in. Mr. Mackenzie King thereupon moved for leave to introduce Bill No. 5, respecting the Department of Munitions and Supply.

Motion agreed to and bill read the first time.

Mr. SPEAKER: When shall said bill be read a second time?

Mr. MACKENZIE KING: This day.

#### PRIVILEGE—Mr. LACOMBE

STATEMENT BY CHIEF JUSTICE GREENSHIELDS

On the orders of the day:

Mr. LIGUORI LACOMBE (Laval-Two Mountains) (Translation): Mr. Speaker, before the orders of the day are called, I wish to bring forward a question of privilege. There has just come to my attention a statement made by Hon. R. A. E. Greenshields, chief justice of the Superior Court for the district of Montreal, and reported in the *Ottawa Journal* of September 12, 1939. The statement reads as follows:

Quebec Chief Justice Assails Lawyers  
Refusing to Serve

Montreal, September 11.—Hon. R. A. E. Greenshields, seventy-eight-year-old Chief Justice of the Superior Court, condemned to-day what he described as "ill-judged sentiments" expressed by certain members of the provincial bar, who, he said, had "refused to serve their king in an hour of dire need."

The Chief Justice, opening the fall sessions of the superior court, did not identify the men he criticized, but it was believed he referred to lawyers who had urged from public platform that Canada take no part in the war.

"I would recall to these gentlemen that when they were admitted as members of the profession of law—"

Mr. LAPOINTE (Quebec East) (Text): What is the question of privilege? The Chief Justice did not speak about members of parliament; he spoke about members of the bar.

Mr. LACOMBE (Translation): The question of privilege is this, Mr. Speaker. As representative of the electoral district of Laval-Two Mountains, I am not only a member of parliament but also a member of the bar of the province of Quebec. It is as a member of parliament and a member of the Quebec bar that I raise this question of privilege.

Some hon. MEMBERS: Order.

Mr. SPEAKER (Translation): I am of the opinion that the question raised by the hon. member is not in order.

Mr. LACOMBE (Translation): Mr. Speaker, am I to understand that your ruling precludes me from continuing the reading of the item published in the *Ottawa Journal*?

Mr. SPEAKER (Translation): I have ruled that there was no question of privilege in the matter.

#### EUROPEAN WAR

RECRUITING OF MILITIA UNITS IN KIRKLAND LAKE, ONTARIO

On the orders of the day:

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, I have a telegram of protest which probably I should have sent across to the Minister of National Defence (Mr. Mackenzie). However, I think it is non-political, and besides that, it shows a spirit which I thought might well be displayed. Therefore I will read the telegram to the house. It comes from my own section of Canada, is addressed to me and is signed by a lawyer in Kirkland Lake, Ontario, Mr. O'Meara. The telegram is as follows:

Toronto militia units actively recruiting in this area to bring their units to strength, whereas the Algonquin rifles, of which there is a local company, have not been put on active basis, and this condition is causing keen local resentment. Suggest you vigorously protest to the responsible minister.

I am passing the telegram on to the minister.

Hon. IAN MACKENZIE (Minister of National Defence): I may tell my hon. friend that there have been similar protests from other parts of Canada. I should like to say that these matters are being carried out as carefully as possible by the staff, with a view to the national interest, and local difficulties are being adjusted as fast as possible.

Mr. MANION: I am quite satisfied with the statement the minister has made, but I thought I should read the telegram so as to indicate the spirit displayed.

ORDER IN COUNCIL RESPECTING MEMBERS OF THE PUBLIC SERVICE WHO JOIN THE DEFENCE FORCES

On the orders of the day:

Mr. M. J. COLDWELL (Rosetown-Biggar): Mr. Speaker, I wish to direct a question to the government respecting order in council P.C. 2584, concerning leave of absence of members of the public service. May I point out that this order in council does not appear to cover temporary employees who have been in the service of parliaments over a number of years. Does the government consider that

the order in council covers that classification, the temporary employees of the house, for example?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I have not the order in council before me at this time, but I shall look into it and give my hon. friend a reply later.

PRESS REPORT OF SPEECH OF MEMBER FOR  
TEMISCOUATA ON SEPTEMBER 11

On the orders of the day:

Mr. JEAN-FRANCOIS POULIOT (Temiscouata): The Canadian Press report of the speech made yesterday by the member for Temiscouata (Mr. Pouliot) contains the following sentence:

Canada should aid in every way possible, the best method of aiding was by the supply of weapons and materials.

That sentence in the resolution passed by the municipal council of St. Hubert is as follows:

Canada must first provide for the defence of her territory, and this in the most efficient manner possible.

INCREASE IN PRICE OF WHEAT AND ALLEGED PROFIT  
TO SPECULATORS

On the orders of the day:

Hon. W. D. EULER (Minister of Trade and Commerce): Mr. Speaker, I wish to make a statement in correction of one made on Saturday and again yesterday by the hon. member for Rosetown-Biggarr (Mr. Coldwell). On September 9 he said the following, as reported at page 56 of *Hansard*:

The price of flour has risen without warrant, because the Canadian carry-over of wheat was all disposed of to the millers, exporters or speculators at least a month before this crisis developed, and at a very low price. The 100,000,000 bushels or so, speaking in round figures, of our carry-over of wheat was still mainly in Canada. Neither our government nor our farmers who produced it will reap any gain from that wheat. Only those who to-day stand between us and those who need it will make rich gains.

Then, yesterday he is reported at page 110 of *Hansard* to have said:

On Saturday I drew to the attention of the house the fact that a little more than a month ago it was reported that there was a carry-over of nearly one hundred million bushels of wheat. Most of that wheat had been bought from the wheat board at a very low price. We saw a few days later in the newspaper that the board stated that it had disposed of its holdings of wheat and that this large quantity of grain had passed out of its hands. Since that time the price of wheat on the market has gone up by leaps and by bounds until to-day—I have not checked to-day's price—it is in the neighbourhood of thirty cents

[Mr. Coldwell.]

a bushel higher than it was a few weeks ago. This means that during this period of tension, which for not a few of us has been something of an agony, some persons in this dominion or elsewhere have made or can make out of that wheat about \$30,000,000.

I called up the chairman of the wheat board with regard to this matter, and he has assured me that this is the fact: that the great proportion of the carry-over of 1938 is still under the control of the board and that the increase in price will inure to the benefit of the government so far as the 1938 crop is concerned, because much of the 1938 crop was sold below the present price; that any increase in price on the 1939 crop will inure to the benefit of the producers of that wheat, and that no speculators have had an opportunity of making a profit of some \$30,000,000.

While I am speaking perhaps I might correct an impression that seems to be in the minds of western producers and say, that the profits that may be made or the receipts that may be had from sales of the 1939 crop at high prices will not be used to reduce the losses of the government on the 1938 crop, but will go to the benefit of the producers of the 1939 crop.

Mr. COLDWELL: I am glad to get that correction.

BUSINESS OF THE HOUSE

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): I think perhaps it might expedite matters a little if we considered order No. 3 before having the Minister of National Revenue (Mr. Ilsley) bring down the budget on behalf of the Minister of Finance, as the Minister of Labour (Mr. Rogers) has a statement to make in regard to the Combines Investigation Act which I think will be acceptable to all parts of the house.

COMBINES INVESTIGATION ACT

STRENGTHENING OF PROCEDURE FOR INVESTIGATION AND PROSECUTION

The house resumed from Monday, September 11, consideration of the motion of Mr. Rogers for the second reading of Bill No. 3, to amend the Combines Investigation Act.

Hon. NORMAN McL. ROGERS (Minister of Labour): Mr. Speaker, I promised the house last night that I would make a statement to-day on the further intentions of the government regarding this bill. As explained yesterday, we felt that certain amendments to the Combines Investigation Act were desirable, and that the need for these amendments was emphasized in a time of war. Accordingly

we thought we ought to proceed with these amendments by way of legislation, taking the house fully into our confidence. In view of the objections taken last night to this course of procedure I have referred to the Department of Justice the several points raised, particularly by the hon. member for St. Lawrence-St. George (Mr. Cahan). The law officers of the crown advise us that we can proceed with the necessary amendments to the Combines Investigation Act under the War Measures Act. That being so, and having regard to the desire of the government to avoid as far as possible introducing any controversial legislation at this session, we have decided to withdraw this bill and proceed with such amendments of the combines act as may be required as time goes on under the provisions of the War Measures Act.

Mr. SPEAKER: Is it the pleasure of the house that the hon. Minister of Labour shall have leave to withdraw the bill?

Mr. A. A. HEAPS (Winnipeg North): Mr. Speaker, the Minister of Labour (Mr. Rogers) has stated that because of certain representations made last evening he now proposes to withdraw this bill. Some members of the house are not in favour of that course being followed. Personally, I think that when the house is in session all the legislation which the government seeks to put into effect should be brought down and passed upon by the house. In years gone by, objections were raised, particularly by hon. members to my right, to the government proceeding by order in council at a time when the house was in session.

There is strong resentment throughout the country against the increase in prices of everyday commodities of life. It is possible that in this proposed legislation is to be found the means of curbing those who would attempt to profit by the existing war prices. We are given the impression that by withdrawing these amendments to the Combines Investigation Act the government are weakening in their effort or desire to put a stop to war profiteering. If the house were not in session I could well understand the desire of the government or the desire of the opposition to see that action was taken under the War Measures Act, but I contend that the democratic method of procedure is to proceed by way of legislation when the house is in session. There is no excuse for the government's withdrawing legislation of this kind simply because some hon. members happen to be opposed to it. It may be that this legislation can be described as contentious, but if there is to be a real effort on the part of the government to curb profiteering I cannot see why such a

measure as this can be called contentious. I doubt if there is a single member in this house who does not desire that profiteering be curbed with the least possible delay.

Mr. SPEAKER: Order. I thought the hon. member intended to make only a few remarks. I had put the motion and I thought it was carried.

Mr. HEAPS: It was not carried. I have every desire to expedite the business of the house, but—

Mr. SPEAKER: The motion is not debatable.

Mr. HEAPS: If the motion is not debatable, then I must bow to your ruling.

Mr. SPEAKER: I allowed the hon. member to speak because I thought he had only a few remarks to make. If he is going on to make a lengthy speech, then I must call him to order.

Mr. HEAPS: I should like to know whether it is debatable or not debatable.

Mr. SPEAKER: It is not debatable.

Mr. HEAPS: If it is not debatable, then I am out of order. I do want to say that I protest against the withdrawal of this bill.

Mr. ROGERS: With the consent of the house, I really believe the point raised by my hon. friend ought to be answered immediately. Let me assure him that the matter at issue is simply one of procedure and not one of intention. We are advised by the law officers of the crown that under the War Measures Act we have the power to proceed with the amendments which are necessary to make the Combines Investigation Act effective in time of war. Let me assure my hon. friend that this is our intention, to make the Combines Investigation Act effective in time of war and to take whatever steps may be necessary to curb profiteering at this time.

Bill withdrawn.

## THE BUDGET

FINANCIAL PROPOSALS PRESENTED BY THE ACTING  
MINISTER OF FINANCE

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

That Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Hon. J. L. ILSLEY (Acting Minister of Finance): Mr. Speaker, it is a matter of universal regret that since the presentation of the last budget the Hon. Mr. Dunning, the then Minister of Finance, has been obliged to resign by reason of ill health. Sufficient time

has not elapsed since the appointment of his successor for his election to a seat in this house, and it is therefore necessary that the financial proposals of the government should be placed before the house by the holder of another portfolio.

The task before us to-day, like many a task in war, is a difficult and disagreeable one. Budgeting at the best of times is not a pleasant business, as it involves essentially the counting of the cost of what we do. In the situation to-day, when we are entering upon a war of whose nature and duration we can guess only a little, it is difficult even to foresee the order of magnitude of the cost we shall eventually have to incur, and to pay. Therefore, our financial plans can only be provisional and we must be prepared to adapt them to changing circumstances. But it is doubly important under these conditions that we act with care, and seek to avoid financial pitfalls as we would the stratagems of the enemy. We shall not make the mistake which was justifiably made when Canada entered the last war, expecting it to be a short and only moderately expensive one. We know that mechanized warfare on the modern scale is tremendously costly and we can be sure that if the war continues the cost will increase probably more than proportionately. Therefore we must make our plans now with the full realization that we may be in for years of strenuous national effort.

We enter this war at a time when Canadian business has been reviving from the recession which checked our recovery from the great depression. Without attempting to describe economic conditions in detail, I would draw your attention to the fact that conditions have improved substantially in the four months that have elapsed since the last budget. Our western farmers are harvesting a bountiful wheat crop, apparently much better than was expected a month ago when earlier, more roseate prospects were being threatened by weather conditions. Wheat prices have also risen considerably in expectation of increased war demand. Construction activity, not only residential but industrial and commercial as well, has shown a notable increase due in substantial part to the measures enacted by parliament to stimulate it. Our exports both to the United Kingdom and the United States have increased substantially. In spite of the acute political tension in Europe during the last few months, business sentiment in Canada had improved and there was mounting evidence of a new forward-looking attitude. Given peace, we might legitimately have anticipated a brisk recovery during the balance of the fiscal year. Now that war is upon us, its immediate effects may produce hesitation and quietness for a month or two in view of the shock to business

[Mr. Ilsley.]

confidence and the necessity of making readjustments to war conditions. This period should not last long, and once it has passed we may, I think, expect a more rapid expansion due to the insatiable demands of war.

It has been a matter of special gratification to note the comparatively moderate effect of the immediate shock of war upon our financial markets. It was only natural that certain reactions should take place in the opening days of a major war but there has been no closing of stock exchanges, no public hysteria, no wholesale liquidation, no strain upon our financial institutions. What a contrast with the cataclysmic events of the first two weeks of August, 1914! What has happened is, of course, a strong tribute to the vastly improved position which we enjoy to-day. True, we start with a much higher public debt, but in most other respects our economy is infinitely stronger. We are no longer dependent on vast imports of foreign capital on which the old pre-war boom was based. During and since the war, Canadian savings have increased enormously and we have built up a vast and efficient mechanism for the mobilization of these savings. The strength of our banking system has always been recognized, but the changes which we have made in monetary and banking legislation during the last few years have greatly improved its efficiency and flexibility and its ability to promote the public welfare in war-time as well as in peace-time. In recent years we have increased enormously the diversification of our industries, and in particular the remarkable expansion of our mining and metal industries will be of unique importance in a modern war. In every way we are far better able to undertake immediately the great economic tasks which war has thrust upon us.

Coming to my immediate task, I will endeavour first to review the outlook for our revenues and expenditures for the present fiscal year in the light of the new developments. You will not, I am sure, expect me to deal with these matters in the detail which is usual in an ordinary budget address, and I know that you will be ready to make allowances for the difficulties which inevitably present themselves to anyone who must attempt the role of forecasting the probable course of events during even the next few months. No one can predict with any measure of confidence precisely what lies ahead of us, and the estimates which I will give you should be regarded merely as rough approximations based on our view of the probable course of events.

You will recall that in April last the then Minister of Finance forecast total revenues

of \$490,000,000 for the present fiscal year. While during the first five months of the year the receipts from certain taxes, particularly income tax, were possibly lower than he had anticipated, I now expect that our present tax structure, without any revision, will probably produce a higher revenue for the year as a whole than he had estimated, because of the expansion of production and incomes which should result within a relatively short time from our own expenditures on war activity and the probable placing of substantial war orders in this country by one or more allied governments. For our present purposes it is now anticipated that, if there were no changes in our tax structure, our total revenues for the year would be of the order of \$495,000,000.

On the side of expenditure it is far more difficult to forecast the final result of the year's operations. In the budget of last April the probable total expenditure for the year was estimated at \$550,100,000, exclusive of any further losses in respect of wheat and exclusive of certain defence expenditures which are being capitalized under the special sinking fund plan. For many obvious reasons it is still not feasible or advisable to make any estimate of the probable financial results of the wheat marketing program, although it will be clear to everyone that the substantial change which has taken place in wheat prices will, to say the least, greatly ease the burden that might otherwise have had to be borne by the national treasury. Fortunately, also, the splendid wheat crop which is now being harvested in western Canada should reduce to rather modest proportions any expenditures that might otherwise have had to be made under the Prairie Farm Assistance Act. With the certainty of a good wheat crop and as a result of the gradual improvement in business which has already taken place, the appropriations already made by parliament for deficits of government-owned enterprises will, I believe, prove adequate. This leaves for consideration, in respect of the items budgeted for last session, mainly our ordinary and capital expenditures and special expenditures for unemployment relief and for projects designed primarily to alleviate the problem of unemployment.

In considering these expenditures there is one outstanding point which should be stressed, namely that the magnitude of the new burdens thrust upon us makes it imperative that we should do everything that is practicable to conserve our resources and to economize on any expenditures which are not urgently needed in the national interest. It would, of course, be "penny wise, pound foolish" to curtail expenditures so suddenly and so drastically as

to aggravate seriously the unemployment problem before the stimulating effects of war expenditures and foreign purchases in our markets have acquired that momentum which will almost certainly bring our economy ultimately to a position of maximum productivity and full employment. It is therefore necessary to distinguish between a policy that may be appropriate for the next two or three months and what should be done in the later months of this fiscal year or in the later years of war. Parliament can be assured that while our policy will be to conserve our resources to the maximum practicable extent and to secure the maximum possible economies in the appropriations already granted by parliament, that policy will not be carried out in such a way as to aggravate unemployment and retard the prompt expansion of production and national income.

Finally, we must take into account the sum of \$100,000,000 which we have asked parliament to appropriate in order to meet the special expenditures necessitated by the existing state of war.

Including this amount, it is now estimated that our total expenditures for the year will aggregate approximately \$651,000,000, not including the two items of capitalized defence expenditures and any further losses in the marketing of wheat. If we deduct from this sum the estimate I have given of \$495,000,000 for our total revenues for the year, we arrive at an anticipated deficit of \$156,000,000, exclusive of the two items just mentioned. In view of the magnitude of that sum and, if the war continues, of the additional sums which we may have to raise in subsequent years as well as the importance of the effects on our economy of the particular policies which may be followed, it is appropriate for me to make some comments on the general problem of war finance before I announce the specific proposals which I have to make.

First of all let me emphasize that however we finance the cost of the war, whether by taxation or by borrowing or by inflation, we cannot escape its real costs. By the real costs I mean the goods and services which have to be sacrificed out of our current production to meet the needs of war. We shall have to devote a vast quantity of materials and the work of many thousands of men to produce the foodstuffs, the equipment and the munitions which are used by those who are drawn out of peace-time occupations to serve the needs of defence. To destroy the menace of Hitlerism, we must be prepared to sacrifice what the use of these materials and the labour of these men would otherwise have

provided for us in terms of better and more secure living. If we must devote a great deal of our labour to making guns and military supplies, we shall have to do without whatever would have been produced in their place in peace-time.

We can, however, lighten the burden imposed by this real sacrifice if we expand our total employment and production. To the extent that we can put our unemployed men and equipment to work producing what we need for war, we will have to divert less resources away from normal uses. In many cases we may need to use on war work specialized men and equipment which are already employed, but we can cut down the real costs involved in doing so if we can replace them in their normal work by somewhat less skilled labour or less specialized equipment which may now be unemployed. We can reduce the cost further by developing more skilled labour, by better organization and by more effective utilization of all our resources. Conditions of war will not only demand but probably also make possible the full utilization of our man-power and equipment. The urgent demands of ourselves and our allies for supplies of all kinds and the will of a united people to win the war, even at the cost of some regimentation which might not be acceptable to a democratic people in peace-time, will provide that impetus to expansion of production and capital investment which has been lacking in these recent years of uncertainty and fear.

In this connection we recall how rapidly Canadian business responded to the needs of our own and allied governments during the last war. Industrial capacity was rapidly expanded and at the peak one-third of our manufacturing industry was engaged on war orders for other countries. Similarly agriculture and the mining industry received powerful stimuli from the urgent demands of allied governments for foodstuffs, metals and minerals. Our exports increased enormously—from 432 million dollars in 1914 to 1,540 million dollars in 1918. Exports of shells and explosives alone rose from a few million dollars in the first year of war to 390 million dollars in 1917 and during the war period approximately one billion dollars worth of shells and explosives were shipped overseas. The new wealth of resources and capacities which the necessities of the conflict developed in Canada was an important offset to the enormous cost and wastage of the struggle.

Whatever such offsets may be, it is important to emphasize that, as I have already said, the real costs of war must come out of

current production, out of the goods and services produced during the war. It is true that some stocks of military supplies may be on hand at the beginning of a war, but their importance is slight for a war of any duration. Borrowing abroad may enable a belligerent country to supplement its current production with an excess of imports but such borrowing is usually difficult in war time and leaves the country with the need of making real payments abroad after the war is ended. Taking it by and large the fact is that the shells that are fired and the other goods and services that are used up in the course of a war must be produced during the period of the war. This being the case, it follows that, and I repeat it again, in real terms, namely, in terms of the loss to the nation of this production, a war is paid for substantially during its duration. Obviously this simple fact has very important implications for any program of war finance.

There may be some who feel that borrowing at home may enable us to shift part of the burden to the next generation. Ill-considered and excessive domestic borrowing, of course, may add unnecessarily to the burdens of certain members of the present and post-war generations who will find it necessary to pay interest to those of their fellows who may be bondholders. But the war generation does not thereby shift its own real burden on to posterity because borrowing at home does not enable us to borrow from future production the physical goods and services that are used up during a war. Borrowing at home is merely one means of diverting our production into war requirements, a means which is less painful at the time but which ultimately requires a somewhat greater resort to taxation. When we borrow a hundred dollars from one of our citizens and spend it on war supplies, he is thereby prevented from spending that hundred dollars on his own consumption or investing it to enable someone else to spend it on some kind of capital production. In future years we will have to pay him not only the principal but interest as well. Obviously we could accomplish the same diversion by taxing the hundred dollars away from him. Diversion by this method alone, that is to say, by a 100 per cent taxation or pay-as-you-go policy would seem at first sight to represent the ideal policy of war finance; in principle it would appear to be the most logical, the most equitable, the least likely to create disturbances and dislocations. But, in the first place, this takes no account of the desire, indeed the necessity, of individuals making some savings to provide for a rainy day, and an effort to take so much in taxation that individual savings would be practically wiped out, would

become so disruptive in character as inevitably to produce disorganization and public discontent. In the second place, realism compels us to admit that a pay-as-you-go policy has to take account of the psychological reactions to taxation. In other words, we must recognize that when diversion by means of taxation rather than borrowing is carried too far the average citizen begins to feel that there is no use in his working for any additional income and therefore he does not put his best effort into his work with the result that efficiency and production fall off. If we cannot maintain our production at maximum efficiency we may lose the war, and at least the real costs of the war will increase. It is by a reasonable balancing of these various considerations that we have to decide how much to tax and how much to borrow.

We can also divert our resources to war purposes by inflation. We can create additional supplies of money and use them to purchase what we need. In this case, just as in the others, what we take for war purposes someone else must do without. Instead of taking money from the individual citizen in the form of taxes or loans, we put our new money into competition with his old money and take the goods and services away from him by forcing prices up against him. Of course this new supply of money will then go into general circulation and will continue to compete with the former supply. Therefore to continue getting the supplies that we need we must necessarily continue issuing more and more money, thus driving prices up farther and farther. If it is replied that we should control prices rigidly, then, assuming that all prices under such conditions could be effectively controlled—a very optimistic assumption—we would have to prevent the public from spending its money by some other means such as a drastic system of rationing all commodities. In that case the citizen would get paid in money which he could not spend freely. In other words, he has in effect been compelled to make a forced loan to the government on which he receives no interest. It must be realized, therefore, that this inflationary method of financing a war is easily the most unfair and inequitable of all the methods of diverting labour and materials to war-time purposes. It represents merely a thinly disguised scheme of taxation of a most unjust type. It throws a grossly unfair proportion of the burden upon the person of small or medium income, the wage earner, the salaried man and those who have savings deposits, insurance policies or securities of any kind whose value is fixed in money. It represents a complete violation of the principle of taxation in accordance with ability

to pay. It leaves in its wake a host of troubles such as chronic dislocations between industries, incomes and prices which are most difficult to cure, very serious damage to business and public morale, and high interest rates. If long continued, it can end only in complete collapse. These and other results of drastic inflation can be illustrated from the experience of many countries during the last war.

Canada's record in that war was much better than that of most other countries. But like the other belligerents she met the major portion of the cost of the war out of borrowings and credit expansion. We had no previous experience in financing a major war and in any case the imposition of a weight of taxation sufficient to pay for the whole cost of the war would have been too revolutionary a step to take. Prior to 1914 the dominion government had relied for its revenues almost exclusively on customs duties and a few excise duties. It had no system of general taxation or established machinery for directly taxing the net incomes, profits and wealth of individuals. The sudden introduction of such taxation measures on the scale required would have been too drastic to be either economically or politically practicable. Her own financial program and perhaps more importantly the influence on world prices of the inflationary financing of many other countries resulted in a drastic expansion of bank credit, a rapid rise in prices and a redistribution of the national income. Prices and the cost of living rose more rapidly than wages and interest on old debts. Industrial profits and property incomes increased while the real income of wage-earners and individuals receiving interest payments at fixed rates declined, or rose less rapidly. It was this reduction in the real income of one section of the community and the creation of large surpluses in the hands of other sections willing to lend to the government that in considerable part at least made possible Canada's remarkable record in mobilizing public savings through the various war and victory loan programs. The decline in the relative standard of living suffered by certain groups, the rapid increase in savings and the postponement of needed capital facilities made possible the enormous volume of war loans and represented the sacrifices necessary for the conduct of the war.

No country had the courage to finance the great war solely by resort to taxation and borrowings out of savings. As already indicated, the record of some countries was much better than that of others but all suffered from a world-wide inflationary rise of prices of enormous magnitude. For the last twenty

years the world has been paying the price—a colossal one. Indeed it is perhaps not too much to say that some of the roots of the present war are to be found in the world-wide unsound financing of the last war and the great economic dislocations and continuing burdens of which it was in part the cause. It is to be hoped that in the present war the world may be able to avoid a repetition of that experience.

All this is not to say that a small and carefully regulated amount of credit expansion may not be desirable in the early stages of the war in order to assist the increase of production and employment. It must be small and carefully controlled because its effects which may not appear immediately are cumulative and otherwise might get out of hand. If at the beginning of the war there are unemployed resources, some credit expansion may give an impetus to their prompt utilization. If it is carefully controlled, the expansion of production may prevent any abnormal rise in prices, confidence may be maintained and the initial impetus may be carried on and accelerated by the insistent demand that exists for supplies. However, as soon as the expansion of employment and production gets well under way and certainly before it approaches its limits, further expansion of the supply of money and credit must be stopped if the danger of progressive inflation is to be avoided. With an economy at full production and employment, the only result of expanding money and credit is to raise prices without increasing production. At such a point commences the cumulative spiral of inflation with all its deadly consequences to the economy.

It is with these fundamental considerations in mind that we have decided upon our policy of war finance. Because we believe it is the part of wisdom, we shall follow as far as may be practicable a pay-as-you-go policy. In imposing the new tax burdens which this policy will require we shall be guided by the belief that all our citizens will be ready to bear some share of the cost of the war, but we shall insist on the principle of equality of sacrifice on the basis of ability to pay. We shall not of course be able to meet all war costs by taxation, because, as already indicated, there is a limit to the taxes that can be imposed without producing inefficiency, a lack of enterprise, and serious discontent. As the first necessity is to win the war as quickly as possible and without undue cost, we cannot carry taxes beyond the point where they seriously interfere with production. But we are not prepared to be timid or lighthearted in judging where this point lies, if need arises. What we cannot meet by taxation we shall

[Mr. Ilsley.]

finance by means of borrowing from the Canadian public at rates as low as possible. There may be some who expect or fear that interest rates will rise substantially, perhaps a few who are thinking in terms of conditions during the last war. Such a view completely overlooks the vast changes that have taken place. We do not expect that any material change in interest rates from peace-time levels will be necessary to attract a sufficient portion of the large increase in savings which should be produced by the expanding production and incomes under war-time conditions. And we refuse to believe that those of our people who will benefit from the new conditions would seek to take advantage of war necessities to demand any undue increase in the interest rates which we have paid in peace-time.

I have already indicated the basis for distinguishing two major periods in our program—the initial period of expansion and preparation and the main period of full war effort. We commence the initial period immediately, and the paramount need is to get things moving as rapidly as possible in the proper direction. Our own expenditure on defence and preparation will furnish an important stimulus to the expansion of economic activity. There will be two additional sources of stimulus, first, the orders which we expect some of our allies to place in Canada for essential foodstuffs, raw materials and munitions; and secondly, the private capital expenditures which will probably be necessary in order to place our industry on an adequate footing to meet war requirements. These expenditures will probably soon be large enough to bring a rapid expansion of employment and incomes. Out of these enlarged incomes the public will be able to contribute more tax revenues and more savings. During the next few months, while we are starting the process of getting all our available resources into useful employment, the expansion in tax revenues from either existing or new sources may not provide for any very important part of our increased expenditures. We shall have to do some borrowing but the initial operation will probably be of a very short-term character and be designed to promote the immediate expansion of productive activity. It would be unwise and probably impracticable to attempt at an early stage any large borrowing operation designed to draw heavily upon public savings. Only after the initial period of expansion is well under way should we find it necessary to offer a loan for general public subscription in order that savings may be put directly to use.

By the time we have achieved the second stage of full war effort our national income will

have increased so substantially that our existing taxes will yield a much higher revenue than during the last year or two. Not only will there be a greater volume and value of sales but the rise in individual earnings will bring more incomes into the higher taxation brackets and there will be additional business profits subject to tax. Consequently, the increase in dominion revenues should be larger, proportionately, than the increase in the national income. Nevertheless, our special expenditures caused by war conditions will be substantially increased, and while certain expenditures that have caused heavy drains upon the treasury in recent years, such as those for unemployment relief and wheat marketing, may be largely or wholly eliminated, it can never be forgotten that we start the war with a dominion budget heavily unbalanced under peace-time conditions. It is obvious, therefore, that additional taxes should be imposed immediately. I am confident that the Canadian public as a whole will expect this parliament to have sufficient courage to impose upon them such new or additional levies as will demonstrate an immediate and resolute effort to pay our way.

In this spirit we have prepared the program of tax increases which I am now about to recommend to the house. They may be regarded in some quarters as drastic, but I am sure that the Canadian public will accept them as an inevitable incident of the vital struggle in which we are engaged and as essential to avoid greater evils and burdens at a later date. They are comprehensive in their incidence because we believe that no person will desire to escape some additional taxation. They have been carefully studied to make sure that they will be in conformity with our fundamental aim of providing for equality of sacrifice on the basis of ability to pay.

The main feature of this tax program is an excess profits tax of general application. If we are not to impair the incentive to maximum efficiency or retard the prompt utilization of our entire resources and the achievement of full productivity and employment we must be able to hold out to business men the opportunity of making a reasonable profit and also the chance of securing some compensation for exceptional efficiency and willingness to take the risks inherent in industrial enterprise in war-time. But under war-time conditions when important sacrifices are being asked from the humblest citizen and when human lives are at stake, no government can justify the making of profits that are excessive or unreasonable.

It is an extremely difficult matter to devise an excess profits tax which will be fair to all kinds of businesses. No one who has not attempted to draft such a measure can appreciate the range of thorny problems involved. In the first place the normal rate of profits is not the same for all industries. Risks are far greater in some businesses than in others and, accordingly, the rate of return must be higher if such risky industries are to obtain the capital they need and to survive. They would be severely discriminated against under a general measure which taxed all profit above a common level on the assumption that the annual rate of return should everywhere be the same. Furthermore, not all businesses require the same proportion of capital in relation to value of output. Thus under normal conditions with no excess profits being made, the ratio of profits to capital of a company in a business using relatively a small amount of capital will appear abnormally high even though there be no profiteering. Thus, while an excess profits tax based on rate of return on capital may be entirely fair and reasonable over a wide range of industry, there are instances where it would operate with undue hardship. This should be recognized at the outset and provided for.

The United Kingdom in its recently imposed tax on armaments profits adopted the method of imposing the tax on the increase in the amount of a firm's profits as compared with the average profit made by the firm in recent years. This method assumes that profits in the selected base years might fairly be regarded as normal, and therefore that any increase over this normal rate is the measure of excess profits due to war conditions. The United Kingdom taxes such abnormal profits at the rate of 60 per cent. The method may work with reasonable fairness in the United Kingdom for the limited number of companies to which it applies but in Canada it would not be satisfactory for a measure of general application because a number of our industries have not been making normal profits in recent years, and indeed in some cases have not been making any profits at all.

It is obvious, therefore, that each of the two general methods of taxing excess profits, which I have discussed, would operate unfairly in certain cases. After much study and careful consideration with a view to being fair to all types of business, it was decided to combine the two methods as alternatives in the measure which we are recommending to the house. Accordingly a business concern may elect to be taxed on either one of the two bases, that is to say, either on the basis of a graduated scale

of rates of profit on capital employed, or on the increase in profits over the average of the past four years. Where one basis might give rise to injustice or hardship, the business concern may elect to be taxed under the alternative basis. It is believed that this arrangement will have the effect of reducing to a minimum any injustices or undue hardships which might be inherent in either of the two methods used alone.

With regard to rates of taxation, the following schedule will apply where the taxpayer elects to be taxed on the basis of percentage return on capital employed:—

On that portion of profits in excess of 5 per cent and not in excess of 10 per cent, a rate of 10 per cent.

On that portion of profits in excess of 10 per cent and not in excess of 15 per cent, a rate of 20 per cent.

On that portion of profits in excess of 15 per cent and not in excess of 20 per cent, a rate of 30 per cent.

On that portion of profits in excess of 20 per cent and not in excess of 25 per cent, a rate of 40 per cent.

On that portion of profits in excess of 25 per cent, a rate of 60 per cent.

Where the taxpayer elects to be taxed on the alternative basis, he will be required to pay to the treasury 50 per cent of any profits in excess of his average annual profits in his previous four fiscal periods. In view of the increase in the tax on corporate profits, to which I shall later refer, this will mean a tax of approximately the same severity as that applied to armament profits in the United Kingdom.

It should be pointed out at once that this tax on excess profits is to be levied on all businesses whether incorporated or not and whether increased profits are the result of war contracts or not. The reason for its application to all business firms is, of course, that under war-time conditions it is impossible to distinguish between the firm which is making larger profits directly because of armament orders and other firms whose profits are expanding as a result merely of a higher volume of business or possibly a higher price level due to war-time conditions. Furthermore, the excess profits tax will be in addition to all other taxes currently in force. In this respect the present measure differs from the Business Profits War Tax which was levied during the last war. At that time business corporations paid either the corporate income tax or the business profits war tax, whichever was the higher. Under the new measure which we are recommending, the corporate income tax will be regarded as an expense

[Mr. Ilsley.]

in calculating the amount of excess profits for tax purposes. That is to say, it is the amount of profits left in the hands of a business concern after paying income tax which will be subject to the excess profits tax. This new tax will be applicable to profits earned in the year 1940 and in the fiscal periods ending therein after March 31, 1940.

I should add that problems arising out of certain special circumstances will be provided for in the bill. We must also contemplate that if Canadian industry is to be able to meet the urgent demand for war supplies that will arise, it will probably be necessary to provide for the construction of new plant or important extensions to existing plant and equipment. Particularly if business men expect the war to be of short duration they will not be willing to assume the risks of making the new investment required with an excess profits tax as drastic as that which we are proposing, unless they can see an opportunity of being able to amortize their costs over a reasonable period. Special provision, therefore, will have to be made for this problem.

The corporation income tax rate is also to be raised from 15 per cent to 18 per cent, and in the case of consolidated returns, from 17 per cent to 20 per cent. Thus, regardless of whether a corporation makes sufficient profits to bring it under the excess profits tax, it will in future be required to pay an additional 3 per cent on its net income.

All individuals subject to income tax will be required in future to pay a war surtax equal to 20 per cent of their ordinary income tax. That is to say, after calculating income tax under the present schedule of rates, an additional 20 per cent of the tax bill will be payable as a war surtax. This increase will be payable next year in respect of incomes earned in the year 1939 and fiscal periods ending therein.

As is usual in war-time budgets, we are also recommending certain increased levies on articles that are commonly regarded as being in the category of luxuries. Excise duties on spirits have traditionally played an important part in our revenue system and have been lowered in the last few years. We are now recommending that the present rates of \$4 and \$5 per gallon respectively on domestic and imported liquors should be increased to \$7 and \$8 per gallon respectively, the rates which were in force prior to the reductions in 1935. In the case of Canadian brandy, the existing \$3 rate will be moved up to \$6 with an equal increase on the duty on imported brandy. Beer will bear an additional levy by means of an increase in

the rate of tax on malt from 6 cents to 10 cents per pound. On beer brewed from substances other than malt the existing rate of 22 cents per gallon will be increased to 30 cents. The rate on malt syrup is also to be increased from 10 cents to 15 cents per pound. Appropriate changes will also be made in the rates applying to imports of the foregoing. Wines which now bear the rate of 7½ cents per gallon will in future pay 15 cents, and in the case of champagne and sparkling wines the existing 75 cents per gallon will be raised to \$1.50 with equivalent increases on the imported product. Cigarettes will in future bear a tax of \$5 per thousand, an increase of \$1 per thousand over the present rates, and the tax on manufactured tobacco will be increased from 20 cents to 25 cents per pound.

As we are not recommending any lowering of the existing level of personal exemptions under the tax on individual incomes, it is considered that all our citizens may properly be asked to make some contribution to the treasury for the prosecution of the war, through their purchases of tea and coffee. Both are wholly imported commodities, and an increase in customs duties would therefore be wholly for revenue purposes. Accordingly, we are recommending that in the case of coffee, of which the greater part of our imports now comes in free, an increase of 10 cents per pound shall be imposed under all tariffs. With regard to tea, the greater part of our present imports now pays 4 cents per pound. It is proposed to add to existing rates 5 cents per pound in respect of tea invoiced at less than 35 cents per pound, 7½ cents in respect of tea invoiced at 35 cents per pound or more but at less than 45 cents per pound, and 10 cents per pound in respect of tea invoiced at 45 cents per pound or more.

In view of the increased levies on alcoholic beverages and on tea and coffee, it seems proper that some additional taxes should be imposed in respect of soft drinks. It is proposed, therefore, to place a tax of 2 cents per pound on carbonic acid gas and similar preparations used in the manufacture of non-alcoholic beverages. There will be no increase in the sales tax but the base of this tax will be broadened by removing from the schedule of exemptions electricity and gas used for domestic purposes, salted or smoked meats, and canned fish.

All changes under the Excise Act, the Special War Revenue Act, and the Customs Tariff are to be effective as of this date, except in the case of the increases in excise and customs duties on spirits including brandy

which are to be effective as of September 3, 1939. I may say that that was the date of the declaration of war by Great Britain.

From these special war levies it is estimated that we shall derive approximately \$21,000,000 during the remainder of the present fiscal year. In this connection it must be remembered that the revenues due to the increases in the individual and corporate income taxes and the levy of an excess profits tax will not be coming into the treasury until our next fiscal year. In any case it is impossible to predict what the yield of the excess profits tax will be in its first year of operation, and I shall not even hazard a conjecture. However, excluding this new impost, it is estimated that on the basis of a full year's operations but without assuming any increase in production and incomes as compared with, say, 1938 or 1939, the other new changes being made in our tax structure should produce a revenue of approximately \$62,000,000. I have already indicated our view that after a short period of hesitation and quietness it is very likely that business will improve and that under the impact of war demand productive activity and, consequently, individual and business incomes, will rise substantially. If such a forecast should prove to be correct it is clear that the new taxes and the tax increases now being imposed will at a somewhat later stage produce a substantially higher return than the estimate which I have just given of their yield in a year like 1938 or 1939. Not only that, but if and when our economy begins to expand to the stage of full production and employment, the yield from our existing tax structure will rise more than proportionately.

If there are any hon. members whose first impression was that our tax proposals were drastic, the estimate I have given of the moderate increase in revenue which will accrue to the treasury this year to meet the expenditures provided for in the war appropriation bill should serve to correct that impression. On the other hand, the estimate for a full year's operation of the new taxes and the considerations which I have mentioned in regard to the effect of expanding production and incomes on our new tax system as a whole should make it clear that we are endeavouring to avoid oft-repeated mistakes in war finance and striving to carry the pay-as-you-go policy as far as is practicable. The government believes that it has made sound and courageous decisions. It believes that the house will approve these decisions. It is confident that all sections of the public will bear the sacrifices asked of them in the knowledge that they are necessary to the successful outcome of the struggle to which we are committed.

We are engaged in a grim and serious business. Modern war is a conflict in which whole nations are pitted against one another. The issue may be decided not by the relative strength of armed forces but by the magnitude and efficient use of economic power and by the test of human nerves, the strength of the will of peoples to bear burdens and stand strains. No one can doubt the courage and the moral strength of the Canadian people. But this courage and strength must be shown at home as well as on the field of battle. Our war effort on the economic side must extend throughout the country from the city factory to the farthest frontier farm and mine. Our people will, we are confident, bear their burdens with fortitude, and pursue their respective tasks with a determination to let nothing interfere with maximum efficiency. In carrying the financial burden, every one of our people can and will contribute to the victory of the freedom and the justice for which we fight.

## RESOLUTIONS

Mr. Speaker, I beg to give notice that when we are in committee of ways and means I shall move the following resolutions:

## THE CUSTOMS TARIFF

Resolved, that it is expedient to introduce a measure to amend Schedule A to the Customs Tariff and amendments thereto, and to provide:

1. That there shall be levied, collected and paid on the following goods, whether dutiable or not dutiable, when imported from any country, the additional rates of duties of Customs hereinafter specified:

(a) Whisky, brandy, rum, gin and all other goods specified in Customs Tariff Items 156, 156a and 156b—\$3 per gallon of the strength of proof.

(b) Ale, beer, porter and stout—9 cents per gallon.

(c) Wines of all kinds, except sparkling wines, containing not more than forty per cent of proof spirit—7½ cents per gallon.

(d) Champagne and all other sparkling wines—75 cents per gallon.

(e) Manufactured tobacco of all descriptions except cigars, cigarettes and snuff—5 cents per pound.

(f) Cigarettes weighing not more than three pounds per thousand—\$1 per thousand.

(g) Tea, when the value for duty thereof under the provisions of the Customs Act:

(i) is less than 35 cents per pound—5 cents per pound.

(ii) is 35 cents or more but less than 45 cents per pound—7½ cents per pound.

(iii) is 45 cents or more per pound—10 cents per pound.

(h) All goods specified in Customs Tariff item 25a—10 cents per pound.

(i) All goods specified in Customs Tariff Item 26 except coffee, roasted or ground—10 cents per pound.

[Mr. Ilsley.]

(j) Coffee, green, and coffee, roasted or ground—10 cents per pound.

2. (1) That any enactment founded upon the foregoing resolution relating to item (a) shall be deemed to have come into force on the third day of September, one thousand nine hundred and thirty-nine, 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.

(2) That any enactment founded upon the foregoing resolution relating to items (b), (c), (d), (e), (f), (g), (h), (i) and (j) shall be deemed to have come into force on the twelfth day of September, one thousand nine hundred and thirty-nine, 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.

## EXCISE ACT

Resolved, that it is expedient to introduce a measure to amend the schedule to the Excise Act, 1934, as enacted by chapter thirty-seven of the statutes of 1936 and to provide:—

1. That the duty of excise on spirits distilled in Canada be increased from \$4 to \$7 per proof gallon.

2. That the duty of excise on Canadian brandy be increased from \$3 to \$6 per proof gallon.

3. That the duty of excise upon all beer or malt liquor brewed in whole or in part from any substance other than malt be increased from twenty-two cents to thirty cents per gallon.

4. That the duty of excise on malt manufactured or produced in Canada or imported be increased from six cents to ten cents per pound.

5. That the duty of excise on malt syrup suitable for the brewing of beer manufactured or produced in Canada be increased from ten cents to fifteen cents per pound and malt syrup imported into Canada and entered for consumption be increased from sixteen cents to twenty-one cents per pound.

6. That the duty of excise on tobacco of all descriptions manufactured in Canada, except cigarettes, be increased from twenty cents to twenty-five cents per pound actual weight.

7. That the duty of excise on cigarettes manufactured in Canada, weighing not more than three pounds per thousand, be increased from \$4 per thousand to \$5 per thousand.

8. (1) That any enactment founded on resolutions 1 and 2 hereof shall be deemed to have come into force on the third day of September, one thousand nine hundred and thirty-nine.

(2) That any enactment founded on resolutions 3, 4, 5, 6 and 7 hereof shall be deemed to have come into force on the twelfth day of September one thousand nine hundred and thirty-nine.

## 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 subsection 1 of Section 83 of the said Act be struck out and replaced by the following:

"1. There shall be imposed, levied and collected the following excise taxes:

(a) a tax of fifteen cents per gallon on wines of all kinds, except sparkling wines, containing not more than forty per cent of proof spirit;

(b) a tax of one dollar and fifty cents per gallon on champagne and all other sparkling wines."

2. That Schedule II to the said Act be amended by adding thereto as paragraph 4 thereof the following:

"4. Carbonic acid gas and similar preparations to be used for aerating non-alcoholic beverages...two cents per pound."

3. That Schedule III to the said Act being the list of articles exempted from the consumption or sales tax be amended

(a) by striking out under the heading of "Foodstuffs" in the sixth line the words: "Fish and products thereof;" and replacing them by the following words: "Fish and products thereof, not to include canned fish;"

(b) by striking out under the heading of "Foodstuffs" in the tenth and eleventh lines the words: "Meats, salted or smoked (not to include the same when chopped, ground, par-boiled or spiced);"

(c) by striking out under the heading of "Miscellaneous" in the first line the word "Electricity" and replacing it by the following words: "Electricity, except when used in dwellings;"

(d) by striking out under the heading of "Miscellaneous" in the fourth and fifth lines the words: "Gas manufactured from coal, calcium carbide or oil for illuminating or heating purposes;" and replacing them by the following words: "Natural gas and gas manufactured from coal, calcium carbide or oil for illuminating or heating purposes, except when used in dwellings;"

4. That any enactment founded on this resolution shall be deemed to have come into force on the twelfth day of September, one thousand nine hundred and thirty-nine 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.

#### INCOME TAX

Resolved, that it is expedient to amend the Income War Tax Act to provide—

1. That a war surtax of 20 per centum of the total income tax otherwise payable under the said Act be imposed upon all persons other than corporations.

2. That the rate of tax applicable to corporations and joint stock companies, except those filing consolidated returns, be increased from 15 to 18 per centum.

3. That the rate of tax applicable to corporations and joint stock companies which file consolidated returns under the said Act be increased from 17 to 20 per centum.

4. That voluntary donations to approved patriotic organizations and institutions in Canada during the present war be allowed as a deduction from income, up to 50 per centum of the net taxable income of the taxpayer.

5. (1) That the amendments proposed in resolutions 1 and 4 hereof be applicable to the income of 1939 and all fiscal periods ending therein and of subsequent periods.

(2) That the amendments proposed in resolutions 2 and 3 hereof be applicable to the income of 1940 and all fiscal periods ending therein after March 31, 1940, and of subsequent periods.

#### EXCESS PROFITS TAXATION ACT

Resolved, that it is expedient to enact an Excess Profits Taxation Act to provide—

1. That an excess profits tax be levied on the profits of all businesses, whether incorporated or not, the said tax to apply to profits in excess of 5 per centum of the amount of capital employed by the taxpayer in the business, and to be graduated at the following rates: on profits in excess of 5 per cent but not exceeding 10 per cent of the capital employed—10 per cent;

on profits exceeding 10 per cent but not exceeding 15 per cent of the capital employed—20 per cent;

on profits exceeding 15 per cent but not exceeding 20 per cent of the capital employed—30 per cent;

on profits exceeding 20 per cent but not exceeding 25 per cent of the capital employed—40 per cent;

on profits exceeding 25 per cent—60 per cent;

and that the said excess profits tax be in addition to the tax imposed upon the taxpayer under the Income War Tax Act, but that any tax payable by the taxpayer under the Income War Tax Act in respect of the profits of the same business for the corresponding period be deductible as an expense for the purposes of computing the profits to be assessed under the excess profits tax.

2. That an alternative excess profits tax be imposed upon the profits of all businesses, whether incorporated or not, taxing at the rate of 50 per centum all profits or income in excess of the average income of the taxpayer for the four years 1936, 1937, 1938 and 1939, or the four fiscal periods of the taxpayer ending in such years;

And that the said alternative excess profits tax of 50 per centum be in addition to the tax imposed upon the taxpayer in respect of the same profits under the Income War Tax Act, but that any tax payable by the taxpayer under the Income War Tax Act in respect of that portion of his profits which is in excess of the aforesaid average profits shall be deductible as an expense for the purpose of computing the net excess profits to be assessed at the aforesaid rate of 50 per centum.

3. That the tax proposed in resolution 2 hereof be an alternative to the tax proposed in resolution 1 hereof, and the taxpayer shall have the right to elect to be taxed either upon the basis of the tax proposed in resolution 1 hereof or upon the basis of the tax proposed in resolution 2 hereof.

4. That the governor in council may provide by regulation for the depreciation and amortization of new plant and equipment which may be deemed necessary to fulfil orders for war purposes.

5. That this act shall be applicable to the year 1940 and fiscal periods ending therein after March 31, 1940, and all subsequent periods.

Hon. H. H. STEVENS (Kootenay East): Mr. Speaker, my first words must be to join with the minister in his expressions of regret that the former Minister of Finance, (Mr. Dunning), was unable, because of impaired health, to be here to present the budget, and indeed has been compelled to resign the office of Minister of Finance. I am sure that all will agree with me when I say that we regret not only his absence but also the occasion of it.

Obviously one is at a distinct disadvantage in having to face a formidable document of this kind, the presentation of which has been so excellently made by the minister, without having had time to study and consider it. I am sure the house will bear with me if I run over rather rapidly, and I confess in a more or less casual way, the remarks which have been made by the minister.

I feel we have had in the statement which has been presented an excellent analysis of the economic factors involved in the problem with which we are faced at this time. The minister reviewed the situation as it is and as it has been during the past number of years, particularly within the last few months. I think his presentation was a fair one, laying an excellent foundation for the proposals which followed. The minister made one statement which I should like to emphasize. He pointed out, very properly, that any provision made at this session for increased revenue, and indeed any presentation regarding expenditures, must necessarily be of a provisional character. With that statement we agree, and it is largely because of this consideration, together with the conditions with which we are confronted, that we now withhold any criticism in regard to the government's proposals.

I was glad also to note that the minister emphasized the fact that under the present circumstances the government would necessarily have to proceed with care. I commend the minister for taking that attitude and simply add that we strongly urge the government to exercise the greatest care, not only in the administration of the new taxes but particularly in regard to expenditures. We say that with all kindness, and in that connection we find ourselves in harmony with the view expressed by the minister.

It was indicated also that in all probability the war will not be a short one. I understand that the British authorities are acting in the light of a war period of a minimum of three years; indeed, in many of their utterances they suggest that the period may be even longer. As much as we should like to see an end to this strife, I am sure it would not be

[Mr. Hsley.]

wise on our part to proceed on the basis of the war coming to a conclusion within a short time.

It is encouraging to note that in recent times, there has been some improvement in conditions, but the undertaking of my leader and of ourselves as a party prevents me from analysing these conditions. However, I should not like to agree entirely with the minister that preceding the outbreak of the war there was a condition, to use his own words, of brisk recovery. It is not my intention to dispute that statement beyond indicating a slight disagreement.

Reference was made to the last war period, and I am pleased to note that the government have studied what happened during that time. When Canada entered the great war of 1914 she had nothing whatever to guide her, but at this time the archives of the various departments of the government are filled with records of blunders, shall I say, and of achievements, which should be extremely helpful to the government in the present crisis. In the budget it is indicated that the government is taking advantage of this information, and this is something that should be approved.

I agree with the minister when he says it is impossible to indicate what the exact revenues may be from the proposals now before the house. It would be obviously impossible also to say what the total expenditures will be. However, the minister suggests that the expenditures for the current fiscal year, which I presume include war expenditures, will amount to approximately \$651,000,000, plus the capital expenditures which were voted at the last session for militia and defence purposes. I should like to suggest to the government that the so-called capital expenditures for defence purposes can scarcely be considered as capital expenditures, because without doubt they will be absorbed in the general war expenditures of the period. Therefore the estimated deficit of \$156,000,000 for the current year, which would be decreased by the anticipated increased revenue, should in my opinion be increased by the amount of the capital expenditures. I think the government ought to keep this in mind, because there is no doubt that that will be the case.

It is true that we cannot escape the costs of the war. We are in the war and we must face the issue as it is. In his closing remarks the minister properly pointed out that the people of Canada will have to square up to the task. I think the house as a whole will agree with me when I say that there is every possible need, not only for sacrifice but for cooperation on the part of business interests

and of the public generally. This will have to be tendered to the government in the great task with which it is confronted.

I shall turn now briefly to the proposals which are being made. The analysis made by the minister of the three methods of financing was, I think, excellently done. He referred to the three methods of financing, borrowing, paying as you go, or inflation. The minister has discarded inflation and has partly discarded borrowing. He has adopted a method of "pay-as-you-go" as far as the revenues of the country will permit, the balance to be absorbed by borrowings.

I should like to say just a word or two in regard to the matter of inflation. In my opinion the term "inflation" has been grossly abused in recent years. It is generally accepted—I mean by other than experts in economics, like my hon. friend across the way—that the term "inflation" refers to the issue of paper currency without regard to its background, whether that be a gold reserve or some other form of security upon which it may be based. That form of inflation which was adopted by some of the European countries particularly following the last war is of course inimical to the interests of any country and should be avoided. But there is a danger, as we have experienced in recent years, of adopting the attitude of deflation, which is just as injurious to a country as one of reckless inflation.

I should like to draw to the attention of the minister and of the government a very simple fact. During the last twenty years, by and large, Canada has had in circulation currency to the extent of about one-half per capita the amount of currency in circulation in the United States and in Great Britain. If the minister would be good enough to give his attention to this point I would appreciate it. The per capita circulation in Canada has been approximately \$20, sometimes \$21, and for a short time it went up to \$22; but over a period of ten or fifteen years it has been about \$20 per capita, while in the United States it has averaged from \$40 to \$42 per capita, and in Great Britain about the same, something over \$40 per capita. This indicates that there has not been in Canada an excess of circulation at any time in the last twenty years. Indeed, in my opinion there has been definitely something less than an adequate amount of currency in circulation in Canada.

The figures which I have just given are susceptible of verification by the records of the bureau of statistics, the Bank of Canada, or the banking and commerce committee of this house, and in my opinion they constitute a definite challenge to the financial authori-

ties of Canada. Please understand me; I am not criticizing the financial system of Canada at all, because I believe, as I have stated on previous occasions, that we have one of the soundest and best managed financial systems in the world. But I do say that there is danger in erring on the side of care and restriction and deflation just as much as there is danger in erring on the side of inflation or expansion of currency. The cold fact is this, and I repeat it because I should like the minister (Mr. Ilesley) and his colleague the Minister of Finance (Mr. Ralston), who is not able to be with us, to study the question. It is an economic fact which challenges attention in this country that, apart from the needs of the war, the amount of currency in circulation in Canada for the last eighteen or twenty years has been approximately one-half per capita of that in circulation in Great Britain and the United States. As I intimated the other day, our extensive gold production in Canada, providing as it does what is still the best medium of reserve in the world, together with our present per capita rate of currency circulation, afford to us the opportunity of financing by a method which cannot by any stretch of the imagination be termed reckless, unorthodox or inflationary.

I should be the last to suggest anything that would be likely to undermine confidence in Canada, but I cannot under any circumstances conceive how, by taking advantage of these rich resources of ours and this obvious degree of under-circulation of currency, we can possibly risk any interference with our economic structure. I hope the minister will give careful study to the matter, because I believe in this alone we have an opportunity for financing in these early days of the war, to which the minister very properly referred a moment ago, without at this stage increasing the debt of Canada.

The minister has rightly stated that during the next few months, before the new revenues come into the treasury in substantial quantities, and when there is a heavy demand for immediate expenditure, the revenues available to the government will not be sufficient to take care of expenditures. Obviously so; and the minister may rest assured that we shall make no critical approach to that situation because we recognize it as a perfectly natural one and we desire to assist the government in every way in meeting it. But any government is entitled to examine its revenues to see whether there are not some reserves upon which it can draw to help it over such a period. Without going into any detail I should like to lay down a principle which we have to face in these modern days.

There has been a tendency in some quarters to look upon a reserve as something sacrosanct, something that must not be touched or invaded at all. Insurance companies, for instance, and other financial institutions of the kind, have built up reserves which they seem to consider they must keep always at a given level; but these reserves are built up by a corporation or bank or financial institution to be made available when they are required. I am not suggesting that reserves, whether they be gold or other reserves which we may have at our disposal, should be invaded recklessly. I am not aware just what the gold reserve is at the moment, but I imagine it is around fifty. It is recognized and acknowledged by international conferences and international agreement that a twenty-five per cent gold reserve is acceptable as adequate. Again I am not suggesting that we should immediately go to the extent of invading the gold reserve until we are down to the twenty-five per cent level, but I do submit that between the twenty-five per cent level and the fifty per cent level there are reserves which we may legitimately use. Again I say to the government that, apart from our reserves in the way of increased taxation, we have in our gold a reserve which can be drawn upon for use in time of stress without violating—and I emphasize this because I do not wish to be misquoted or misrepresented—without invading or violating any of the orthodox and accepted principles of sound finance, so called.

The minister has stated that he proposes to proceed on the pay-as-you-go principle, plus borrowing to make up any deficit. To this principle I take no exception. I think it is a highly laudable objective for the government to have in mind. I well recall the difficulty of financing in the last war. I think the house should do justice—possibly the minister did something less than justice—to those who were saddled with the responsibility in those days, because they were entering an entirely new field. I well remember when the then minister of finance issued his first victory loan. It was done with fear and trembling. We had no idea what the resources of the country were in that regard. We feared it might be a failure. It went over, to use a slang expression, with a bang, but it was a surprise to every financial authority in the country, and it was not until after the first victory loan that we obtained some realization as to the reserve resources of this country. We were faced with difficult times in those days. Now we know our position; we have our people well educated to public loans and also, through the concentration in trust, loan and financial institutions, banks

[Mr. Stevens.]

and insurance companies, of the control of liquid capital, we pretty well know what those resources are. To-day it is a much easier task. The effect of the minister's policy of pay-as-you-go can be pretty well calculated by proper analysis of the financial resources of the country.

I intend now to refer to this policy. As to the taxes proposed, I am not going to criticize them. I give my hon. friend a sort of blanket "God bless you; go ahead and do the best you can" and anything I shall say with regard to those taxes is in the way of suggestion rather than criticism.

First with regard to the excess profits tax. I well remember when it was first introduced in the last war. The minister referred to it as a thorny problem, and indeed it is. In this matter he has my sympathy and, I know, the sympathy of all who have had some experience in that task. It is a tax which it is extremely hard to apply equitably. In just glancing over the proposal in the moment or two I have been able to examine it, it appeals to me as reasonable under the circumstances; and I am quite certain that, with the very able staff he now has, with their very wide experience in these matters—some of them, I think, had experience of the old excess profits tax—he will be able to administer this tax in a way which will be satisfactory. I feel that I should add to what the minister said in his closing remarks and appeal to the business public of Canada cheerfully to cooperate with the government in the collection of this tax. Upon one thing the people of Canada are perfectly clear; they will not tolerate excess profits in this time of stress. But I should like to add this, that I believe the great body of the business public, particularly in the industrial realm, are equally desirous of avoiding anything in the nature of undue profits.

May I give the minister one illustration of the undesirability of hasty judgment and condemnation of firms? I recall that a particular firm in Canada was examined in 1919 by a committee of this house which was known as the high cost of living committee. I imagine that in a year or two we shall be having a similar committee again. I remember that this firm, brought before this committee, showed a profit of some seventy-two per cent, and it was looked upon as very high, because they had had some large and valuable government contracts. But when we examined into it this is what we found. The firm happened to be a woollen manufacturing concern. They had been operating their woollen plant and manufacturing different patterns of woollen goods. They would have their looms operating for maybe a day or two, or some limited period of time, on one kind of pattern;

then the loom had to be changed over to another pattern, and when they took from the government a contract for khaki cloth they gave a figure based upon their actual cost of production according to their books, plus a small profit. But they found, when they ran the same looms twenty-four hours a day, day in and day out, month in and month out, that the cost of production was materially reduced, which of course is quite understandable. At the end of the year the plant, to the amazement of those who operated it, showed a profit of seventy-two per cent. They were not to be condemned for that, although I confess that at the time there were those who bitterly criticized them. I cite that as an illustration only; there are many others. Conditions will arise in the industrial realm where concerns will show at the end of a period a profit far beyond what they ever expected to make. I believe that in the set-up the minister has given us to-day there is reasonable protection for such firms and at the same time justice will be done to the treasury and to the sentiment of the country by the avoidance of undue profits. Therefore, I see little, indeed nothing, in the excess profits proposal of the minister which I would criticize, but I should like to emphasize that in its administration great care should be taken not to do injustice in cases where obviously no offence was contemplated or intended.

The alternative method is, I think, a good one. We shall have to wait and see how it works out. I have not had time to study it. We usually find that after proposals of this kind are introduced and the practical business men to whom they will apply have had an opportunity to study them, certain things develop and certain representations are made. I am quite certain that if after a study of the application of these new taxes the minister is shown that they bear with undue severity upon certain classes of industry, he will come to parliament at the next session and seek the necessary amendments to adjust them. But from the opportunity I have had of examining them I am not disposed to criticize them.

There is one point about these taxes, however, which strikes me as a little dangerous. We have had up to the present a very heavy corporation tax, of fifteen per cent, which is now increased to eighteen per cent. The excess business profits tax is to be applied above that figure, and it may work out all right; I have not had time to study it. But it struck me at the moment that possibly there is danger in carrying along the ordinary corporation tax and the excess profits tax on top of it. I suggest that that phase of it should be studied with great care in the next

few months, so that if it is clear that in some instances an injustice is being done, amendments or adjustments may be made.

There is one thing we do not wish to do. The minister himself referred to it in his excellent speech. We must not discourage people from carrying on active industrial operations in this country. I know there are some who look upon industrialists almost as evil-doers; but that is not so. There are men in industry and in business who are guilty of malpractice, but comparatively speaking they are few in number. The general industrial public as well as the mercantile and financial public is anxious to do the right thing. Generally speaking that is so, and I have had opportunities of studying the question, perhaps under very critical conditions. Therefore we must not jump to the conclusion that because a firm is making a little profit it is an evil thing; because capital will not be invested in industry if there is nothing in industry, and if you talk about the alternative, the nationalization of industry, you will have chaos and collapse in front of you. In my opinion there is no escape from this, that if we sought to nationalize industries during these times and under present conditions, and placed in control of industry men, whether they have had training or not, who are under government control, we would face the collapse of the industrial structure of the country. Or perhaps I might put it in this way. We have a magnificent economic structure in Canada. I admit at once that it is not working with complete equity—not by any means. I repeat, however, that we have a splendid economic structure. We have factories and corporations organized for the carrying out of certain lines of business under a trained personnel who know their business. And we have financial institutions with certain duties to perform. There is one thing that parliament and the government must always do; they must always safeguard the public against exploitation. But it does not follow that these institutions are anything but of great value to the country. And so, whatever we do, as the minister indicated in his analysis of the situation, we must not discourage or destroy the instrument of production in Canada in its present form.

There is another point which the minister made and which I would emphasize. The demand for war material will present itself in various forms, and it is futile to discuss now the question whether a person should put his money into the production of armaments. We have to have armaments; we cannot escape that. Unfortunate as it is, dislike it as we will, we have to have armaments. But for an industry to expand its

plant, to put in new machinery and enlarge its buildings at this time for the purpose of fulfilling the imperative needs of the country, it must make provision for the risk it is taking, and fairly generous allowances will have to be made. The minister cited the United Kingdom. The United Kingdom has a definite plan which is followed in that respect. I have not that plan before me and I am therefore unable to present it here. But I gather from the minister's remarks that either he or the department has carefully studied the British system. I know however that in Great Britain they do make generous allowances for plants that will be out of use when the war is over. All we have to do is walk down Wellington street and we shall see buildings there to-day some of which have been idle, in whole or in part, for years. Those buildings were put up to meet the demands of the last war. You cannot erect such buildings and equip them with the necessary machinery without loss when their usefulness ceases. There are two avenues of approach to this question. One is to make reasonable allowances for the disuse of such buildings, and if the government could have some of its experts keep in mind the possible use of these buildings after the war for the production of goods for peace-time, a useful purpose would be served. In the old land and in Europe considerable advantage was taken after the last war of many plants for peace-time production after their usefulness in the production of armaments had ceased. That question might be studied in Canada.

Another point must be considered. We should avoid giving contracts to persons who are inexperienced in the line of business represented by the contract. I do not know whether it is true, but it was told me by a responsible person the other day that someone who had a furniture factory got a contract for clothing or goods of that class. We want to avoid that sort of thing, and I am warning the government against giving contracts to persons who are not fitted or qualified to carry them out. And it can be done; it is not difficult. The principle should be laid down that these contracts with respect to iron and steel products, clothing, boots and shoes and so on should be given to firms engaged in those respective lines of business.

I am not going to criticize at this time the increase in the corporation income tax or the surtax on incomes. We had a surtax on incomes in previous years and we shall have to stand it again. I see no objection. There is a substantial increase on tobacco and liquor and I believe that those who indulge in the use of these things, either

[Mr. Stevens.]

tobacco or liquor, will cheerfully bear the tax. As regards tea and coffee, I apprehend that there may be some criticism of the tax; but again, these are commodities that have usually been taxed in different countries in times of stress. I do not recall the British tax on tea, but I know that it is quite high—and to the Britisher tea is almost, if I might say so, the breath of life. The tea tax is high. In the last war there was a tax of 10 cents per pound in Canada; the minister proposes now to tax tea 5, 7½ and 10 cents per pound on the higher priced commodity, and there is to be a tax of 10 cents on coffee. I take no exception to these. I see no escape from this form of taxation.

The tax on soft drinks is not a new one; we have had it before and it will work again. But it is one of the most annoying taxes that can be imposed, and there is some difficulty in connection with this class of goods. A five cent bottle is sold; when the tax is raised it is impossible to produce the drink and sell it at five cents a bottle, and the price usually jumps to ten cents. I remember the difficulty that was experienced in this regard before. If the tax does not produce a substantial revenue it is not worth the trouble which its imposition and working out will entail. I leave that suggestion with the minister.

It is expected from these increased taxes to get an increased revenue for the rest of the fiscal year of \$21,000,000, and I understand that the total increase in revenue anticipated in any full year in the future, to be derived from all the taxes including the income tax, will be \$62,000,000.

Mr. ILSLEY: That is correct, unless business increases.

Mr. STEVENS: Frankly, I do not think the increase is exorbitant. It should be at least that.

There is one thing I should like to say to the minister, and it is this. I am very glad that he has not increased the sales tax, and in case between now and the coming session he should be tempted to do so I will tell him why I make that statement. The sales tax works inequitably on different lines of business. Let me illustrate that briefly. Here is one class of industry that has a turnover we will say every two months, equal to its capital. Therefore at the end of the year it would have a forty-eight per cent tax as compared with its capital. Another class of industry has a turnover comparable with the amount of capital only once a year. Obviously one class of business carries a greater weight of taxation than the other, though the rate is the same. I think the minister partly recognized that

principle when he imposed the excess profits tax; I believe that principle was involved in the choice given there.

Mr. ILSLEY: Yes.

Mr. STEVENS: Frankly I believe that the sales tax method should be reviewed and studied. I am not authorized by my leader or my colleagues to say what I am about to say; I am just throwing it out as a hint or suggestion of my own. For many years I have studied the sales tax with great care, and from time to time I have sought to find in my own mind and to my own satisfaction some substitute for it, because it is a very valuable tax. I think at the present time it is producing about \$120,000,000 or \$130,000,000 a year.

Mr. ILSLEY: Yes.

Mr. STEVENS: It is a valuable tax, which could not be discarded without substituting something for it. Admitting that it is inequitable, as I think will be admitted by anyone who has studied its application, I believe a turnover tax right across the board, say of two per cent in war-time and one per cent in peace-time, would be more equitable and less burdensome, would produce much more revenue and would injure no business. I realize what is said about the pyramiding, but you have pyramiding under the sales tax; the pyramiding is there. I have taken my pencil and worked it out many times; I have studied it very carefully. I think the pyramiding of the low tax of say one per cent would be so minute that it would be hardly worth bothering about, whereas the pyramiding of the eight per cent tax is quite substantial. The real point of it, however, is this: the industry which is the foundation of your productive activity suffers under the sales tax, whereas if you had a turnover tax that went clean across the board, with everyone paying a small tax, it would not bear down to the point of bankruptcy, as has sometimes happened under the sales tax. I know industries which in these last few years of distressed times have gone bankrupt under the sales tax. A tax of two per cent or one per cent could not vitally affect any industry or business. I know there are those who say that the cost of collection would be too great, but that is not so at all. You have your sales tax organization to-day, together with other media of collection that could be easily invoked. Furthermore, with the class of individuals who might seek to escape it, the individuals carrying on small cash business, to the extent that it might be evaded, in the first place, the revenue would not be affected very much; and in the second place, with a

severe penalty attached and the ease with which you could discover such evasion—it is quite simply done by checking the invoices from their sources—an example could be made of a few of them and there would be very little evasion. In addition, the amount of the evasion would not be worth the risk.

I merely make that suggestion because these are parlous times and we need revenue. I believe that in these days—and I am speaking solely for myself, and may be treading on the toes of some of my colleagues, since I have not discussed the matter with them—we might well try some of these things which perhaps in normal times we would not care to risk. I will admit that politically at first it might have some repercussions, and that might be a reason for not trying it. I do not refer only to this government but to any other government. Even so, I think it is well worth consideration.

I have spoken at greater length than I had intended, Mr. Speaker, and I shall not further prolong the discussion. I simply repeat that in the limited time I have had to consider them I am not inclined to offer any very severe criticism of the minister's suggestions. We know perfectly well that the government must bear down very heavily in taxation at this time, and I see no reason at the moment to criticize the government's policy of establishing, as far as possible, a pay-as-you-go basis, with limited borrowings. In that connection I was glad the minister confirmed what I said yesterday with regard to the possibility of borrowing money at reasonably low interest rates. I think he agrees with the opinion which I believe is held by many that there is no sanction for the rapid increase of interest rates on government security, and I was glad to hear him make that statement. In closing, however, I suggest that he carefully review the possibility of using the gold resources of Canada to a somewhat greater extent.

Mr. M. J. COLDWELL (Rosetown-Biggarr): Probably those of us who listened to the introduction of the war-time budget by the minister were impressed by the fact that the government is making at least some attempt to inaugurate the policy which I believe was generally hoped for on all sides of the house, that as nearly as possible we should pay as we go. From that point of view I think both the minister and the government for which he speaks may be congratulated.

The minister, of course, took note of some of the factors which enter into the difficulties of war-time financing in this country, particularly the tremendous difference between now

and 1914 in regard to the extent of the national debt. As we said on a previous occasion, we must not increase this debt to a greater extent than we can possibly avoid, because in spite of what the minister said in the carefully outlined philosophy contained in the first part of his address, in effect we are placing a burden upon a future generation. It is true, of course, that most of the goods produced in our generation are consumed in our generation. That is true in peace as it is in war. Nevertheless, if money is borrowed, somebody, at some time in the future, has to repay in goods and services the value of that money and the interest that will accrue. The unfortunate part is that it is no longer a question of rewarding a certain person or group of persons for foregoing pleasure at the moment. To-day we have large accumulators who are denying themselves nothing but who are yet able to impose upon future generations a toll of labour and resources.

Mr. ROSS (Middlesex): Is it not fair enough that the future generation should pay?

Mr. COLDWELL: The question is asked as to whether or not it is fair that the future generation should pay. I think not. As a matter of fact, in my opinion this generation has made a deplorable mess of both our economic and social affairs, and we should not expect succeeding generations to pay the penalty for the mess we have made.

I agree with the hon. member for Kootenay East (Mr. Stevens) in this regard, that the issue of currency at this particular time may not be considered an inflationary measure. As he has said, we have the backing which would enable us to make such an issue. Since we are expecting to trade very largely with Great Britain and her allies, may I add that there may be some immediate advantage in depreciating our dollar in terms of the United States dollar, and bringing it more nearly to a parity with the pound sterling. Of course our dollar in the past week or ten days has fallen. Nevertheless it is still appreciably higher in value than the pound sterling.

The budget before the house to some considerable degree represents an attempt to finance by taxation—that is, making the present generation pay to a degree for the war that is upon us. I would point out, however, that many of these taxes fall very heavily upon those who are least able to pay. It is true that some compensation is to be found in the fact that corporation and income taxes have been increased. On the other hand, the taxes upon tea and coffee and on the cheaper grades of tobacco which, on a pound-age basis, will pay as high a tax as the

[Mr. Coldwell.]

dearer types, and the taxes on gas, electricity and certain kinds of meats and fish fall heavily upon the people who as yet—I do not know what the war may bring about—are not able to bear increased taxation.

Then we come to the excess profits tax. I have done a little pencilling as I have sat listening to the budget speech, and I have made a comparison of what the tax will mean in the two forms. If the investment is, we will say \$100, and the net return is 10 per cent, the new tax will impose a dollar of taxation. This means that the amount of the profit allowed may be 9 per cent.\* If the profit is \$15 on the \$100, then the deduction by the tax, I take it, would be \$3, and the profit allowable would be 12 per cent. On twenty dollars—

Mr. ILSLEY: I do not think that is correct.

Mr. COLDWELL: I have just figured it out hurriedly. If the minister disagrees, I hope he will correct me, because I think when we go away from this session, whether it be to-night or at some later time, we should know exactly what the tax is, in dollars and cents.

Mr. ILSLEY: The computation of the hon. member is not correct.

Mr. COLDWELL: Then I should be glad to have the minister correct my calculation, if it is wrong. I have taken the minister's figures.

Mr. ILSLEY: I do not think the hon. member is right, in the first place. He is leaving out the corporation income tax entirely. That must come first, before the business profits tax is chargeable. I suggest that is a very important omission. And, apart from that, I think the hon. member's figures are inaccurate.

Mr. COLDWELL: I should be glad to have them corrected, because it is important that we know exactly what these taxes mean. Would the minister give the house a table which would give an accurate picture of exactly how the taxes would apply, on a basis of \$100 or \$1,000, as the case may be?

In my opinion the election of the corporation as between two methods of paying the excess profits tax may react in favour of businesses which have been able to show a very substantial profit in the past few years. I think the businesses which in some instances have been able to show a fair profit have been those which to some extent have been connected with preparations for war. For example I would mention the metal mining industry. If any group of industries should be

expected to bear a very substantial portion of the tax, certainly it would be that group connected with preparation for war. I should have liked to see the minister or the government—and perhaps at some later date they may consider the point—consider the limiting of profits in various types of industry to a certain percentage, and then taxing the total amount above that percentage for the revenue of the country.

After all, when we speak of equality of sacrifice we must bear in mind that in war there is no equality of sacrifice. No matter how much taxation individuals may pay in dollars and cents, their contribution is not in any degree equivalent to the sacrifice of human life. Consequently there can be no equality of sacrifice in a war condition. I do not think anyone can have any objection to what may be described as luxury taxes, namely taxes on intoxicating liquors, beer, tobacco and cigarettes, except in so far as the poor man's tobacco is taxed at the same rate per pound as that of the man who can afford a more expensive brand.

As I said at the outset, I believe that taxes on tea, coffee, gas and electricity are those which will fall heavily upon the people least able to bear them.

As I said the other day, we still have a very valuable source of revenue which this budget does not tap, and which I would have wished to see tapped. I refer to what I described as a capital gains tax. I know there are some people who will say that in the past few years certain individuals have taken losses on the stock market, and that assertion is perfectly true. But to my mind it is no reason in the world why, under conditions of stress and strain, with stocks rapidly increasing in value, we should not expect a return to the state from a condition which has been brought about by action of the state. I say that because, after all, a declaration of war is indeed action taken by the government of this country. I say, therefore, that a capital gains tax is something that might well be instituted, and a source from which large revenues would be derived.

Mr. ILSLEY: Would the hon. member tax gains without allowing losses as deductions, in years when there were losses?

Mr. COLDWELL: My answer would be that all our taxes are based upon gains, not losses.

Mr. GRAY: Should be.

Mr. COLDWELL: If we pay an income tax on this year's income and have no income next year, we are not permitted to average

the two years. Consequently I say that it is a legitimate tax. Moreover, in all probability you may not be taxing the same persons who sustained losses, because under our economy there is a constant shift in the ownership of stocks, of bonds and even of real property. In gains from such transactions we have a possible source of revenue.

The other afternoon I mentioned the situation in regard to wheat, and I was glad to hear the Minister of Trade and Commerce (Mr. Euler) correct me this afternoon. But I notice that the minister said that the board still controlled that wheat, and I do not know just what that actually means. As I said, I have a distinct recollection of seeing a statement early in the month of August to the effect that the board was waiting for new wheat to be delivered before it could resume its marketing operations in relation to that commodity. I do not know if that implies that the board has control of wheat through options, but I took it for granted that is not the case because of what I understand to be the attitude of the party supporting the government now in power.

These are the main criticisms I would offer at this time. Hon. members realize that no one has had an opportunity of studying these taxes and their implications. We are in the war, and all of us, no matter what our opinions may be regarding it, should be ready to do everything we can to support the government in financing the activities that we have undertaken as a nation. I am anxious to see that in the financing of our activities the burden shall be placed upon those who can most easily bear it, rather than upon those who cannot. Before I sit down I will again emphasize the fact that no matter what taxes we may inflict upon those who profit from the industrial activity of this nation during the war or upon those who by fortuitous circumstances have control over great masses of wealth, we are not in any way approaching an equality of sacrifice. We are asking large numbers of our young men to lay down their lives, and to sacrifice the most precious possession a young man has.

Mr. NORMAN JAQUES (Wetaskiwin): Mr. Speaker, we have been accused of using this opportunity for advancing ideas which we hold, but I cannot help that and I intend to take no notice of such an accusation. During the present session I have heard nothing which would cause me to alter my opinion that this war can be financed without increasing the debt of the country. By using the services of the Bank of Canada and by adopting suitable methods of taxation we can fight and win this war without leaving an overwhelming

burden of debt upon the succeeding generation. I cannot remember his exact words, but this afternoon the minister said that the real cost of a war is paid during the war. That is right. A war is paid for by blood, by sweat and by tears. When that payment has been made, the bill is paid. That was true of the last war, but why are we still paying for it? If the real cost of the last war was paid during the war, then all that has been paid since is unreal. That is what we believe.

Mr. DUFFUS: Does the hon. member mean to say that it was all paid for during the time of the war?

Mr. JAUQUES: Yes. The cost of a war is the cost of human life, human suffering and material losses. Anything else is purely artificial. Why should people as yet unborn be asked to pay for the cost of this war into which we are entering? It has been said that we should borrow now while the borrowing is good because interest rates are likely to rise. Is that a promise or a threat?

Mr. ILSLEY: I did not say that interest rates would likely rise.

Mr. JAUQUES: I am not accusing the minister of saying that, but it has been said twice in this house, and I am asking if that is a promise or a threat. It is curious that such a statement is accepted as being quite patriotic, but a statement that we should enlist men as soon as possible because their rates of pay are likely to increase would receive a different reception. Quite a different interpretation would be put on that statement. The minister explained the methods of financing. He calls any creation of credit by the state, inflation. We are led to believe that this war can be financed mainly from the savings of the people, and we have been led to believe that this was the case during the last war. If the last war was financed from the people's savings, I should like to know why bank deposits increased by something like a billion and a half dollars. Where did that come from? Did it come out of the people's savings? I do not think so.

I remember that as a child I was astonished at seeing a conjurer produce rabbits out of a hat. At the end of the last war, when I was fully grown, I was greatly surprised by having a bank offer me not only bonds but the money with which to buy them. So we can easily see through this little trick of financing by the people's savings. It is just a smoke-screen, because the greater part of a war is financed by the creation of credit. I am not going to take up much of the time of the house, but I should like to know why it is not considered

[Mr. Jaques.]

inflation when money is created by private corporations and then issued as a loan to the country. But if the state itself creates the credit and uses it for the purpose of prosecuting the war, that is called inflation, and that is where we in this corner part company from the rest of the house.

There is one other point. If the production of munitions of all kinds is to be increased to the maximum, surely that will require the savings of the people for investment. If their money is put into bonds, where will the necessary money come from to expand the war industries? But if the state will supply the money which they need, combined of course with a proper system of taxation, since, as the minister has said, we shall be bound to cut down our standard of living because so many men will be taken out of the production of the things we ordinarily consume and be diverted into the production of munitions, and taxation is necessary for that reason, then by these two methods by using the Bank of Canada to issue credit for the state itself, and by a proper system of taxation to prevent inflation, it will be possible to finance and win this war without adding to the debt burden of the country.

I ask hon. members to consider the burden of debt of Canada at the present time. We are told that this war is a life and death struggle and that it will continue until Germany is beaten. Some experts say that the war will last ten years. I cannot say anything about that, and I am simply giving the figures I have read as having been given by British experts. I think four years was mentioned here this afternoon, and the minister said this war was likely to be more costly than the last. If that be so, consider the state of debt which we shall have to face at the end of the war if it is financed as the last war was. I am quite aware that no action is likely to follow upon any remarks which we in this corner of the house may make. Nevertheless I am making them because I wish to make my stand clear now at the beginning of the war. The results I am content to leave to the verdict of time.

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, I have just a few words to say because the hon. member for Kootenay East (Mr. Stevens) has, on very short notice, made a very able speech on behalf of our party. There are one or two points I should like to mention, and I know of no better time than the present because it is always understood that in a budget debate any subject at all may be discussed. I have no intention of delaying the house, because my hon. friend the member for Yukon (Mrs.

Black) wishes to say a few words before six o'clock and I wish to leave her plenty of time. The government certainly cannot accuse us of not doing everything we can to help them and I have no intention of changing our record at this late hour. I believe it is the duty of the whole house to assist the government to get through their business in parliament as expeditiously as possible so that they may get down to the real business of carrying on our part in this terrible conflict.

Perhaps a word or two about the budget will not be out of place now I am on my feet. While we have gone through a series of crises and now have this terrible catastrophe of war brought upon us by Hitler, it is some satisfaction at least to know that the ill wind that brought us the war brings us a couple of favours. First, there will be a better price for wheat, which will probably save Canada as much as she may spend on war between now and Christmas; and second, it will probably cure the unemployment problem, which we were apparently unable to cure in peace-time.

It strikes me that it is not unwise to utter at this moment a thought which all of us who are in public life should bear in mind, that all over the world to-day thoughtful people are asking why at a time like this we can raise the money for war but in peace-time we find it so difficult to get the money to cure national ills such as unemployment. I say that without any thought of criticizing anybody. I say it merely because I believe that during this war in which we are engaged it is the duty of all of us in all sections of the house to endeavour to work out a method of curing that local condition, or the very fact that we are unable to do so and yet are able to carry on the war will wreck the system under which we now live.

I wholly agree with the minister (Mr. Ilsley) when he said that we must have courage at home as well as abroad, and in imposing these new taxes he should expect very little complaint from those who are taxed, because if the man at home is taxed he is at least very much better off than the poor fellow who is at the front offering his life. We all realize that taxes are necessary at a time like this, and I was glad to hear the minister express the desire that Canada, so far as it can, should pay as it goes during this war. During the last war I think England led the world in doing that, and it did noble work; we did not do so badly, but perhaps we could have done much better. Having learned from the mistakes of the past, I hope now we shall do everything in our power to pay as we go.

I entirely agree with the minister that equality of sacrifice should be the principle of this whole taxation, based on the ability to pay.

I shall not discuss any of the items of the budget, but I should like to express my approval of one feature—I am not criticizing the others—and that is the necessity, as the minister said, of encouraging our industrial companies to expand, companies which will have to make heavy initial capital expenditures which might prove a total loss if the war proved to be of short duration. This encouragement must be given if we are to get industrial production in this country such as we got during the last war, when we had a magnificent record. We must, as the minister pointed out, to a certain extent, perhaps to a great extent, take care of the preliminary expenditures which must be made by the industrial companies which we expect to produce the needs of this war. I think that should be plainly understood. At the same time we should provide by some form of amortization that if the war goes on for a great length of time, the company will not get the full advantage of its production all at once and then be free of any taxation upon it over a long period of time. Suppose we were so fortunate as to go through a short war; our industrial companies would not be encouraged to greater production and greater efficiency if there was before them the fear of bankruptcy through making heavy initial expenditures in plant which would be useless if the war should last only a few months.

But the real reason I rose to my feet was to draw to the attention of the Prime Minister (Mr. Mackenzie King) with all due respect but with great solemnity one particular point I wish to make, and I know of no better time to do it than now. While we of the official opposition and our friends to the left are promising, and so far as we are concerned and I am sure so far as they are concerned, intending to carry out that promise, to give every cooperation to the government by avoiding the playing of politics, I hope the Prime Minister and his government will return the compliment. This method of cooperating, this principle of no politics, cannot be a one-way street; it must run in both directions. In saying that, I do not want to utter any jarring note in this session. I am not trying to offer any unfair criticisms; indeed I do not wish to offer any criticisms at all; for I fully realize that the war is only in its tenth day, that we declared war as recently as last Sunday, and having served in governments I realize the time it takes to get everything going in a proper manner. But, unfortunately, already there are

various complaints—many of them. I overlook that at the moment, but I urge upon the Prime Minister—and I am sure he will accept the suggestion in the spirit in which it is offered—that he and his government see that politics are set aside by the government as well as by ourselves.

I say that for this reason. I shall give one illustration, and only one, although I could mention a number. I have in my hand a paper in which reference is made to a certain appointment. I shall not name the appointment or the man, but the appointee is one who is known to be outstandingly, openly and strongly a supporter of this government. I have not a word to say against that circumstance; for I have the utmost respect for a man who has strong political views, to whichever of the parties represented in this house he may happen to belong. But I pick up another paper and I find that another appointment is to be made, or so it is positively stated; it is an appointment in association with the first—and I understand they are the only two—and it is to come, according to the statement, which I hope will be corrected, from the organization office of the Liberal party. The Prime Minister shakes his head, and I hope he is right. Probably, and I say this with respect, he knows nothing about it; naturally he cannot know the details of all appointments to be made. But I draw to his attention and to the attention of the government that this would not be carrying out the spirit of the contract which we offered them. In attempting to cooperate in every way, my party and I are sincere. I want the government to give us every chance to cooperate, and I suggest this with no thought of reflecting on the government and no desire to offer any criticism. I repeat that I understand full well it takes time for the government to get down to handling affairs; and if a few errors are made, far be it from me to offer any criticism. I am not doing something which I did not do in my few remarks the other day. At that time I pointed out that patronage and favouritism must cease. I will read the sentence if I may, although in doing so I am breaking the rules of the house:

Another suggestion, and it is this: Let not the abuses of political patronage and favouritism interfere with our national efforts. Canada as a whole is fighting—not one party—and Canada demands that we do our duty fearlessly and fairly. Let service and quality and honesty rule in all our vast expenditures. We must not let any scandal destroy our efforts.

I have no reason for doubting that the Prime Minister is just as sincere as I am in desiring that anything of that sort be avoided. I am putting it before him only because I

[Mr. Manion.]

want to bring about national understanding and a united country at this very serious time, and we cannot have national understanding and unity if any one of the three or four parties in this house starts out to play politics. We of the opposition have a duty to perform which is second only to the duty which the government itself has to perform. According to our constitutional system a good opposition is just about as necessary as a good government; and we intend honestly and fairly to cooperate; but we do not intend to abdicate our right to criticize if we think the government is not playing fairly with the people of this country, as it would not be doing if it permitted politics to get into the administration and the affairs of a war. I say this merely for the purpose of urging the government to give us every opportunity to cooperate with them to the fullest extent, because we intend to do our duty, and while we have avoided anything in the way of criticism during this session, and shall so continue until the end of this session, naturally we cannot promise that in the future if criticism is deserved.

One other matter, which perhaps is not so important, and perhaps I should have notified the Prime Minister of my intention to mention this. I ask him if he will make a statement on it this evening. That is the question of an election. I was going to mention it to the Prime Minister; but it occurred to me only a few moments ago, and I thought that since I was rising in my place it might be an appropriate moment to mention the subject. If it is assured—and I believe that it is the intention of the Prime Minister—not to have an election until after another session of parliament, if the opposition and the country can be assured that such is the intention of the government, the opposition will be in a better position to cooperate with the government than if hon. members on all sides are to go home with the thought in their heads that possibly an election will be sprung upon them. I have no reason to think the Prime Minister will do any such thing; in justice to my right hon. friend I should say that from conversations with him I have reason to think there is no thought of an election. But I believe that for the good of the country and the empire it would be an appropriate statement for the Prime Minister to make, if he deems it advisable, that there will be no election until at least after another session of parliament.

My whole object in these observations is not in any way even to imply criticism, but to ensure that we can continue to cooperate in every way as we have done this session and to maintain a united front throughout Canada in these very serious times.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Before I reply specifically to my hon. friend with regard to the two points which he has raised, may I at once extend to him and also to the leaders of the other parties in the house my own warmest thanks and the thanks of the government for the manner in which thus far they have co-operated with us. No one appreciates more than I do the spirit that has actuated hon. members on all sides of the house. It is my hope that that spirit will be maintained, as fully as may be possible, all circumstances considered, not only through the remainder of the present session but, I trust, in any future sessions parliament may have in the course of this terrible war.

Now, as to party politics in relation to government at this time, let me say quite honestly and frankly that there is nothing my soul would loathe so much as an effort on the part of any members of my own party or any members anywhere to seek to make party capital out of a condition such as the world and this country are faced with at the present time. So far as I am concerned I look upon myself to-day, with all due humility, much more as the leader of all parties in this country united in an effort to do what we can to preserve and defend the liberties of mankind. Personally I believe that we can be most successful in that effort as a government taking full responsibility but shouldering it fearlessly and courageously, and faced by an opposition which, as my hon. friend has just said, is as necessary to the full discharge of parliamentary obligations under the British system as is any other feature of our constitution.

My hon. friend, as the leader of the opposition, holds a position involving a special duty imposed upon him by parliament. His position is recognized by statute and he is in many particulars in a capacity similar to that of any member of the government. It is his duty to watch over every act of the administration to see that it is performed as it should be, more especially is this true at a time such as this. I do feel that what my hon. friend has pointed out as his conception of his duty is what, more than anything else, will help me in my position as leader of the government to discharge my own obligations in the way in which I should like to see them discharged; the way in which I shall use my utmost endeavours to have them discharged. I wish my hon. friend to be free to criticize, and indeed he will help me if from time to time, as matters come to his notice which

in his opinion show evidences of party bias, he will be good enough to bring such matters to my attention and accord me an opportunity to discuss them with him.

My hon. friend has mentioned that he has seen certain names suggested in connection with possible appointments. On the other side I have had the criticism that some or most of the appointments made thus far have been going, not to Liberals but to others. That is a part of human nature. There are certain appointments which properly are made by the administration in office, and which must continue to be so made in the customary manner, for example, vacancies, such as appointments to the senate, must be filled by the administration. I do not think my hon. friend would expect—

Mr. MANION: We do not want them; indeed, we would not take them.

Mr. MACKENZIE KING: I am, however, entirely of one mind with my hon. friend as to the attitude the government should assume with respect to agencies specially associated with war effort, as respects all phases of war effort. I will do my utmost to cooperate with him and with the leaders of other parties in maintaining an attitude which is above party in this time of great struggle.

As to the question of a general election before another session, my hon. friend has been kind enough to say that I told him some time ago that I would not think of anything of the kind or countenance it. Nor have I had a suggestion from any member of parliament that a general election should be thought of between now and another session. The term of parliament is five years; and as time runs on there may be in the minds of some a temptation to follow the course which was adopted during the last war and have parliament perpetuate its term, provided the war is not over at that time. Personally, I never liked the extension which was made during the time of the last war. In my opinion, the people of the country have the right to say whom they wish to have administering the affairs of Canada, and they should exercise that right periodically at the time provided for in the constitution. I do not think any parliament should take it upon itself to deprive the people of that right. That is my feeling, very strongly, at the moment. There may be conditions between now and the end of this parliament which may necessitate a reconsideration of this question, but I should hope that everyone would expect that the people of Canada should have a chance to express

their minds freely with regard to the administration, the opposition, third parties and generally with their representation in parliament within the period of time which the constitution provides. It is my intention to have parliament called again in January. It may possibly be necessary to have parliament called before that, but I should expect that we would follow the usual procedure and bring hon. members together some time in the month of January. At that time, we will be in a position to consider what steps may be most necessary with regard to developments that may ensue meanwhile. I hope I have made perfectly clear the position of my colleagues and myself.

Mr. MANION: May I be allowed, Mr. Speaker, to break the rules and speak again merely to express my thanks to the Prime Minister for his straightforward answer to my question.

Mrs. MARTHA LOUISE BLACK (Yukon): Mr. Speaker, it is nearly six o'clock, and I am sure you will allow me to take just two or three minutes to express a few thoughts that occur to me at this time. I only wish to say to the government of the day that, when I left the Yukon, the message given me by Liberals and Conservatives alike, was this: "Go down to Ottawa and tell the government that to the utmost of our ability we will support them, as we did during the last war, irrespective of any political feelings." There are men and women in that section of the country who are willing to give their all, I do not care whether it be their worldly goods or their lives if needs be, and they are at the disposal of the government to use as the government will.

The government must take the blame in all that it does as well as the credit. We must have faith that this government as well as every other government will honestly and conscientiously try to do the best it possibly can. The government will make mistakes, because it is only human, as we all are; but if the government makes mistakes we will strive with our lives, with our help, and with the little treasure we have, to see that those mistakes are rectified and that eventually we shall once again have a peaceful and happy country.

At the present time there are no boundary lines either in the air or on land or at sea, and we must stand together to protect this land of ours from the raid that may possibly come.

At six o'clock the house took recess.

### After Recess

The house resumed at eight o'clock.

Mr. J. C. LANDERYOU (Calgary East): Mr. Speaker, at the time of the civil war President Lincoln declared that he had two enemies, one the Confederate army and the other finance, and that of the two he feared finance more. He did not fear the Confederate army which faced him nearly as much as he feared finance in the rear, and I say we are in the same position to-day. I do not fear Hitler nearly as much as I fear finance. In Hitler we have political dictatorship, but in finance we have a worse dictatorship, more cruel and more destructive of our social and economic well-being than any political dictatorship can ever hope to be. So I must remind the government and the acting Minister of Finance (Mr. Ilsley) that every precaution must be taken to prevent finance from wrecking the social and economic structure of this country as it has done in the past.

We have very clearly stated our position on this matter. I was interested to note the headlines in the newspapers being put out across Canada to-day. Here is one:

New higher taxes to pay Canada's war debt.  
Voluntary service registration in dominion.

Here is another:

Pay as you go policy.  
Equality of sacrifice will be insisted upon.

After listening to the budget address, I believe the statements thus made to the people of Canada are absolutely false, because there is no equality of sacrifice in the financial policies advocated by the present administration. We are going to watch carefully the policies pursued by this government; so if they want our cooperation and support, it must be upon the basis we have set forth, the broad basis of national service. The pay-as-you-go policy! I find nothing whatever in the budget address that would indicate equality of sacrifice. I find no fundamental difference between the policies advocated by this government and those policies of borrowing and taxation pursued by the government that was in charge of the affairs of this country from 1914 to 1920. I find that taxation is not being applied in an equitable manner; at least I do not see anything of the kind indicated in the address that was presented this afternoon.

We have urged upon the government the conscription of finance, man power and industry, because we believe that justice, equality of sacrifice and efficiency demand universal conscription. By the conscription of finance we do not mean to conscript the savings of

the people of Canada as represented by savings deposits. The minister states that he does not intend to borrow from the savings of the people. Surely he did not have to tell the house that. Hon. members understand the position of the savings of our people in our Canadian banks to-day. There is approximately \$2,500,000,000 in savings deposits; there are over four million depositors; but 8 per cent of that number control 76 per cent of the total deposits, and only 24 per cent of these deposits are owned or controlled by 92 per cent of the depositors. In fact, this is the position with respect to savings in this country: There are 3,797,000 deposits of \$1,000 or less, and according to the governor of the Bank of Canada the dollar value of the deposits coming within that category is about \$452,000,000. These deposits average \$117. We know the great bulk of the savings deposits in this country is in the hands of a few. We will never suggest that these savings, accumulated over the years by the great majority of the depositors, should be confiscated or seized under any pretext whatever. These people have not had enough in the past; why should we attempt to take away what little they have to-day? Furthermore, it could not be done because business would come to a standstill. So to suggest that there is in the hands of the people to-day sufficient money in the form of savings deposits to finance a major war is foolish.

The last war was financed through the creation of money out of nothing by the banking corporations of this country, which money ultimately became the savings of the people. Bonds were given the private banking corporations and credit was issued by these private companies, who have usurped the power that should belong to parliament to control the issue of money and credit. We say that power must be taken away from private individuals; that the issue of money and credit must be taken over by the state, to be regulated in terms of private, public and industrial need; that finance must go hand in hand with the conscription of industry and man power, if necessary. But we will never tolerate the position that was taken in the last war, that the lives of men should come before demands upon finance. We say that all must make this sacrifice.

So we wish to make our position clear, that the government can issue money upon the credit of the nation just as well as it can borrow money upon the same credit. The minister can rise in his place until doomsday and say that is inflation; but the money must come from somewhere and we are determined that usury and debt, the twin destroyers of

civilizations in the past, shall not come out victorious in this war. We are determined that usury and debt shall receive their death-blow before the culmination of the crisis that now exists in the world.

I listened to the remarks of the leader of the opposition (Mr. Manion), who said that many people in Canada were now wondering why we should have had to go through ten years of a great depression during which individually, municipally, provincially and federally we faced bankruptcy. We were unable to secure the money necessary to keep the wheels of industry turning; the great production of our country had to be sold on the instalment plan, because of the deficiency of purchasing power in this country. Many of our municipalities went into bankruptcy, and to-day many others face it. Many municipalities found themselves unable to carry out civic improvements they knew to be necessary, and unable to maintain a decent standard of living for those on relief. We had a million Canadian citizens living on \$6.43 a month for food, clothing and shelter, less than was spent by this government to keep a man in the penitentiary. The youth of this country were riding the freight trains, unable to find employment, driven from pillar to post, sleeping in box cars and knocking at back doors for food, and last session they were called yaps and street-corner bums by a member of the Liberal party. These so-called yaps and street-corner bums are now to be the heroes of the country. They are now asked to give their lives for their country. We demand equality of sacrifice. We say these young men are being hounded into the army through force of economic circumstances. We are saying that if they have to make the supreme sacrifice; if they have to lay down their lives for their country—as the youth of Canada are prepared to do—the men who stand in the rear and operate the financial system should not be permitted to plunder the nation, while the fighting men are doing their best to protect national integrity.

We say that provincial governments, too, were in a very bad financial position, and were passing the buck in respect of relief costs. The federal government was unable to maintain the widows of men who served in the last war. As a matter of fact, I have had widows of that kind in my own constituency who have come to me with tears in their eyes, begging that I bring their plea before parliament, and asking that something be done for them. They have told me they have been unable to live in Canada or to enjoy the standard of living which they thought was proper, in view of the fact that their husbands had served Canada in the last war.

But, always we hear the cry, "There is no money." Parliament is now assembled, and the two hundred and forty-five men who some months ago were asking, "Where is all the money coming from?" now say to the youth of Canada, "We have battleships costing millions of dollars; we have aeroplanes with machine guns mounted on them, costing hundreds of thousands or probably millions of dollars. We have tanks for you; we have submarines for you. We will give you small guns; we will give you big guns. We will give you all the ammunition you want. We will give you shoes, food, clothing, shelter. We will give you all the equipment you want." To all those young men who were knocking on the back door for food we now say, "We will give you chits which will permit you to go to a restaurant for food—we will give you all these things if you are willing to go out to lose your life or to destroy the lives of others. But in times of peace we would not give you money. We would not see that you had a decent job. We would not make it possible for you to get married and raise a family in this great country of ours." No, but we say to them now, "Here are these instruments of destruction; we give them to you for nothing, because we are making a profit on them." As in the last war, we will make a profit on the bodies that lie in Flanders' fields. It is estimated that in the last war \$25,000 was the cost of destroying a soldier. Somebody has been making a profit out of those dead bodies ever since.

These conditions must cease in Canada, if we do not want to break down the whole social and economic structure of our nation. The youth of Canada are prepared to serve. We realize that we in the British empire are faced with a great task. We know, too, that this month of September is one of the gravest we have known. But we are watching very carefully, because we have had the bitter experience of ten years of depression. We know something about the financial policies pursued between 1914 and 1918, and we are determined that in this instance a change must come. So do not fool yourselves.

The youth of Canada are prepared to make their contributions on the basis of universal conscription. We do not want the newspapers of Canada to stress particularly the conscription of man power, because, so far as I personally am concerned, I am for universal conscription, but I would not vote to have one man join the army or leave the

shores of Canada unless at the same time there were conscription of finance and industry.

By conscription of industry we do not mean nationalization. We do not mean that we are going to go into a scheme of government ownership, as has been proposed by hon. members of the Cooperative Commonwealth Federation. We do not want any change of ownership, but we do want industry financed with a sufficient amount of credit, so that there will be no difficulty in establishing factories which in years to come may have to be established, in building storage plants which may be required to store our food, or in any way developing Canadian industry.

We are in favour of industry functioning at its maximum capacity to serve the needs of Canada and the empire. However, in reading the press, I have noticed emphasis on the suggestion that we advocate the conscription of man power. We do advocate that; we are prepared to conscript man power. But we must conscript industry and finance as well. We do not want the newspapers in Canada, or members of the old-line parties to go out on the hustings and say that we are advocating the conscription of man power without stating that we also demand the conscription of industry and finance. All three must go together.

We know that this war may become an issue closely related to supplies of men, food and implements of war, and we believe that industry should be mobilized so that all waste may be eliminated. We do not want to see the fruit growing in the orchards of Nova Scotia, Ontario or British Columbia falling to the ground and being wasted, as it has been in times past. On the contrary we want a strict conservation of our food supply, because we learned in the last war that the allied forces faced food shortages. We know that the results of this war may depend to a considerable extent upon food supplies—a factor which may be of greater importance than supplies of guns or men. If we do everything that can be done to build up our food supplies and to indicate to the people of Canada that we are sincere in our desire to see that everyone makes the same sacrifice, we shall have no difficulty.

Once more I urge the acting Minister of Finance to consider the issue of debt-free money by the government, so that all necessary financing can be done, so that the farmers of Canada may get the machinery necessary for increased production. Let there be no delay in supplying the nation with equipment necessary to increase our supplies of

[Mr. Landeryou.]

food. I would urge that the government take steps to see that debt and usury are not permitted to be victorious in the next war, and that it earnestly endeavour to bring about a condition whereby all, through equality of sacrifice, may have that peace and sweet content which the Prime Minister has stated is the rightful heritage of all.

Mr. POULIOT: Would the hon. member tell us how his monetary system would be of any benefit to the returned man or to the common citizen, and what the benefit would be? I have not gathered that.

Mr. LANDERYOU: Does the hon. member want to know how money would help the returned man?

Mr. POULIOT: I want to know how that money will find its way into the pockets of the private individual and how, being there, it will help him to get anything.

Mr. SPEAKER: Order. I would remind hon. members the house is not in committee.

Mr. LANDERYOU: I had not intended to go into any detailed discussion in that connection, but I would point out briefly to the hon. member that at the present time you can borrow money on the credit of the nation.

Mr. R. A. PELLETIER (Peace River): Mr. Speaker, I shall at the outset of my remarks offer congratulations to the Minister of National Revenue (Mr. Ilesley) upon the clear manner in which he presented his budget speech this afternoon. We might say also that we feel extremely sorry to hear of the illness which led to the resignation of the former Minister of Finance (Mr. Dunning). We in this corner of the house feel particularly sorry that the government should have to suffer the loss of his services at this time. We always felt that the hon. gentleman was a most able and sincere individual. So far as we were concerned, he always extended to us the greatest courtesy and we again offer our sympathy to the government for having lost his services.

I am sure all of us realize that it was not an easy task for any government or any individual to have to face this country at this time and present a budget. We feel sorry that such a situation has been brought about, but we do admire the minister for the courage he displayed and we sincerely hope to be able to offer our cooperation. During the last few days of this session we have been asked to give our cooperation to the government, which we have done gladly, in order that the business of the house might be rushed through because of the emergencies of the present situation. We gave our cooperation because

we felt it was in the best interests of the country to do so. But the question of a declaration of war has been decided; the necessary funds have been voted to carry on, and we feel it proper to call a halt at this time in order to review the important decisions we are about to make.

The hon. leader of the opposition (Mr. Manion) has so thoroughly offered his cooperation to the government that he appears to have abdicated his position as leader of the opposition in this house. As a matter of fact, at the present time we have what might be called a union or national government. Apparently there is no need to include opposition members within the ranks of the government when the government is receiving such whole-hearted cooperation from the leader of the opposition. We understand, of course, the motives which have led the leader of the opposition to offer his cooperation; he has done so in a spirit of assistance to the government at a critical time. Nevertheless we maintain that, once the government has been given power and authority to act, there is no need for undue haste in discussing matters that will affect, not only the present situation but the aftermath of the war.

We are grateful to the Prime Minister (Mr. Mackenzie King) for having been kind enough to clarify the situation with regard to a general election this year. He has made it quite clear that parliament will be assembled once again. I think that is the only fair thing that could be done and I thank the Prime Minister for that demonstration of a really democratic spirit. This will mean that, no matter what policies may be pursued in the future, we shall have an opportunity of discussing them and leading public thought by their being presented once again to parliament before the people are called upon to decide.

We have not had time to go into the budget in detail. We are more or less in the same position as was the hon. member for Kootenay East (Mr. Stevens) this afternoon. Apart from touching generally on the broadest points of the budget, it is impossible for us at this time to visualize fully the different provisions and what they will mean to the people of Canada. We do know that we are facing a serious situation and that these measures have been brought down in order that we may meet that situation as adequately as possible. I believe it is proper for a private member to attempt to analyse the situation as it exists to-day and as it may exist in the near future. We know the present alignment between the conflicting armies, but the great question in Europe

to-day is Russia. Everyone is wondering what Russia will do finally, and as yet no one has been able to answer that question. There are those who believe that in the event of Russia becoming involved in the war on the side of the foe of Canada, the agony of the present crisis would be greatly prolonged. For this reason we should take the proper steps to protect the people of this country in a financial way.

No one can know what will happen, but I think we should pay heed to the warnings which have been given from time to time by the Prime Minister as well as to the declarations by Mr. Eden of Great Britain as recently as yesterday. It has been stated that we are involved in a war which has for its purpose the complete destruction of Hitlerism from the face of the earth. That is quite a job, and I believe we are going to be a long time doing it unless we bring about universal conscription of all our resources. In my opinion that is the only way to strike a quick and decisive blow at the enemy.

In bringing down the budget this afternoon, the Minister of National Revenue stated that there were only three methods by which money could be raised, namely, by taxation, by borrowing and by inflation. He gave a good deal of time to the question of inflation and pointed out the dangers of an inflationary policy at this time. He should have gone further and stated that inflation is dangerous only when it is inflation, but that deflation is entirely different. As a matter of fact, the minister admitted that there would be a certain amount of inflation at the beginning. He felt that this would be absolutely necessary. I believe he used the wrong term. Instead of calling it inflation, he should have called it deflation. Deflation is getting back to the former level, and that is the term which he should have used.

There is also the question of borrowing. The minister did not go into this in detail, but I should like to submit to him that there is danger in borrowing. The minister stated that it would be necessary to borrow money to a certain extent to finance the war. The result of such a course will be that the bonds of this country will be placed upon the market and be made available for purchase by various institutions. There might be a tendency on the part of banking and lending institutions and others to call in their present loans and thus restrict the amount of credit and currency available to industry, the proceeds being invested in government bonds. This is what has happened to a great extent during the

[Mr. Pelletier.]

past few years because of the economic pressure and distress which have been prevalent in the country.

This afternoon the hon. member for Kootenay East referred to gold. He pointed out that without using any harebrained financial scheme, without using any wild form of inflation, it would be quite possible and proper to use our own gold resources. The amount of the gold backing of our dollar could be increased, and thus our gold would be used to greater advantage than it has been in the past. This would not be taxation; this would not be borrowing; this would be using currency in terms of public need. There has never been a greater need for public credit than at this very moment.

There are in the budget many matters which need to be discussed, but I am particularly glad to note that every effort is to be made to control any undue rise in prices. I know the minister will agree with me that inflation can be brought about if there is no control over the rise of prices. I have a clipping here which I should like to place on the record, showing the amount of products in cold storage in Canada at the present time, and it might be interesting later on to see how they have increased in price without any new sources of production being drawn upon.

The quantity of creamery butter held in cold storage in Canada on September 1, 1939, was 54,975,936 pounds, as compared with 61,113,630 pounds on the same date last year. The stocks of other commodities held in cold storage are as follows:

Commodities Held in Cold Storage on  
September 1, 1939

Dressed poultry. . . . .	pounds	2,894,628
Cheese. . . . .	pounds	52,507,421
Dairy butter. . . . .	pounds	291,177
Cold storage eggs. . . . .	dozen	7,861,333
Fresh eggs. . . . .	dozen	591,488
Frozen eggs. . . . .	dozen	6,009,041
Pork. . . . .	pounds	25,919,044
Beef. . . . .	pounds	9,932,231
Veal. . . . .	pounds	3,733,649
Mutton and lamb. . . . .	pounds	844,495
Frozen fresh fish. . . . .	pounds	34,661,250
Frozen smoked fish. . . . .	pounds	1,964,588
Dried, pickled and salted fish. . . . .	pounds	3,421,578

And so on. A complete list is given of the amount of stocks now held in cold storage in this country. Some people have already taken advantage of present prices to make a profit out of those commodities. I must say that we in this corner of the house are convinced that any increased profit has certainly not gone to the primary producer. Only yesterday I received a long distance telephone call

from a manufacturer in Montreal complaining that they were unable to carry on their manufacturing activities in that city because they were unable to get any sugar. When they went to the wholesaler, he told them he had no sugar and to go to the manufacturer; and when they went to the manufacturer, he sent them back to the wholesaler. The result was that they could get no sugar at all. Undoubtedly, when the sugar now withheld is put on the market, it will be sold at a higher price than ever before.

As the hon. member for Calgary East (Mr. Landeryou), who spoke before me, said, there can be no doubt in the country as to the stand taken by this group concerning universal conscription. We have felt that this is the only way by which we can get efficiency of action and equality of sacrifice. We feel that only by this means can we attain these results which are desired by every Canadian in this country. We believe that, no matter how great the financial contribution may be, it can never be as great as the contribution of human life. We feel that a repetition of the methods of financing the last war can only bring about a repetition of the results—debt, poverty and unemployment. Furthermore, the people would be given greater confidence in this parliament if it demanded in this hour of crisis an equality of sacrifice so far as that is possible. It is by these considerations we are motivated, and we should like to see these policies brought into effect at this time. We feel that only in this way can parliament have the full confidence of the Canadian people. Therefore, Mr. Speaker, we have decided that the only fair thing to do is to bring in an amendment to the resolution that was moved by the Minister of National Revenue this afternoon, and I shall place it before the house in a moment.

Our amendment calls for the setting of a committee to study ways and means of conscripting finance. We feel that this would not necessarily mean a long time to get results. A committee of this kind could work just as quickly as any other board or committee which has been set up or proposed by the government at this time. If industry can be conscripted, we feel that it is just as easy, if not easier, to conscript finance, and that it can be done just as rapidly. We feel that in moving this amendment we are placing before parliament what the people of this country would like to see done. They have no hesitation in offering their lives, and I feel that no one should have any hesitation in contributing to the extent of his financial ability to the cost

of the war in which we are engaged at the present time. Therefore, Mr. Speaker, I move, seconded by the hon. member for Camrose (Mr. Marshall):

That the Speaker do not now leave the chair, but that this house set up a committee to study ways and means of conscripting finance, and thus bring about a greater equality of sacrifice.

Mr. ANGUS MacINNIS (Vancouver East): Mr. Speaker, I had not intended to speak in this debate at all. The attitude of our group with regard to Canada's participation in this war has already been put before the house by one of our members. I agree with the statement he made, and so far as possible I hope within the ambit of that statement to facilitate the work of the session to the greatest possible extent.

But there is one word I wish to say to the government and to the Prime Minister (Mr. Mackenzie King) in particular. We are facing a time of stress. Many of our people remember the last war, and a great many more remember the promises that were made during the course of the last war. Everyone realizes that those promises have not been fulfilled. Nevertheless I am sure that a great many people have agreed, like myself and others of us in the Cooperative Commonwealth Federation group, to participation in this war because we believe vital issues are at stake, and because we believe that if the powers opposed to Germany in this war prevail, we shall have a better opportunity to maintain our democratic institutions and to build up on that foundation a better society than we now have.

I would urge upon the government that it is of the utmost importance that during the course of this struggle we retain as much as possible of our civil liberties. We must be careful with our censorship. Already it has been drawn to my attention that two radio broadcasts arranged by the organization to which I belong have been prohibited in the city of Vancouver.

When I was arguing for Canadian participation in war, the thing I had to combat most was this: the moment you agree to participate in a war, that moment your civil liberties are taken away and there is no assurance that they will ever be restored. I have a certain amount of faith in my fellow man. I believe that others are just as anxious as I am to maintain civil liberties and democratic institutions, and I hope that if it is found necessary to take away certain liberties and privileges we now have, the amount taken will be the minimum and will be restored as soon as this war is over. I draw that point

to the attention of the Prime Minister, and I think a statement on the subject should be made before parliament prorogues.

As to this amendment, I do not wish to say anything. I could vote on it more intelligently if I knew exactly what it meant. I have said time and time again in this chamber—of course without any effect—that if my friends to the left knew the distinction or the association between finance and property, they would not be talking continually in this way. Finance to-day represents property; you cannot conscript finance without conscripting property. They say they are opposed to the nationalization of industry and yet they are going to nationalize finance. You cannot nationalize finance without nationalizing industry; and even if the thing could be done, nationalizing finance without nationalizing the material things which are manipulated with finance would be quite useless. If someone of the Social Credit group could explain to this house what is meant by the conscription of finance, he would be conferring a favour on the house, and it would enable me, at least, to vote intelligently on this amendment. Until I have that information I must vote against it.

Miss AGNES C. MACPHAIL (Grey-Bruce): In the budget speech this afternoon I noticed particularly one sentence, and it was this:

We must be able to hold out to business men the opportunity of making a reasonable profit and also the chance of securing some compensation for exceptional efficiency and willingness to take the risks inherent in industrial enterprise in war-time.

I have no particular objection to that sentence, but I look in vain for some protective sentence in the interest of the greatest industry that Canada has, the industry of agriculture. I hear a disquieting rumour today—how true it is, time will tell—that the price of cheese at something like the present price is being fixed by Great Britain. I feel that I must say to the government—I had hoped others would have done so, and then I should not have needed to—that agriculture in this country must not be sacrificed on the altar of mistakes of foreign policy outside this country.

Since the last war Canadian agriculture has taken a fearful beating. In 1926 although the agriculturists formed one-third of the total population, they received only one-fifth of the national income, and from 1931 to 1937 they received something less than one-tenth of the national income. The farmers of this country have been paying for the last war ever since it ended. All our production was speeded up to war-time necessity. Suddenly the markets which they had were taken away;

[Mr. MacInnis.]

no attempt was made to fix prices, except of wheat, and that very recently, and the farmers have been working for nothing. One does not need to make an argument about it; the shabby countryside which one sees everywhere—more so in some provinces other than our own, but everywhere—shows all too clearly that the farmer went on producing at a loss.

If the Canadian government is to give every economic assistance it can to Great Britain in the war which is now in progress, it must be on the basis of adequate prices for Canadian agriculture. The thing I fear—and it is almost certain to happen—is that there will be another great campaign to increase the production of foodstuffs to meet the needs of a peculiar situation, one which will not last; and then, when it is over, the farmer will fall into a depression even greater than the one which has existed constantly since the close of the last war.

I urge upon the government, and I regret to say it seems to be the only way it can be done, that they take it upon themselves to safeguard the interests of agriculture in this country. If agriculture was doing its duty by itself, it would have an organization so powerful, with an office in this city so strong, that there would be no doubt that the interests of agriculturists would be remembered. Since that is not so, and I regret very much to say it is not so, I feel that the government of Canada must feel themselves responsible for the safeguarding of agricultural interests in this country; and we must not allow the fixing of farm prices in England, if they are going to be our prices, at anything like their present level, because the present level is starvation wages for the farmer, wages which make it impossible for him to care for the needs of his family. He cannot pay doctor bills; he cannot provide for any dentistry; he cannot dress as he should; he cannot look after his buildings; he cannot paint them. We cannot allow our own government or any other to fix for agricultural products prices which would mean a continuation of the semi-starvation which the farmers of this dominion have endured.

None of us is happy about the present situation. I do not think I was ever more desperately unhappy than I was at the conclusion of the speech of the Minister of Justice (Mr. Lapointe) the other day, a brilliant and excellent speech, but one which made me feel that the hope for Canada in the future is very slight; that we are not a nation; that we have no control over the amending of our own constitution; that we only use words when we say we declare war. At least we can

surely do this; we can say that no other government is going to say what our farmers shall get for their products, when the lives of these other governments depend upon the amount of farm stuffs which will be sent to them from this country. I entreat the government to listen to me on this occasion.

The house divided on the amendment (Mr. Pelletier) which was negatived on the following division:

YEAS

Me. vrs:

Fair	Kuhl
Hansell	Landryou
Johnston (Bow River)	Marshall
Kennedy	Pelletier—8.

NAYS

Messrs:

Ahearn	Fiset (Sir Eugène)
Anderson	Fleming
Baker	Fontaine
Barber	Fournier (Hull)
Barry	Fournier (Maison- neuve-Rosemount)
Beaubien	Franceur
Bercovitch	Furniss
Bertrand (Prescott)	Gardiner
Black (Chateauguay- Huntingdon)	Gariépy
Black (Mrs.) (Yukon)	Gauthier
Blair	Girouard
Bonnier	Gladstone
Bothwell	Glen
Bouchard	Golding
Brasset	Goulet
Brooks	Grant
Brown	Gray
Cahan	Graydon
Cameron	Green
Cardin	Hamilton
Casselman	Hanson
Chevrier	Hartigan
Church	Heaps
Clark (Essex South)	Héon
Clarke (Rosedale)	Hill
Clark (York-Sunbury)	Homuth
Cleaver	Howard
Cochrane	Howden
Coldwell	Howe
Coté	Hushion
Crerar	Hyndman
Damude	Ilsley
Davidson	Isnor
Deachman	Jean
Denis	Johnston (Lake Centre)
Deslauriers	King, Mackenzie
Donnelly	Kinley
Douglas (Queens)	Kirk
Dubois	Lacroix (Beauce)
Duffus	Lapointe (Matapedia- Matane)
Dupuis	Lapointe (Quebec East)
Emmerson	Lawson
Esling	Leader
Euler	Leclerc
Evans	Leduc
Factor	Little
Fafard	McAvity
Farquhar	McCallum
Ferguson	
Ferland	

McCann	Patterson
McCulloch	Perley
Macdonald (Brantford City)	Pinard
McDonald (Pontiac)	Plaxton
McDonald (Souris)	Pottier
McGregor	Pouliot
MacInnis	Power
McIntosh	Purdy
McIvor	Reid
McKenzie (Lambton-Kent)	Rennie
MacKenzie (Neepawa)	Rhéaume
Mackenzie (Vancouver Centre)	Rickard
MacKinnon	Roberge
(Edmonton West)	Robichaud
McKinnon (Kenora- Rainy River)	Rogers
McLarty	Ross (St. Paul's)
McLean (Melfort)	Ross (Moose Jaw)
McLean (Simcoe East)	Rowe (Athabaska)
MacLennan	Rowe (Dufferin-Simcoe)
MacMillan	St-Père
MacNeil	Sanderson
McNevin (Victoria, Ont.)	Senn
McNiven (Regina City)	Slaght
MacNicol	Spence
Macphail (Miss)	Stevens
McPhee	Stewart
MacRae	Stirling
Manion	Streight
Marsh	Sylvestre
Martin	Taylor (Nanaimo)
Massey	Taylor (Norfolk)
Matthews	Telford
Mayhew	Thauvette
Michaud	Thompson
Mills	Thorson
Motherwell	Tomlinson
Mullins	Tremblay
Mulock	Tucker
Mutch	Turgeon
Neill	Tustin
O'Neill	Veniot
Parent (Quebec West and South)	Walsh
Parent (Terrebonne)	Ward
	Warren
	Weir
	Wermenlinger
	White
	Winkler
	Wood
	Woodsworth—190.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, before the main motion is put, there are a few remarks I should like to make. In this debate we have heard the phrase "equality of sacrifice" used very freely, indeed. While the budget might have been worse than it is, at the same time I should not like the impression to go abroad that there is the slightest ground for talking about its providing for equality of sacrifice.

Men are asked to go and give their all. Women are asked to stay behind and care for their children, and to face the prospect of lifelong widowhood with orphaned children. I say it is absurd in such a situation to talk about equality of sacrifice. Wealthy people are asked to make a sacrifice of giving up expensive wines—no, as a matter of fact, their sacrifice is that of paying more for expensive

wines. That kind of thing is all they are asked to do. It is the mere giving up of a few luxuries, if it amounts to even that much. Simply because we are doubling the taxation on articles used by certain classes of people, it does not follow that there will be equality of sacrifice, and it is absurd for us to try to spread abroad any such idea.

Again I would point out that even though we conscripted all wealth, there would not be anything like equality of sacrifice, unless the men of wealth themselves faced life—and death in the trenches, with all that this involves. I have to speak against war, but I have profound respect for the men who are willing to make the great sacrifice because of their high ideals. On the other hand, I have little respect for the man who stays behind and does even the slightest bit of profiteering—or, I would go farther than that and say, “profit-making.”

Hon. members to my left against whose amendment I voted talk about conscription, but it is not the kind of conscription I want. I believe they mentioned that it involved no change of ownership. The kind of conscription I would advocate is something that does involve change of ownership. I would talk about the conscription of bank accounts and the conscription of property of every kind—if we are going to go into conscription at all. Talk about that; let us have that kind of conscription.

A few days ago the leader of the Social Credit group (Mr. Blackmore) said that they stood for a wide program of conscription of man power, finance and industry. Well, I would be inclined to say that if the conscription of men were advocated, I would certainly advocate, not the kind of conscription they talk about—a namby-pamby thing that does not mean anything and that has no sense in it—but that before a single man is conscripted, there ought to be complete conscription of wealth. And even then you would not begin to get equality of sacrifice.

These are things that should be clearly recognized. I have not the right to discuss the amendment which has just been voted upon, but I do insist that the kind of thing we have been talking about—and, in my judgment, this has been done in all sections of the house—is unreal. I cannot but think that if we are going into this war and are going to stand shoulder to shoulder in the defence of the country, to use the words of the Prime Minister (Mr. Mackenzie King), it must mean that if we are sincere, those who hold that belief ought to be prepared to go to the very limit of sacrificing every last dollar in the country.

[Mr. Woodsworth.]

Mr. STEWART: They may have to.

Mr. WOODSWORTH: That is not the popular doctrine, but I say that is what is involved in the fine phrases we have been using.

I voted against the amendment because I want to get away from a lot of the camouflage we hear so much about. Let us get down to business. If we adopt the idea of conscription, then let us be prepared to carry it through to the very limit. What is the use of our talking about setting up a committee to study this kind of thing? Of course we would all vote to set up a hundred committees, if they meant anything—but they do not, at the present time.

The government has said it is not going to adopt conscription. I say that before there is any effort made to conscript the people of this country, we should conscript all the wealth. And one other word: For the moment we may not be entering upon a procedure of legal conscription; but when I read that certain municipalities are turning men off relief unless they sign up, then I say that is moral conscription, that it is not justifiable, and that it is just as effective as legal conscription would be.

Let us face these facts—and I believe these are the last words I shall have to say with regard to the whole situation. One of the hon. members who has spoken has remarked on the fact that money can be easily obtained when we are at war. I cannot but think of the thousands of men I have met personally during the last few years—the boys who have been riding the rods and the men in the soup kitchens. I know we are all sympathetic with our less fortunate brothers, and more or less in a general way we all would support any move towards an improvement in their condition. But the government apparently could not find money to give relief to those poor boys—although, as soon as what is described as a national crisis arises, we find there is plenty of money for all kinds of undertakings. And those self-same poor boys who yesterday were hobos are now well dressed and provided with the necessities of life.

I point these facts out in making what may be my last plea. According to the orders in council which were read to-day, it may not be possible for us to speak. If these orders are strictly construed, it would not be possible for us to talk—even about the terms of the peace. I lived through the last war, and I found that I could not speak. I commend the Prime Minister from the bottom of my heart for those noble words of Liberalism he uttered just before the dinner recess.

I do—and I think he has it in him really to struggle to maintain some of those principles of liberty. Personally I am not so much afraid of the power of Hitler in this country as I am of the possibility that by entering upon this war we shall be conquered by some of the things which to-day we condemn in Hitler.

I would hope that through all the restrictions and privations which necessarily must come in a war, the principles of liberty, the principles of free speech and the principles of a free parliament which, as I said the other night, had been upheld to this stage, may be upheld to the very end of the war—however long it may last.

Motion (Mr. Mackenzie King) agreed to.

## WAYS AND MEANS

### CUSTOMS TARIFF AMENDMENT

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

Resolved, that it is expedient to introduce a measure to amend schedule A to the customs tariff and amendments thereto, and to provide:

1. That there shall be levied, collected and paid on the following goods, whether dutiable or not dutiable, when imported from any country, the additional rates of duties of customs hereinafter specified:

(a) Whisky, brandy, rum, gin and all other goods specified in Customs Tariff items 156, 156a and 156b—\$3 per gallon of the strength of proof.

(b) Ale, beer, porter and stout—9 cents per gallon.

(c) Wines of all kinds, except sparkling wines, containing not more than forty per cent of proof spirit—7½ cents per gallon.

(d) Champagne and all other sparkling wines—75 cents per gallon.

(e) Manufactured tobacco of all descriptions except cigars, cigarettes and snuff—5 cents per pound.

(f) Cigarettes weighing not more than three pounds per thousand—\$1 per thousand.

(g) Tea, when the value for duty thereof under the provisions of the Customs Act:

(i) is less than 35 cents per pound—5 cents per pound.

(ii) is 35 cents or more but less than 45 cents per pound—7½ cents per pound.

(iii) is 45 cents or more per pound—10 cents per pound.

(h) All goods specified in Customs Tariff item 25a—10 cents per pound.

(i) All goods specified in Customs Tariff item 26 except coffee, roasted or ground—10 cents per pound.

(j) Coffee, green, and coffee, roasted or ground—10 cents per pound.

Mr. MARSH: We have not the bill before us and I do not think we should proceed without it.

Mr. ILSLEY: We are dealing with the resolution and perhaps I can explain it. I have not the resolution before me, but I know exactly what it is and it can be explained quite easily. The resolution simply authorizes the addition of certain rates of duty.

Mr. CAHAN: Has the resolution been printed and distributed?

Mr. ILSLEY: I am not sure about that. All these matters were mentioned this afternoon in the budget address, but I do not think there has been time to distribute the resolution. The resolution makes additions to the present rates of duties on the list of articles contained therein. These additions in duty will be covered by the bill which will be presented to parliament.

Paragraph 1 agreed to.

2. (1) That any enactment founded upon the foregoing resolution relating to item (a) shall be deemed to have come into force on the third day of September, one thousand nine hundred and thirty-nine, 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.

(2) That any enactment founded upon the foregoing resolution relating to item (b), (c), (d), (e), (f), (g), (h), (i) and (j) shall be deemed to have come into force on the twelfth day of September, one thousand nine hundred and thirty-nine, 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. WALSH: What becomes of stocks which are held at the present time by retail merchants? This measure comes into effect on September 12, and I should like to know how stocks in merchants' hands will be affected.

Mr. ILSLEY: Goods imported before September 12 would come in under the old rate of duty. Section 3 of the bill to be presented reads:

This act shall be deemed to have come into force on the twelfth day of September, one thousand nine hundred and thirty-nine, and to have applied to all goods mentioned in the preceding section, 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.

There is one exception. The increased duty in the case of spirits is to apply on and after September 3.

Mr. WALSH: There is no way of preventing merchants from immediately increasing the price on their present stocks in order to cover the cost of replacement?

Mr. ILSLEY: Not under this measure.

Paragraph 2 agreed to.

Resolution agreed to.

#### EXCISE ACT AMENDMENT

Resolved that it is expedient to introduce a measure to amend the schedule to the Excise Act, 1934, as enacted by chapter thirty-seven of the statutes of 1936 and to provide:

1. That the duty of excise on spirits distilled in Canada be increased from \$4 to \$7 per proof gallon.

2. That the duty of excise on Canadian brandy be increased from \$3 to \$6 per proof gallon.

3. That the duty of excise upon all beer or malt liquor brewed in whole or in part from any substance other than malt be increased from twenty-two cents to thirty cents per gallon.

4. That the duty of excise on malt manufactured or produced in Canada or imported be increased from six cents to ten cents per pound.

5. That the duty of excise on malt syrup suitable for the brewing of beer manufactured or produced in Canada be increased from ten cents to fifteen cents per pound and malt syrup imported into Canada and entered for consumption be increased from sixteen cents to twenty-one cents per pound.

6. That the duty of excise on tobacco of all descriptions manufactured in Canada, except cigarettes, be increased from twenty cents to twenty-five cents per pound actual weight.

7. That the duty of excise on cigarettes manufactured in Canada, weighing not more than three pounds per thousand, be increased from \$4 per thousand to \$5 per thousand.

8. (1) That any enactment founded on resolutions 1 and 2 hereof shall be deemed to have come into force on the third day of September, one thousand nine hundred and thirty-nine.

(2) That any enactment founded on resolutions 3, 4, 5, 6 and 7 hereof shall be deemed to have come into force on the twelfth day of September one thousand nine hundred and thirty-nine.

Resolution agreed to.

#### SPECIAL WAR REVENUE ACT AMENDMENT

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 subsection 1 of section 83 of the said act be struck out and replaced by the following:

"1. There shall be imposed, levied and collected the following excise taxes:

(a) a tax of fifteen cents per gallon on wines of all kinds, except sparkling wines, containing not more than forty per cent of proof spirit;

(b) a tax of one dollar and fifty cents per gallon on champagne and all other sparkling wines."

[Mr. Ilsley.]

2. That schedule II to the said act be amended by adding thereto as paragraph 4 thereof the following:

"4. Carbonic acid gas and similar preparations to be used for aerating non-alcoholic beverages...two cents per pound."

3. That schedule III to the said act being the list of articles exempted from the consumption or sales tax be amended

(a) by striking out under the heading of "foodstuffs" in the sixth line the words: "fish and products thereof;" and replacing them by the following words: "fish and products thereof, not to include canned fish;"

(b) by striking out under the heading of "foodstuffs" in the tenth and eleventh lines the words: "meats, salted or smoked (not to include the same when chopped, ground, parboiled or spiced);"

(c) by striking out under the heading of "miscellaneous" in the first line the word "electricity" and replacing it by the following words: "electricity, except when used in dwellings;"

(d) by striking out under the heading of "miscellaneous" in the fourth and fifth lines the words: "gas manufactured from coal, calcium carbide or oil for illuminating or heating purposes;" and replacing them by the following words: "natural gas and gas manufactured from coal, calcium carbide or oil for illuminating or heating purposes, except when used in dwellings;"

4. That any enactment founded on this resolution shall be deemed to have come into force on the twelfth day of September, one thousand nine hundred and thirty-nine 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.

Resolution agreed to.

#### EXCESS PROFITS TAXATION ACT

Resolved that it is expedient to enact an Excess Profits Taxation Act to provide—

1. That an excess profits tax be levied on the profits of all businesses, whether incorporated or not, the said tax to apply to profits in excess of 5 per centum of the amount of capital employed by the taxpayer in the business, and to be graduated at the following rates:

On profits in excess of 5 per cent but not exceeding 10 per cent of the capital employed—10 per cent;

On profits exceeding 10 per cent but not exceeding 15 per cent of the capital employed—20 per cent;

On profits exceeding 15 per cent but not exceeding 20 per cent of the capital employed—30 per cent;

On profits exceeding 20 per cent but not exceeding 25 per cent of the capital employed—40 per cent;

On profits exceeding 25 per cent—60 per cent; and that the said excess profits tax be in addition to the tax imposed upon the taxpayer under the Income War Tax Act, but that any tax payable by the taxpayer under the Income War Tax Act in respect of the profits of the same business for the corresponding period be deductible as an expense for the purposes of computing the profits to be assessed under the excess profits tax.

Mr. LAWSON: This will come in as an amendment to the Income War Tax Act?

Mr. ILSLEY: No, it will be a separate measure.

Mr. LAWSON: But it will be administered by the commissioner of income tax, I assume.

Mr. ILSLEY: Yes.

Paragraph 1 agreed to.

2. That an alternative excess profits tax be imposed upon the profits of all businesses, whether incorporated or not, taxing at the rate of 50 per centum all profits or income in excess of the average income of the taxpayer for the four years 1936, 1937, 1938 and 1939, or the four fiscal periods of the taxpayer ending in such years;

And that the said alternative excess profits tax of 50 per centum be in addition to the tax imposed upon the taxpayer in respect of the same profits under the Income War Tax Act, but that any tax payable by the taxpayer under the Income War Tax Act in respect of that portion of his profits which is in excess of the aforesaid average profits shall be deductible as an expense for the purpose of computing the net excess profits to be assessed at the aforesaid rate of 50 per centum.

3. That the tax proposed in resolution 2 hereof be an alternative to the tax proposed in resolution 1 hereof, and the taxpayer shall have the right to elect to be taxed either upon the basis of the tax proposed in resolution 1 hereof or upon the basis of the tax proposed in resolution 2 hereof.

4. That the governor in council may provide by regulation for the depreciation and amortization of new plant and equipment which may be deemed necessary to fulfil orders for war purposes.

5. That this act shall be applicable to the year 1940 and fiscal periods ending therein after March 31, 1940, and all subsequent periods.

Paragraphs 2 to 5 inclusive agreed to.

Resolution agreed to.

INCOME WAR TAX ACT AMENDMENT

Resolved that it is expedient to amend the Income War Tax Act to provide—

1. That a war surtax of 20 per centum of the total income tax otherwise payable under the said act be imposed upon all persons other than corporations.

2. That the rate of tax applicable to corporations and joint stock companies, except those filing consolidated returns, be increased from 15 to 18 per centum.

3. That the rate of tax applicable to corporations and joint stock companies which file consolidated returns under the said act be increased from 17 to 20 per centum.

4. That voluntary donations to approved patriotic organizations and institutions in Canada during the present war be allowed as a deduction from income, up to 50 per centum of the net taxable income of the taxpayer.

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5. (1) That the amendments proposed in resolutions 1 and 4 hereof be applicable to the income of 1939 and all fiscal periods ending therein and of subsequent periods.

(2) That the amendments proposed in resolutions 2 and 3 hereof be applicable to the income of 1940 and all fiscal periods ending therein after March 31, 1940, and of subsequent periods.

Mr. NEILL: Will the minister tell me why, if the increased taxation proposed to be imposed on individual taxpayers applies, as I read it, to the 1939 period, it does not also apply to the 1939 period with respect to corporations?

Mr. ILSLEY: A great deal of thought was given to that matter. I do not know just how I can put it in the shortest language, but the taxation of corporations is tied up pretty well with the excess profits tax, which is dealt with in a separate bill. The taxation is worked out in such a way as to take into account the incidence of both forms of taxation, and it was not thought proper to impose the excess profits tax on corporations for periods that ended before March 31, 1940. If you did, you would be taxing them over a considerable pre-war period, and therefore perhaps the first decision that was made was to impose the excess profits tax on periods ending on or after March 31, 1940. The hon. gentleman says, why do you not treat individuals just the same? Well—

Mr. NEILL: Pardon me. The minister has answered me in connection with excess profits. This is income tax.

Mr. ILSLEY: What I was trying to say is that the two were considered together. Perhaps there is some ground for that when the weight of the taxation is considered; it was considered that you would have to take into account the income tax itself and the excess profits tax too. The income tax is allowed as a deduction in arriving at the excess profits tax; it was thought that the two should be imposed for the same period, and that is the reason why it applies to this period. For individuals the same reason does not apply at all, or it applies to a very much lesser extent, and so we applied the individual income tax for the present calendar year. In other words, we shall collect the individual income tax next spring, in April or thereabouts.

Mr. NEILL: Sounds like inequality of sacrifice!

Mr. COLDWELL: I happened to be called out when the minister was dealing with the excess profits tax. Could he give us an illustration of how that will work? I mentioned this afternoon some figures which the minister

said were incorrect. I should like to know just how this will affect a profit on, say a thousand dollars, in two or three of these categories.

Mr. ILSLEY: If the hon. member will put a case, I will give him in a few minutes the exact tax that will be payable. I think that is the best way to get at it.

Mr. COLDWELL: Supposing we have a capital of, say a thousand dollars. We will take the first clause here; we will say there is a profit of ten per cent. What would be the tax payable?

Mr. ILSLEY: I shall have that worked out. It includes two taxes. I will give it to the hon. gentleman on the bill. We are not on the bill now.

Mr. LAWSON: Would the minister glance for a moment at item 4 under income tax resolutions, voluntary donations to an approved patriotic organization or institution. Who is going to do the approving?

Mr. ILSLEY: The Secretary of State for Canada. That is provided for in the bill.

Resolutions reported, read the second time and concurred in.

Mr. Ilesley thereupon moved for leave to introduce Bill No. 6, to amend the Customs Tariff.

Motion agreed to and bill read the first and second times.

Mr. Ilesley thereupon moved for leave to introduce Bill No. 7, to amend the Excise Act, 1934.

Motion agreed to and bill read the first and second times.

Mr. Ilesley thereupon moved for leave to introduce Bill No. 8, to amend the Special War Revenue Act.

Motion agreed to and bill read the first and second times.

Mr. Ilesley thereupon moved for leave to introduce Bill No. 9, to amend the Income War Tax Act.

Motion agreed to and bill read the first and second times.

Mr. MACKENZIE KING: Now that all of the budget resolutions have been reported and the bills have been introduced and gone through their first and second readings, I move that the house agree that Bills Nos. 6, 7, 8 and 9, namely, the four bills which are based on the four resolutions, be referred to committee on one motion. That is adopting

[Mr. Coldwell.]

the same practice with respect to these bills as is adopted as a general rule with regard to private bills, the standing order being that:

All private bills reported to the house by any committee may, on one motion be referred together to a committee of the whole house and such committee may consider and report one or more such bills at the same sitting.

That will help to expedite the matter.

Mr. LAWSON: Are they printed?

Mr. MACKENZIE KING: Three are printed and the fourth is on the way to the house.

Motion agreed to.

#### EXCISE ACT, 1934

The house in committee on Bill No. 7, to amend the Excise Act, 1934—Mr. Ilesley—Mr. Sanderson in the chair.

Bill reported, read the third time and passed.

#### CUSTOMS TARIFF AMENDMENT

The house in committee on Bill No. 6, to amend the Customs Tariff—Mr. Ilesley—Mr. Sanderson in the chair.

Bill reported, read the third time and passed.

#### SPECIAL WAR REVENUE ACT

The house in committee on Bill No. 8, to amend the Special War Revenue Act—Mr. Ilesley—Mr. Sanderson in the chair.

Bill reported, read the third time and passed.

#### INCOME WAR TAX ACT

The house in committee on Bill No. 9, to amend the Income War Tax Act—Mr. Ilesley—Mr. Sanderson in the chair.

Sections 1 and 2 agreed to.

On section 3—War surtax 20 per cent.

Mr. LAWSON: I have not before me the Income War Tax Act. May I ask which of these schedules relate to rates payable by non-resident owned investment corporations?

Mr. ILSLEY: My information is that they do not.

Mr. LAWSON: These amendments do not affect non-resident owned investments?

Mr. ILSLEY: No.

Mr. CAHAN: The wording of this amendment is clear on its face; but, not having the original act before us, one finds some diffi-

culty in grasping the connection. In working out the percentage, is there an increase of one-fifth in percentages, or will the income tax be computed as in the previous year and one-fifth added?

Mr. ILSLEY: The latter is the case. This is a surtax on the income tax. It is an increase of the income tax, made up as before, by 20 per cent. Is there any ambiguity?

Mr. CAHAN: In computing that, the amount of the tax will be reckoned as in the previous year and one-fifth of the tax of the previous year will be added as surtax?

Mr. ILSLEY: Yes, that is correct.

Section agreed to.

Sections 4 to 7 inclusive agreed to.

Bill reported, read the third time and passed.

## MUNITIONS AND SUPPLY

### ESTABLISHMENT OF DEPARTMENT TO MOBILIZE AND CONTROL RESOURCES, MUNITIONS AND ESSENTIAL SUPPLIES

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved the second reading of Bill No. 5, respecting the Department of Munitions and Supply.

He said: I had the permission of the house to present the resolution at an earlier stage without debate and to have the bill introduced and read the first time. When that permission was granted, I indicated that I would make a statement on the second reading of the bill with respect to its purpose and provisions.

The bill before the house intituled "An act respecting a Department of Munitions and Supply," is intended to give the government the necessary authority to set up a department of munitions and supply. In the United Kingdom during the last war, as hon. members are aware, it proved necessary, in order to meet the unprecedented demands for munitions and other supplies, to set up a separate ministry of munitions.

Mr. Lloyd George, in his Memoirs, makes some very significant observations which bear directly on the proposal being made by the government. In a speech at Manchester, while organizing the Ministry of Munitions, he had this to say of its purpose:

We want to mobilize in such a way as to produce in the shortest space of time the greatest quantity of the best and most efficient war material. That means victory; it means a great saving of national strength and resources, for it shortens the war; it means an enormous saving of life.

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That reference will be found in Mr. Lloyd George's Memoirs, volume 1, page 258. He also stated:

It requires some effort to envisage the wide range of our task. Few people would at the outset imagine how much is covered by the phrase "munitions of war" or dream of the colossal ramifications of the industries concerned in their production.

That will be found on pages 269 and 270 of the Memoirs. Mr. Lloyd George also stated:

Most of the special steps that were taken after the formation of the Ministry of Munitions to stimulate production could equally well have been taken in 1914. It was to those special steps that the greatly accelerated yield on account of outstanding war office orders in the latter part of 1915 as well as the immense augmentation of output in 1916 on direct orders of the ministry was mainly due.

That will be found at page 269 of the Memoirs.

The government is determined to avoid if at all possible similar consequences flowing from any delay in setting up effective machinery in Canada to meet the urgent demand, inseparable from modern war, for munitions and supplies. It is for these reasons that we are asking parliament to give us authority to set up a new and comprehensive department with far-reaching powers. Hon. members will recall that following upon the commission established in 1915 for war purchasing, the war trade board was established in 1918, both under the authority of the War Measures Act. We intend to take at once measures which were found necessary as the result of experience gained after the war of 1914-18 had been in progress for some time. We propose to establish at once under the provisions of the War Measures Act a war supply board responsible to the Minister of Finance with comprehensive powers similar in character to those being asked for in this bill.

At the same time, as the result of legislation being asked for in this bill, the government will have in reserve the authority to create at any moment a separate department of munitions and supply. The new department, if it becomes necessary, will have the advantage of the experience and organization which the activities of the war supply board will have made available. At the last session of parliament we established a defence purchasing board. That was in a time of peace. This is a time of war. Hon. members will recall that at the time the defence purchasing board was set up the Minister of National Defence (Mr. Mackenzie), in reply to a specific question, said:

The answer is this, that this is a measure for peace time, and I trust that it will long be used for that purpose. If an emergency arises, doubtless other measures will be enacted immediately to deal with the emergency.

That quotation will be found at page 1972 of *Hansard* for this year.

The main concern at that time was to ensure that there should be no profiteering incidental to preparations for defence. The then Minister of Finance (Mr. Dunning) envisaged different methods for controlling profits in the event of war. In the same debate he said:

And of course if—God forbid—war should come and we have to consider the results of war inflation of one kind and another, outside of this measure altogether we shall have to evolve schemes for profit control which will apply not only on purchases by the Department of National Defence. I think there is no doubt we would come to that.

That is to be found in *Hansard* for March 29 of this year, at pages 2397-8.

I hope I have already made it abundantly clear that the attitude of the government to-day is just as firm in that respect, and if anything more were needed to show our firmness the tax proposals in the budget speech should leave no room for doubt on this score. What we do want to ensure is that the procedure for which there might have been time in days of peace does not hamper and slow up the meeting of urgent needs in the present situation, when the saving of time may mean the saving of lives. The war supply board will be so constituted as to function speedily and effectively in the matter of purchases. But this problem is no longer confined to the purchase of day to day requirements on a comparatively limited scale. The problem is now broadened to include planning not only for months but perhaps for years ahead. Further than that, it includes the whole question of the supply of materials of all kinds directly or indirectly necessary for the prosecution of the struggle. It involves the investigation of sources of supply of many commodities, not only those produced in Canada but those which must be obtained abroad; also the working out of measures to conserve essential supplies here which otherwise might be exported, and the ascertaining of capacities and capabilities of plants and businesses for producing or supplying essential needs.

Equally important is the endeavour which must be made to ascertain and forecast not only present but prospective needs, and to take steps to see that supplies will be conserved or obtained to fill these needs from time to time. The experience of the last war revealed clearly that staying power, the effective use of economic resources, was the decisive factor. It is but a commonplace to say that in modern war economic defence is as vital as military defence. Canada's geographical situation especially fits her to make

[Mr. Mackenzie King.]

a tremendous material and technical contribution to the joint effort. This joint effort raises another problem, namely the distribution of available materials as between us and our allies. Now that purchases on a large scale by the British government, and probably by other governments associated with Great Britain in the struggle, are likely to be made in Canada it is advisable that there should be an authority with power to act not only for Canada but as agents for other governments if they should desire it, and in any case to coordinate the purchases of the Canadian government with those made for other governments.

Furthermore the experience of the last war has clearly shown that the problem of securing armaments and munitions cannot be separated from the general economic organization of the country. For example, if too much energy and material is thrown into the manufacture of munitions, some other industry equally essential to the national effort may be crippled. In order to prevent such a situation arising, the governmental body must have power, not merely over the production of munitions themselves, but over production of related supplies, if a proper balance is to be maintained, and the most effective use made of our varied resources.

Not only will it be necessary to coordinate the industrial production of the country in a way which would not be desirable in peace time, but it may be necessary to determine priorities in the case of certain essential materials. A Canadian supply authority must be able to divert production from one field to another as the changing circumstances of war may demand. It is essential that an organization be created which will view the problem of supply as a whole and which will have the capacity to act in whatever direction action is most urgently needed.

While the legislation which the government has introduced provides for the creation of a department of munitions and supply, it is not the intention of the government to set up a full-fledged department immediately. We are anxious to avoid unnecessary duplication of departments, and to have the benefit which will be gained from actual experience in operation of a fully authorized and competent board working to achieve the best methods of handling the complex and far reaching problems involved in respect of war supplies. We feel that the reasons for having made the defence purchasing board responsible to the Minister of Finance apply even more strongly in the case of a war supply board during the period in which an organization is being built up. The problem of finance is a vital element in the general problem of supply, and the

Minister of Finance must necessarily be in close contact with whatever organization is entrusted with the responsibility of securing munitions and supplies.

No one can foretell what demands this war will make upon the country. We must be prepared to meet unexpected demands quickly. This legislation gives us the power to act quickly and effectively if the need should develop for another department with a full time minister in charge. In the earlier stages, however, it is considered that surveys, investigations, organization and administrative methods can be initiated and worked out by a board in close touch with business and practical conditions, these activities to be later continued under the board or merged in a ministry as the occasion and circumstances demand, and as the experience gained may warrant.

Mr. LAWSON: It may not be strictly in order, but perhaps the Prime Minister would permit me a question. Is it the thought that this war supply board to which the right hon. gentleman has referred is to supplant what has been previously set up as the defence purchasing board?

Mr. MACKENZIE KING: Yes.

Hon. C. H. CAHAN (St. Lawrence-St. George): Mr. Speaker, when I read this bill and attempted to consider it in all its ramifications and complexities, I felt I need not discuss its provisions in detail, either on second reading or in committee. It is an elaborate effort to provide for a Department of Munitions and Supply under a minister who will have the most extensive powers ever given to a minister of the crown in Canada.

Section 6 of the bill provides that the minister shall examine into and organize the resources of Canada, the sources of supply and the agencies available for the supply of munitions of war, and supply for the execution and carrying out of defence projects, and the needs present and prospective of the government and of the community in respect thereto; and may make use of the services of any board, agency or association in carrying out the provisions of this section.

Then in the definitions section it is provided that "munitions of war" shall mean:

Arms, ammunition, implements of war, military, naval or air stores, or any articles deemed capable of being converted thereinto, or made useful in the production thereof.

And the term "supplies" is defined in this way:

"Supplies" includes materials, goods, stores and articles or commodities of every kind including, but not restricting the generality of the foregoing: (i) articles which in the opinion of the minister, would be essential for the needs

of the government or of the community in the event of war; and (ii) anything which, in the opinion of the minister, is, or is likely to be, necessary for, or in connection with, the production, storage or supply of any such article as aforesaid.

Therefore the scope of the work of the department is very extensive indeed, and I might almost say unrestricted. It occurred to me, therefore, in reading the bill that it was to be brought into operation at an early date by order in council, and that it was to continue for a period of three years, with a possible extension of one year for certain of its provisions. I had thought therefore that it would be advisable to refrain from any criticism of these provisions for the present, in view of the fact that at a later date—perhaps at the ensuing session of parliament—the bill would have been in operation for several months, and that we would then know something of the success and efficiency of the measure.

I now find, however, that this bill will be held in abeyance for the time being, while the new war supplies board, which is to be created and which is to function under the War Measures Act, is to make the necessary investigations and examinations of the economic conditions and industrial life of the country, preliminary to setting up the Department of Munitions and Supply as provided in the bill.

Under those circumstances I think criticism is vain and premature. I trust, when the war supplies board is constituted, that the order in council, by which it will be constituted, will be made known to the public, so that during the recess we may thoroughly examine into its provisions and watch with great care the manner in which it functions.

I should have thought it might be advisable to start at once with the Department of Munitions and Supply because that department, if it is to be created, should be under the administration of a minister of the crown. The war supplies board will not be under the direct administration of a minister of the crown, whose time can be given exclusively to the efficient operation of the board. Perhaps any further comment from me is unnecessary.

I notice that under section 20 the governor in council may from time to time make such regulations as may be necessary to carry into effect the provisions of the bill. No provision is made for the publication of those regulations, or to provide that they shall have the force of law after they are once made.

Section 14 provides—and I believe very properly—that subject to the order of the minister any person carrying on business, which comes within the scope of this enact-

ment, shall not be bound, in respect of such matters as may be specified in the order made by the minister, by any obligation or limitation imposed on that person by or by virtue of any other act, order, rule, regulation or by-law. That is a provision whereby the minister administering this department may exempt all persons and all companies, with which he may deal, from the provisions of any act existing on the statute books of Canada, which would otherwise restrict their operations in furnishing munitions of war and supplies.

For instance, had this bill been drafted after the remarks I made the other night respecting the Combines Investigation Act, I would have suggested that the draftsman had carried out the suggestions I then made, namely, that if industry is to be mobilized for the efficient production of munitions of war and supplies for carrying on the war, it must not be subjected strictly to a number of statutes, such as the Combines Investigation Act, and one or two others which I might mention.

I regret to have taken any considerable time, but the Prime Minister's statement that the bill is to be held in abeyance and is not to be put into operation at an early date, came without notice. Otherwise I would discuss certain of its provisions more at length.

Mr. T. L. CHURCH (Broadview): I understand the purpose of the bill now before the house is that of establishing a Department of Munitions and Supply. I would suppose that the bill of last session limiting to five per cent profits on munitions, and imposing certain other restrictions, would have to be read into this measure. We have wasted most of this year. As late as August business men came to Ottawa and could find no one who could deal with the matter or advise them. I moved a resolution in the house at the last session and also in 1938 asking for a survey of industry in this country similar to that carried out by the British munitions board. My motion called for a census or registry to be taken of the industrial and economic power, food supplies and so on of the country. On February 2 the minister replied that 1,300 industrial firms had been surveyed. Letters were sent out. That was all very well so far as it went, but it was not followed up. Many firms tell me that they were not inspected or surveyed at all. On April 26 the minister said in reply:

During the past two years this committee has made a thorough survey of industrial firms and plants, with a view to ascertaining, tabulating and indexing the available industrial resources of the country for the production of military requirements at a time of emergency.

[Mr. Cahan.]

In April, two months after his reply in February, he stated that 1,500 firms had been surveyed. The result of that survey has been practically nothing. During the past eleven months there have been three major crises in Europe, but we have not profited from any one of them or started to get ready. We misjudged the European situation. Immediately after Munich we should have started mobilizing the industry of this country and putting it on a war basis. The industry of Great Britain has been on a war basis for two years, but nothing was done here as a result of the survey, or any preparation made. At the opening of the last session or a month later, a petition was presented to parliament by the Ontario legislature along the same lines as my earlier motions.

All this is gone and perhaps there is no use in talking about it now. We should not forget that Germany has great striking power. She has 100 divisions ready to put into the field, and she has the largest and most up-to-date fleet of aeroplanes in Europe. She has 4,200 first-line machines and 2,500 modern bombers capable of bombing London or Paris, or perhaps even coming here to Canada. It is almost impossible to have quick action in the production of munitions. We should have had the equipment available with a reserve of materials; we should have set up reservoirs of food and provided protection against this dreadful submarine menace to transportation.

Another idea is that the most attention should be given to home defence. Home defence in Canada is not as vital as it is in Great Britain. Great Britain is one of the most vulnerable of the European nations. She must provide means of protecting her people because she is only twenty or thirty miles away from her enemies. She must provide protection for her people from air raids, and she must ensure a sufficient supply of munitions and food. Home protection is of vital importance to Great Britain, and this matter is not receiving the attention it should in Canada. The main program passed this session seems to be for the defence of Canada. I contend that our first line of defence is in France and Great Britain. If they fail, all is gone and the whole world will enter into outer darkness. All the money we are spending on the home defence of Canada will be wasted; it will not contribute one iota to winning a victory. Our duty should be early to supply Great Britain with all our munitions to the exclusion of the home defence of Canada. The passive defence of Canada will not assist Great Britain in meeting her enemies on the German border. Our home defence is useless.

I should like to say a word about the action of the United States in connection with its Neutrality Act. For the last three or four years our friends in the Cooperative Commonwealth Federation and others have been arguing that we did not need an army or air force, that we could rely on Pan-America. As a result of similar arguments Great Britain, to please the pacifists, scrapped the finest navy, the finest army and the finest air force the world ever had. You cannot get such forces back in a day or a generation, and this is one of the main reasons for the present trouble.

I think Canada should seek some revision of her last trade treaty with the United States—which she has now power to do—in view of the action of that country in connection with its Neutrality Act. They are not going to give us any munitions, aeroplanes and all that kind of thing. After Munich, New Zealand, by preparation, got ready, and she has now 1,300 trained pilots who are immediately available to go to England to take part in the fighting at the German front. We should have taken the same action. The board of education of Toronto came down here and stated they were ready to offer the equipment of their technical schools to train men, and asked federal aid. Many men from Canada were trained, and some have since gone overseas to receive further training in England. Some of those men took part in the recent attack on the Kiel canal. In view of the action of our friends to the south, I think we should seek some revision of our trade treaty. We should make every effort to conserve the economic and industrial life of Canada in view of this great disaster which has come to the world.

We have been supplying materials to Germany when we should have been building up our own country. I was surprised to learn that we have been supplying Germany with pig iron. The figures show that the following exports of pig iron were made during the six months, September, 1938, to February, 1939:

From—	Tons
Belgium and Luxemburg. . . . .	131,754
France. . . . .	204,506
United Kingdom. . . . .	39,203

And a large tonnage from Canada. That is a deplorable condition. I regret to learn that for the past three years Canada has not been supervising her trade with Germany and has permitted the shipment of iron and other raw materials to that country for the manufacture of munitions.

This munitions board should not be faced with the same disaster which faced the British board in 1917 when there was a great scarcity of power for munitions plants. At one time

the hydro system supplied power to manufacture 52 per cent of all the shells being sent to the allies. A book published by Mr. Carnegie, one of the heads of the British munitions board, shows that there was a great scarcity of power during the war and the record the hydro made. The government would have been well advised after Munich to take some definite action. This board cannot come along now and get munitions in the twinkling of an eye. It is going to take a long time to get into production.

The United States are back to where they were in the days of George Washington and Andrew Jackson. They want complete isolation. The United States always speaks with two voices, one is the voice of the president, who has been most friendly to us, but the other is the voice of the house of representatives and the senate, who are for neutrality and isolation. We all know what action was taken by congress during last July and August in connection with the Neutrality Act. I ask hon. members to read some of the speeches delivered in the senate and the house of representatives. The United States are treating the dictatorships the same as they treat the democracies. They are treating people who are attacked the same as they treat the attackers.

Then we may not be able to get the plants which we hoped to get, even assuming that this board will take over certain private plants.

It is essential that munitions plants should have protection and that they should have a cheap power, light and water supply. These industrial plants will be working on two or three shifts a day, and any board appointed should seek the utmost cooperation between labour and industry and should prevent sabotage. It has been a puzzle to me why all these raw materials, scrap metal, pig iron, nickel, lead, copper and manganese, have been allowed to go out of the country and get over to Germany during the past year or two.

The return which has been brought down gives no indication at all of where these plants are. A few of them have been inspected, but I should like to know if any new factories have been approved, and in what state of preparation they are. What progress has been made in that respect? Will consideration be given to all these matters under this legislation? During the war of 1914 to 1918 it was found necessary, in order to give full support to these industries under the munitions board, to place section 98 in the criminal code for the protection of munitions plants. I am not prepared to say

what should be done here, but it is a fact that Attorney General Conant of Ontario has written to the Minister of Justice (Mr. Lapointe) and to the department asking for an amendment to the criminal code to protect not only munitions plants but public utilities in the event of war. I do not know whether that should be done, but certainly the government should look into it. I do not wish to delay the committee or to say much more, but I do think it is deplorable that with war staring us in the face Canada should have been asleep at the switch in making preparations to supply munitions.

I believe that Canada will give as good an account of itself in this war as in 1918, when we had a munitions board. I believe that industry and labour will work well together and that there will be no strikes. I think everybody will make a great effort to supply Britain with the munitions she needs, and that should be our first consideration, and home defence second.

Hon. R. J. MANION (Leader of the Opposition): Mr. Speaker, looking over this bill since it was distributed, I have been struck, as was the hon. member for St. Lawrence-St. George (Mr. Cahan), by the extraordinary powers that it gives to the minister if and when he is appointed. I listened to the Prime Minister (Mr. Mackenzie King) with interest, and I noticed that he mentioned the work of Mr. Lloyd George in England. I should like to ask him, if I might without interrupting the few remarks I wish to make, whether the powers conferred by this bill are more extensive than those that Mr. Lloyd George took for the same purpose in England. Are they more extensive than his?

Mr. MACKENZIE KING: In replying to my hon. friend I can reply at the same time to the hon. member for St. Lawrence-St. George.

Mr. MANION: Then perhaps the right hon. gentleman would defer answering until I have finished the few remarks I wish to make.

I do not of course know what the answer to that question is. I hope at all events that these powers are not more extensive than those that were taken by Mr. Lloyd George. At any rate they are most extraordinary powers to give to any minister. While, as I have said before, I do not want to be put in the position of criticizing at a time when we have no desire to criticize unnecessarily, I do ask myself, and I think the government should ask themselves, if it is advisable to give to any one man such powers as this bill seeks to confer. We have stated that we are fighting

[Mr. Church.]

this war to do away with Hitlerism. I should not like to do away with Hitlerism in Europe and establish it in Canada. I do think it might be well to give a little thought to these extraordinary powers.

Glancing over the bill, and that is all we have had time to do, it would seem that the minister could take control of almost any business in Canada, force anybody to store what he chooses to have stored, and go almost to the length of completely nationalizing the business of the country. I say that without meaning to criticize at all, but if I understand the somewhat confused and devious language that lawyers use in drafting a bill of this kind, all these powers are to be conferred upon the minister if and when he is appointed to administer this measure. I rose largely to emphasize the very wide powers to be granted to the minister if and when he is appointed, and to suggest to the government, with all respect, that before this statute is proclaimed and a minister appointed to carry it out, they should give very serious consideration indeed to the powers sought by this bill and consider perhaps putting some limitation on those powers. But if, on the other hand, they have decided finally that it is in the interest of our participation in this war to proclaim this statute and appoint a minister, then certainly I hope that they will appoint a man of exceptionally high ability and of fine character to such an all-powerful position if he is to be given these extraordinary powers to carry out the terms of the statute.

Mr. T. C. DOUGLAS (Weyburn): The Prime Minister stated that pending the proclamation of this statute, a supply board would be set up. May I ask whether it will take the place of the defence purchasing board? Provision was made in setting up that board, first, for calling for tenders, and, second, a limitation was put on profits where tenders were not called for. When the Prime Minister rises to reply, perhaps he would state whether there will be any restrictions of that kind with reference to the supply board that may be set up pending the proclamation of this statute.

Mr. W. A. WALSH (Mount Royal): Before the Prime Minister replies, I should like to make one or two observations. This bill is to set up a board; and if the board does not prove itself effective, a ministry of munitions will be set up. Why not proceed at once directly to the issue and set up a ministry of munitions such as was set up in England, and as I feel will have to be set up in Canada within a very short time. I do not see the

necessity of a bill to set up a board which may prove a failure, and then to have to make provision for a ministry following that failure.

Mr. STIRLING: This bill does not set up a board.

Mr. WALSH: I was referring to the setting up of a board under the War Measures Act. I would prefer to see a ministry of munitions set up to function immediately, and not wait until a board has first been set up under the War Measures Act. I feel there is a necessity to appoint a ministry of munitions.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I might say first of all that this bill, the second reading of which has just been moved, is based on the bill which was passed by the British House of Commons as recently as the eighth of June of the present year, a bill providing for a ministry of supply. That bill was based on the Lloyd George bill, if I may so call it, which was enacted in 1915 at the time of the great war. All of the experience that had been gained under the Lloyd George measure was before those who were drafting the measure which was passed in June of this year; and, having regard to conditions in time of war being much the same in one country as in another, our administration felt that we could not be on safer ground in instituting the ministry for a similar purpose than by following as closely as we could the British enactment. Hon. members will, I think, agree with me that there is no parliament in the world which strives more earnestly to preserve freedom and prevent anything in the nature of the development of dictatorship than the British House of Commons; but, as has been pointed out time and again, measures which are suitable for a time of peace are not adequate for a time of war, and we are at present in a time of war, a very serious war indeed.

The British minister of munitions, Mr. Burgin, in speaking upon the very subject to which the leader of the opposition (Mr. Manion) and the hon. member for St. Lawrence-St. George (Mr. Cahan) have referred, namely the very extensive powers which are given in the bill to the ministry, made the following statement to the British House of Commons, and I will repeat to our House of Commons his words in reference to this measure. They will be found in the British *Hansard*, parliamentary debates, House of Commons, June 8, 1939:

The house, with its experience of past debates on the subject, will recognize at once that if you take the decision to appoint a minister of supply and set up a department, you must give to it powers adequate for the purposes that you intend to be served by that department.

Those powers must be wide and drastic. It is of the very essence of a supply department for a defence service that wide and drastic powers should be obtained. Of course, those powers are only to be used compulsorily if your voluntary system fails to deliver what is required. Hitherto, the voluntary system has been sufficient to meet the demand. We are now, however, in an emergency condition. We seem destined to live in an emergency condition. Therefore, something of the magnitude of the task must be appreciated in order to justify the wide powers that are granted by this bill.

I doubt if there is any hon. member who likes less than myself to entrust a ministry with too extensive powers. I have felt very strongly, as all hon. members know, on giving a ministry extreme powers to exercise at will, and I think that the very temperament which has caused me to feel as strongly as I have in that regard will enable me to watch with extra zeal to see that these powers are not availed of in excess of what the situation may demand.

As regards the question asked by the hon. member for Weyburn (Mr. Douglas), perhaps he would wait until the bill is in committee; the question he has asked will come up naturally there.

With regard to the comment of the hon. member for Mount Royal (Mr. Walsh) as to the war supply board possibly being a failure and requiring a substitute later, I would say that I think the government, in taking the lesser step at the outset and taking it under the direction of one so experienced in military affairs and in financial affairs as the present Minister of Finance, is taking a very wise course. If it becomes necessary to establish the department in full before parliament reassembles or when parliament does reassemble, it will only be because it is desirable to have more extensive authority than it is contemplated to take under the board which will be appointed under the War Measures Act. But the War Measures Act board will, we hope, enable the government to introduce this new branch of administration in a way which will effect economies at the outset and add to efficiency in the long run.

Mr. MANION: I am sorry, but I hardly think that the Prime Minister (Mr. Mackenzie King) answered my question quite directly. He read from British *Hansard* and pointed out that dictatorial powers were taken under the Lloyd George act. What I asked him was if the terms of this bill are based on the Lloyd George act and if they go any further than that act.

Mr. MACKENZIE KING: I have not myself read the Lloyd George act, but I am informed by my colleague, who has, that they

go about the same length as the Lloyd George act did. But as I mentioned, the present act in Britain on which this measure is based is itself based on the Lloyd George act.

I should have said, in reply to the hon. member for St. Lawrence-St. George, that I think he was right in suggesting that the order in council appointing this board under the War Measures Act should be given publicity at once, and I would think it should appear in the *Canada Gazette*.

With respect to regulations which can be made public, they will be made public. There may be some which it would not be in the public interest to publish, but any such might be communicated to the leader of the opposition (Mr. Manion).

Mr. CAHAN: And such should be given the force and effect of law, I think, by the express terms of the statute.

Mr. MACKENZIE KING: I have no doubt that my hon. friend is correct in that. The legislation as drafted will, I believe, cover what my hon. friend has in mind.

Motion (Mr. Mackenzie King) agreed to and bill read the second time.

#### BUSINESS OF THE HOUSE

##### SUSPENSION OF THE ELEVEN O'CLOCK RULE WITH RESPECT TO ADJOURNMENT

Mr. MACKENZIE KING: If the Speaker will allow me, I will put the motion with respect to adjournment. Under the standing order, the house would adjourn at eleven o'clock. I should like to ask that the present debate be suspended, and move that this house be not adjourned at eleven this evening.

Motion agreed to.

#### MUNITIONS AND SUPPLY

##### ESTABLISHMENT OF DEPARTMENT TO MOBILIZE AND CONTROL RESOURCES, MUNITIONS AND ESSENTIAL SUPPLIES

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved that the house go into committee on Bill No. 5, respecting the Department of Munitions and Supply.

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

Section 1 agreed to.

On section 2—Definitions.

Mr. MacNICOL: I should like to ask a question with reference to paragraph (e). In the twenty-third line are the words "in the event of war." whereas in sections 5 and 7 are [Mr. Mackenzie King.]

the words "during or respecting the present war." Should not the same words be used in each case?

Mr. POWER: I rather imagine that was copied from the British act. The British act was passed in the month of June, before war was declared. If my hon. friend has any objections to the words "in the event of war," I should be glad to strike them out, because war is here.

Mr. MacNICOL: Should it not read, "during or respecting the present war"?

Mr. POWER: I move, seconded by Mr. Rogers, that the words "in the event of war" in line 24 be struck out and the words "in the present war" be substituted therefor.

Amendment agreed to.

Section as amended agreed to.

Section 3 agreed to.

On section 4—Deputy Minister.

Mr. MacNICOL: Why are the appointments to be made by the minister instead of by the civil service commission?

Mr. POWER: The reason is that this is a new department which is being set up. It is all very well, in cases where a department is already in existence and where there are a certain number of men who know the workings of that department, to bring in new men through the civil service commission. But when a department or a board of any kind is being set up, it is extremely difficult to get the calibre of people required through the civil service commission by means of the ordinary eligible lists.

Mr. CAHAN: This department will cease to exist at the end of three years. It is not regarded as continuing after that time.

Mr. POWER: I thank my hon. friend for giving me a better reason than the one I mentioned.

Section agreed to.

Sections 5 to 11 inclusive agreed to.

On section 12—Power to require production of documents and keeping of records.

Mr. DOUGLAS (Weyburn): Would the Prime Minister be good enough to answer now the question I asked a few minutes ago?

Mr. HOWE: Perhaps I may be allowed to answer the question on behalf of the Prime Minister. The provisions of the defence purchasing board will not be carried into a board set up under the War Measures Act. As

stated by the Prime Minister, the defence purchasing board was a board to function in times of peace, and one requirement was that all materials should be purchased by public tender. It is perfectly reasonable and satisfactory to do that in time of peace, but it may be impossible to do it in time of war on certain occasions, and to make it mandatory that tenders shall be called, as in the defence purchasing board act, would not be practicable. Let me give an illustration. A few days ago an order came to the defence purchasing board for the purchase of a net for submarines at one of our harbours. A net for submarines was needed immediately. It was not something that we could get by tender. That is obvious. It is not a commodity sold on the ordinary market. It was necessary to make arrangements to have it constructed at once. It is obvious, therefore, that if a new board functioning in time of war were restricted to tenders, the obtaining of that very necessary equipment would have been impossible at the time at which it was required.

There is another factor to be considered. In time of war many materials come from outside the country. Prices in other countries are beyond our control; they may fluctuate widely. At such times it is often not possible to protect the price for a period such as is required in calling for tenders. A price may be quoted for two or three days, but with rapidly fluctuating prices no firm is likely to quote a price good for two or three weeks, and such additional time as is necessary to review tenders and to award the contract after the tenders have been analysed. Under the former act, there was a provision that profits should be limited to 5 per cent of the capital utilized for the period in which the article was produced. I have had a good deal of experience, extending over a good many years, in buying materials, and I give it as my opinion that it is impossible to lay down a uniform standard for profits with respect to a wide variety of purchases. If you could tell me the range of products, I would give from my experience what I believe to be the minimum profit which is reasonable; but unless you could tell me the range, I would not attempt to say what would be a reasonable profit for a wide variety of commodities. It depends a great deal upon the size of the plant, the amount of machinery required, the length of time it takes to produce it; and these factors are not capable of measurement by any yardstick.

The provision of 5 per cent was put in the last act after a good deal of consideration as a minimum return for the service

rendered, but it was one which men of considerable experience believed to be unworkable. I can say to my hon. friend that from that day to this the defence purchasing board has done its very best to place contracts on that basis and has used every pressure that could be brought to bear in the form of patriotism and so on, but to date it has not succeeded in placing a single contract on that basis. To carry that provision into another bill would be out of the question at this time. That part of the act we can consider as having proven to be unworkable.

The best guarantee which this government can have that profits on war material will be kept to a minimum is to place, on the board responsible for purchases, men of skill in purchasing, men of experience, men who know values, and men of absolute integrity. When the board was set up under the last act, the chairman was chosen as a man who perhaps had the widest experience in purchasing in this dominion, a man who in the ordinary course of his business had for many years been purchasing materials to the extent of around \$100,000,000 a year. A man of that type, if unrestricted by the sort of provisions placed in the last act, could have saved for this government every cent it was possible to save, and at the same time he could have obtained the material which he was required to secure. I believe that the greatest safeguard this country can have, particularly at the present time, is to have adequate machinery of control such as the set-up under the present bill, and to have the measure administered by men of experience and wisdom in the particular service, men of absolute integrity.

Section agreed to.

Sections 13 and 14 agreed to.

On section 15—Power to require protection of essential undertakings in time of war.

Mr. MacNICOL: In line 20 on page 9 of the bill I find these words:

. . . the appropriate proportion of the expenditure of a capital nature. . . .

Would wages be included as an expenditure of a capital nature?

Mr. POWER: I did not quite follow my hon. friend, but I think I have an idea of what he wants to know. Subsection 2 states:

Where the person carrying on an undertaking proves to the satisfaction of the minister that directions given under this section in respect of that undertaking have been complied with within the period specified therein, or such further period as the minister may allow, there shall be paid to that person by the minister a grant equal to the appropriate proportion of

the expenditure of a capital nature which appears to the minister to have been reasonably incurred in complying with the directions.

If the minister were to tell a person that he must build an extension to his plant, let us say, or put in some new machinery, then an appropriate proportion of that expenditure would have to be paid by the government.

Mr. MacNICOL: But would that include wages?

Mr. POWER: The labour cost of installation might be included, but I doubt whether any other labour cost would come in.

Mr. LAWSON: The other labour cost is included in the goods supplied.

Mr. POWER: Yes.

Section agreed to.

Sections 16 to 18 inclusive agreed to.

On section 19—Offences and penalties.

Mr. MacNEIL: May I ask if the rights of organized labour are fully protected under this bill?

Mr. ROGERS: The point raised by my hon. friend is one which would naturally be raised in connection with a bill of this kind by one interested in organized labour. This point was not overlooked in the drafting of this bill. On the other hand, it was not found possible to put in any appropriate words the rights and obligations of labour in relation to the activities which might be carried on under this ministry of supply. It seems to me that one cannot go beyond this statement, that in connection with this very large reserve of power in regard to the mobilization of industry in this country, it would be natural for the minister concerned to work on a basis of consultation both with industry and with organized labour. I have every reason to believe that if the cooperation of labour were sought on fair and reasonable terms, cooperation would be given in generous measure. I doubt very much if it would be possible or, indeed, advisable to put into this bill any special clause dealing with the position of organized labour. I think we can depend upon the relationship to be worked out satisfactorily on a basis of effective consultation.

Mr. SLAGHT: With reference to this section, which is the punitive portion of the bill, perhaps I can allay some of the fears that were expressed by the leader of the opposition in regard to the drastic nature of the bill, by pointing out that under section 11 provision is made for remuneration after arbitration. If anyone concerned feels that he has been ad-

[Mr. Power.]

versely dealt with, that section is open to him. Under this section provision is made for the only method I can see of enforcing the measure, namely proceeding by summary conviction against anyone who does not comply with what are said to be drastic provisions. So we find that we have what is a basic protection against anything that might be regarded as too arbitrary in this country. Anyone proceeded against for failure to comply with the directions of the minister would have all the protection of the court in the proceedings on summary conviction and also all the protection of the appellate court on an appeal from any such summary conviction, if he felt himself to be aggrieved. I think with those safeguards we may consider that this measure well protects the subject in war-time.

Mr. MacNEIL: I can appreciate the difficulties outlined by the Minister of Transport, and I do not wish to detain the committee at any great length, but I think some further assurance should be given in regard to the limitation of profits. It is well remembered—and I have before me some of the evidence—that a similar committee was set up during the last war, and subsequently some unsavoury evidence was brought to light showing that some of the members of the original shell committee were personally interested in firms handling large contracts for the government. One member of the board was interested in a firm which secured contracts to the value of \$15,000,000. Can we have some assurance that the members of this supply board will not have any direct personal interest in any of the firms likely to secure war contracts from the government?

Another point that arose during the last war was that middlemen were allowed to operate. Anyone who has read the Memoirs of Sir Robert Borden or even the booklet issued by the Liberal party in 1917, which in condensed form points a finger at all these difficulties, will see what might arise in this connection. Actually reputable firms such as Bauer and Black, another firm making Webb standard equipment, were refused the right to do business direct with the government. That is my second point. Can we be sure that middlemen will not be allowed to take a rake-off? There was one case in which three men actually agreed to share a rake-off of a million dollars on a contract for shell fuses.

The third point on which I think we should have some assurance is in regard to the elimination of a patronage list. Before the public accounts committee of 1915-16, and before the Davidson and the Duff-Meredith commis-

sions as well, I believe the director of contracts swore that he was compelled to do business with a specified list of firms, which eventually grew to something like eight thousand. Again, if you read the evidence produced at that time, you will find that one great source of the difficulties with regard to purchasing and the scandals which subsequently arose was the patronage in placing contracts.

I bring up these three points at this time for the consideration of the government, and while the minister may not be able to give any definite assurance at the moment, could we have some general assurance with regard to these matters?

Mr. POWER: We can thank the hon. member for the warning he has given us not to fall into any of the errors which may have been committed by past or present governments, or which might be committed by a government which had not been so solemnly warned as we have been to-night. It is the intention to get the very best possible men to do the work. The only assurance that can be given to my hon. friend is that we hope, in giving anyone the wide powers contained in this bill, to be able to confer them on someone who will be above all suspicion. It is the intention to deal directly with manufacturers; almost every section of the bill indicates that. Furthermore, it is the intention to inquire into all sources of supply and to mobilize all industry. I should think that if all the intentions of the bill are fully carried out, there will be no chance whatever for any middlemen. The duty of the minister is to see to it that all the industries in Canada capable of producing munitions and supplies are mobilized in such a way that these will be produced most effectively and most expeditiously. I see no room whatever for either patronage lists or middlemen. The warning which the hon. member has given us will be duly conveyed to whomever is in charge of the department. I am quite sure there will be no reason to complain of any of the evils which he foresees.

Section agreed to.

On section 20—Regulations.

Mr. CAHAN: I suggest some change should be made here.

Mr. POWER: I am prepared to have an amendment moved, and would ask my colleague to move it.

Mr. LAPOINTE (Quebec East): I move:

That after the word "act" in section 20 the following words be added: "and such regulations shall have the same force and effect as if enacted herein."

Mr. CAHAN: I think that will enable the government by regulation to eliminate the middleman and patronage. Such regulations, if made to that end, will have the force of law.

Amendment agreed to.

Section as amended agreed to.

On section 21—Coming into force.

Mr. MacNICOL: May I ask a question respecting section 6 which, I realize, has been passed? I would direct attention to lines 42, 43, 44 and 45, wherein appear the words:

. . . and generally take steps to mobilize, conserve and coordinate the economic and industrial facilities available in respect of munitions. . . .

And so on. Would that include mobilizing and perhaps compensating inventive geniuses in plants? I have in mind an inventive genius in a plant who has developed a wonderful shell lathe and who, in addition to receiving good pay was given a trip to Scotland by the proprietor of the plant so that the man might recuperate in health for many hours lying awake at night pondering over problems. I am wondering how the government will obtain the services of these geniuses if they cannot be compensated.

Mr. POWER: It has been suggested that perhaps the words, "conserve and coordinate the economic and industrial facilities available," might be meant to cover the case of a reward or compensation made to someone who is particularly apt at inventing objects useful in the manufacture of munitions.

Mr. MacNICOL: That is satisfactory.

Section agreed to.

Bill reported, read the third time and passed.

## SALARIES ACT AMENDMENT

### PROVISION FOR SALARY OF MINISTER OF MUNITIONS AND SUPPLY

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to amend the Salaries Act to provide that the salary of the Minister of Munitions and Supply shall be \$10,000.

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

*War Charities Act*

Mr. MacNICOL: And will the minister also receive the \$2,000 allowance for his car?

Mr. MACKENZIE KING: I think he would be terribly disappointed if he did not.

Resolution reported, read the second time and concurred in. Mr. Mackenzie King thereupon moved for leave to introduce Bill No. 10, to amend the Salaries Act.

Motion agreed to, bill read the first and second times, considered in committee, reported, read the third time and passed.

## WAR CHARITIES ACT

## MEASURE TO PROVIDE FOR THE REGISTRATION OF CHARITIES

Right Hon. ERNEST LAPOINTE (Minister of Justice) moved for leave to introduce Bill No. 11, relating to war charities.

Motion agreed to and bill read the first time.

Mr. LAPOINTE (Quebec East) moved the second reading of the bill.

Some hon. MEMBERS: Explain.

Mr. LAPOINTE (Quebec East): Mr. Speaker, I have been requested to give some explanation of this bill. During the last war, in 1917 it was found necessary to pass a similar bill for the purpose of registering all war charities and preventing abuses which had grown up in connection with subscriptions thereto. In many places throughout Canada people were being asked to subscribe to various charities which were not coordinated in any way. It was thought that it might not be necessary to introduce such a bill at the outset of the present war, and we had decided to wait until the regular session. However, people interested in these welfare subscriptions came to us and pointed out that legislation was absolutely essential. These gentlemen, many of whom were from Toronto, were quite frank in voicing their apprehension that people would be greatly embarrassed by promoters of alleged charities. Under the provisions of this bill no such fund can be started without its being registered. The present bill is much the same as the one enacted in 1917, except for a few changes suggested by those interested.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

## EXCESS PROFITS TAX ACT

Hon. J. L. ILSLEY (Minister of National Revenue) moved for leave to introduce Bill No. 12, the Excess Profits Tax Act.

[Mr. Mackenzie King.]

Motion agreed to, bill read the first and second times, and the house went into committee thereon, Mr. Sanderson in the chair.

Section 1 agreed to.

On section 2—Definitions.

Mr. MANION: Are the definitions in this bill the same as those in the previous bill, the definition of capital, for example?

Mr. ILSLEY: There are some changes as improvements have been made in the light of the experience gained under the other act. I have one or two amendments to suggest to section 2. The first sub-paragraph in subsection 2 of section 2 is lettered "(i)." I am suggesting that this be changed to a capital "A". Then in the last line but one on page 1 there is a sub-paragraph lettered "(ii)". This is to be changed to a capital "B". Then after the word "period" in line 22 on the first page the following words are to be added, "or deemed to have been received by shareholders thereof under section 13 of the Income War Tax Act." Then on page 2, line 9, the small "(i)" is to be changed to a capital "A". I will ask my colleague, the Minister of Transport to move these amendments.

Mr. HOWE: I move accordingly.

Mr. ILSLEY: The hon. member for Rose-town-Biggar (Mr. Coldwell) asked me for certain information which I said I would give him when we were considering the bill. As I understood his question, it was what the tax would be in connection with a profit of ten per cent made by a company having a capital of \$1,000. He wanted to know how much would be left in the hands of the corporation as a return. The combined income war tax and business profits tax would be \$21.20. This would leave \$78.80 in the hands of the corporation, or 7.88 per cent on the capital. Of course individual shareholders would again be taxed if their total income were sufficient.

The hon. member for York South (Mr. Lawson) asked if these changes in the rate of corporation income tax affected non-resident owned investment corporations, and I told him I thought not. I find that is not correct. I find that the non-resident rate is changed because the rate is one-half the corporation rate, and therefore moves up with the corporation rate. When the corporation rate is raised from 15 to 18 per cent, the non-resident rate moves from 7½ to 9 per cent.

The reason why I was under the other impression was that the schedule was affected not directly but indirectly, in the manner I have just mentioned.

Mr. MANION: The minister said that certain changes were made in the definitions. Will he explain what they are?

Mr. ILSLEY: The chief change is in paragraph (c) (ii) from lines 25 to 32. That is a limitation which did not appear, I am informed, in the other act. It provides that capital shall not include capital stock to the extent that it represents the value of good will or other intangible assets, whether paid for in cash or not, or appreciation in value of assets used in the business unless the minister is satisfied that capital values should be recognized in whole or in part to the extent that cash was used in the purchase of good will or other intangible asset. That is the chief change in the definitions.

Mr. DONNELLY: I understood the minister to say in reply to a question asked by the hon. member for Rosetown-Biggart that on a capital of \$1,000 the government got ten per cent in excess profits taxation, and that the tax actually received by the government would be \$21.20. I should like to know how he arrived at that figure.

Mr. ILSLEY: The capital is \$1,000; the profit, \$100, and the corporation income tax is 18 per cent; that is \$18. That is allowed as a deduction before we begin to apply the excess profits tax. Therefore we start with \$82 which in a way is subject to the excess profits tax. But 5 per cent is exempt from excess profits tax; that is \$50 which is exempt. That leaves \$32 which is subject to excess profits tax. The rate of excess profits tax between 8 and 10 per cent is 10 per cent. So the excess profits tax is 10 per cent of \$32, or \$3.20. Now \$18 income tax and \$3.20 excess profits tax gives the figure of \$21.20.

Amendment (Mr. Howe) agreed to.

Mr. MacNICOL: I would ask a question with reference to goodwill. Paragraph (c) (ii) says:

(ii) capital stock to the extent that it represents the value of good will, other intangible assets, whether paid for in cash or not, or appreciation in value of assets used in the business unless the minister is satisfied that capital values should be recognized in whole or in part to the extent that cash was used in the purchase of good will or other intangible asset.

A company might have purchased a plant five years ago, and at that time the goodwill might have been of some value, but in the meantime the company might have gone out of manufacturing the line which represented

the goodwill for which they paid cash. So the goodwill would apply to a line they had ceased to manufacture. Would that be taken into consideration under this clause?

Mr. ILSLEY: To the extent that cash was paid for goodwill, the minister has power to allow the stock representing the goodwill to be considered as part of the capital.

Mr. MacNICOL: Irrespective of whether the company had ceased to manufacture the line representing the good will for which cash had been paid?

Mr. ILSLEY: The minister has that power.

Mr. MacNICOL: He would have the power not to include it?

Mr. ILSLEY: He has the power to include or not to include the value of the goodwill as part of the capital of the company.

Section as amended agreed to.

Section 3 agreed to.

On section 4—Deductions.

Mr. ILSLEY: Mr. Chairman, there is a printer's error in this section, or a bad arrangement of the clauses, which I wish to correct by an amendment. Lines 34 and 35 reading, "Dividends received from any company incorporated in Canada" should be paragraph (e) and should come immediately after (d). Paragraph (e) in the bill, which reads, "The governor in council may provide by regulation for depreciation of plant and equipment built or acquired to fulfil orders for war purposes," should be subsection 2 of section 4. It does not belong in that list of clauses at all.

Mr. LAPOINTE (Quebec East): I move accordingly, Mr. Chairman.

Amendment agreed to.

Section as amended agreed to.

On section 5—Exemptions.

Mr. NEILL: Would the minister indicate the nature of the exempted businesses alluded to in this section?

Mr. ILSLEY: They are municipal undertakings, charitable institutions, labour organizations, mutual corporations, clubs, certain farmers' associations, credit unions, 4-K companies, farmers' cooperatives. That indicates the nature of the exemptions. I have indicated them very briefly, not comprehensively, but my description can be amplified by reference to the other act.

Section agreed to.

Sections 6 to 11 inclusive agreed to.

Bill reported, read the third time and passed.

## PROROGATION OF PARLIAMENT

MESSAGE FROM THE GOVERNOR GENERAL'S  
SECRETARY

Mr. SPEAKER: I have the honour to inform the house that I have received the following message:

Ottawa, September 12, 1939.

Sir:

I have the honour to inform you that His Excellency the Governor General will proceed to the Senate chamber on the thirteenth day of September, at 12 o'clock noon, 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.

## EUROPEAN WAR

REPORTED ORGANIZATION OF DIVISIONS FOR SERVICE  
OVERSEAS

Hon. R. J. MANION (Leader of the Opposition): Might I ask the Prime Minister (Mr. Mackenzie King) or the Minister of National Defence (Mr. Mackenzie) a question? I am informed that the *Vancouver Sun* to-day announced that two Canadian divisions are now being organized and equipped for service overseas. Is this true or is it just a rumour?

Hon. IAN MACKENZIE (Minister of National Defence): That is not correct.

Mr. MACKENZIE KING moved:

That the house do now adjourn and stand adjourned until 11.45 a.m. to-morrow.

Motion agreed to and the house adjourned at 11.45 p.m.

**Wednesday, September 13, 1939**

The house met at 11.45 o'clock.

## BUSINESS OF THE HOUSE

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, hon. members will observe that there are no orders of the day, this house having completed last night the business before it. His Excellency the Governor General is expected to arrive very shortly to prorogue parliament. It will be necessary of course to await report on bills still before the senate. At the present time I understand there remain only one or two bills to be considered by the senate.

[Mr. Hsley.]

## EUROPEAN WAR

ORDER IN COUNCIL RESPECTING MEMBERS OF THE  
PUBLIC SERVICE WHO JOIN THE  
DEFENCE FORCES

Right Hon. W. L. MACKENZIE KING (Prime Minister): Yesterday the hon. member for Rosetown-Biggar (Mr. Coldwell) asked a question respecting orders in council with regard to leave of absence of members of the public service, as to whether the order covered temporary employees in the service of parliament. The answer is that the order in council applies to all employees, whether they be permanent or temporary, including as specifically asked, temporary employees of the House of Commons.

APPRECIATION OF COOPERATION IN FACILITATING  
BUSINESS OF SPECIAL WAR SESSION

Right Hon. W. L. MACKENZIE KING (Prime Minister): I shall be obliged to leave in a minute to meet His Excellency the Governor General, who is on his way to prorogue parliament. Before I leave the chamber I should like to say just one word. I should like again to thank all members of the House of Commons, and in particular the hon. the Leader of the Opposition (Mr. Manion), and the leaders of the Cooperative Commonwealth Federation and Social Credit groups, for the helpful manner in which they have cooperated with the government in the work of the session. Without this cooperation, given in the manner in which it was, it would not have been possible to have the business dispatched as rapidly as it has been, or to have this special war session concluded within six days of its opening.

I should like to thank, in equal measure, the Leader of the Opposition in the Senate, and all hon. members of that house, for the helpful manner in which they, too, have cooperated with myself and with the leader of the government in the Senate in the work of the present session. To accomplish the results so speedily achieved the cooperation there has been between the Senate and the House of Commons has been no less necessary than that which happily has existed between the members themselves in their respective chambers.

What has been attained by way of effective cooperation between hon. members of both houses of parliament, with parliament in session, it should, in the national interest, be possible to have continue with equal effectiveness between the members of all parties and groups throughout Canada in the interval or time which may elapse between the close of this special war session and the re-assembling

of parliament. I would hope a like spirit of cooperation on the part of all might be made to prevail in our country, throughout the duration of the war.

**PRIVILEGE—Mr. CHURCH**

**ALLEGED LACK OF OPPORTUNITY TO DISCUSS TAXING MEASURE**

Mr. T. L. CHURCH (Broadview): Mr. Speaker, I rise to a question of privilege. Late last night the house had before it Bill No. 8, which involved a tax on the consumption of gas and electricity. I wished to make some observations with respect to it, having waived my right on the budget to await the text of the bill. When the bill was called I asked for a copy, but there appeared to be no copies available other than a typewritten copy. The bill was passed without any opportunity for consideration. What is the use of calling parliament if we are going to pass such important bills without representatives of the people having copies before them or having anything to say in the matter?

Mr. LAPOINTE (Quebec East): The hon. member is too late.

Mr. CHURCH: As a private member I wish to protest against this way of doing business. If this is the way we are going to do it, we might as well not assemble at all.

**BUSINESS OF THE HOUSE**

Right Hon. ERNEST LAPOINTE (Minister of Justice): I have just received information that it may take over half an hour for the senate to dispose of its business, and I would therefore move that the sitting be suspended, to be resumed at the call of the chair. I would ask that the bells be rung when the house is ready to resume.

Motion agreed to.

At 12.05 p.m. the sitting was suspended during pleasure.

The house resumed at 1.15 p.m.

**PROROGATION OF PARLIAMENT**

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

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

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

In the Senate chamber, His Excellency the Governor General was pleased to give, in His Majesty's name, the royal assent to the following bills:

**BILLS ASSENTED TO**

An Act to incorporate The Canadian Patriotic Fund.

An Act to amend the Customs Tariff.

An Act to amend the Excise Act, 1934.

An Act to amend the Special War Revenue Act.

An Act to amend the Income War Tax Act.

An Act respecting a Department of Munitions and Supply.

An Act to amend the Salaries Act.

An Act relating to War Charities.

The Excess Profits Tax Act.

An Act for granting to His Majesty aid for National Defence and Security.

To these bills the royal assent was pronounced by the Clerk of the Senate in the following words:

In His Majesty's name His Excellency the Governor General doth assent to these bills.

Then the honourable the Speaker of the House of Commons addressed His Excellency the Governor General as follows:

May it please Your Excellency:

The Commons of Canada have voted supplies required to enable the government to defray certain expenses of the public service.

In the name of the Commons, I present to Your Excellency the following bill:

"An act for granting to His Majesty aid for national defence and security."

To which bill I humbly request Your Excellency's assent.

To this bill the Clerk of the Senate, by command of His Excellency the Governor General, did thereupon say:

In His Majesty's name, His Excellency the Governor General thanks his loyal subjects, accepts their benevolence, and assents to this bill.

**GOVERNOR GENERAL'S SPEECH**

After which His Excellency the Governor General was pleased to close the fifth session of the eighteenth parliament of the Dominion of Canada with the following speech:

*Honourable Members of the Senate:*

*Members of the House of Commons:*

I thank you in the name of His Majesty the King for the manner in which you have responded to the demands of this critical time. In enacting measures necessary for the defence

*Governor General's Speech*

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of Canada you have performed a primary national obligation. In providing voluntarily for effective cooperation by Canada at the side of Britain and France in a war to resist aggression, you have made a momentous decision. The promptness with which you have acted affords unmistakable evidence of the ability of a free people, through its representatives in a free parliament, to meet the grave emergencies of war.

*Members of the House of Commons:*

I thank you for the appropriation you have made to meet the needs arising from the state of war.

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

The people of Canada will, I know, face the future with calm and resolute courage. The days of stress and strain, which lie ahead, cannot fail to prove a supreme test of national determination and endurance.

In bringing this special war session to its close, I pray that an all-wise Providence may guard and guide this land, united in an effort to do what lies within its power to help defend and preserve the liberties of mankind.

This concluded the fifth session of the eighteenth parliament.

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1939

(September 7—September 13)

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